

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



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REPORT

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BY:

Hon. Owen Bata
Deputy Majority Leader

OF

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THE-TABLE:

Atabo Mado

THE AUDITOR-GENERAL

ON

INDEPENDENT ELECTORAL AND
BOUNDARIES COMMISSION STAFF
MORTGAGE AND CAR LOAN SCHEME

FOR THE YEAR ENDED
30 JUNE, 2025



INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION (IEBC)
STAFF MORTGAGE AND CAR LOAN SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30TH JUNE 2025



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

Your Vote, Your Future

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1. ABBREVIATIONS, ACRONYMS AND GLOSSARY OF TERMS

A. Acronyms and Abbreviations

CEM:	County Elections Manager
CEO:	Chief Executive Officer
COB:	Controller of Budget
CPA:	Certified Public Accountant
CRA:	Commission of Revenue Allocation
ECK:	Electoral Commission of Kenya
HFC:	Housing Finance Corporation
IEBC:	Independent Electoral and Boundaries Commission
IFMIS:	Integrated Financial Management Information System
IPSAS:	International Public Sector Accounting Standards
KCB:	Kenya Commercial Bank
KRA:	Kenya Revenue Authority
PAC:	Parliamentary Accounts Committee
PFMA:	Public Finance Management Act
PPADA:	Public Procurement and Disposal Act
PSASB:	Public Sector Accounting Standards Board
SRC:	Salaries and Remuneration Commission

B. Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization. Commonly referred to as AIE holders.

Comparative Year - Means the prior financial year i.e. 2023/2024 financial year ended 30th June, 2024.

2. KEY SCHEME INFORMATION AND MANAGEMENT

a) Background information

The Independent Electoral and Boundaries Commission is a Constitutional body established under Article 88 of the Constitution of Kenya and is a body corporate pursuant to Article 253 of the Constitution of Kenya.

The Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan Scheme was established and derives its authority and accountability from the provisions under Section 84(1), Section 24(4)(5) (6)(7) of the PFM Act, 2012 and Section 127(1) (2) of the PFM (National Government) Regulations, 2015.

The IEBC Staff Mortgage and Car Loan Scheme was set up in March 2017 as a revolving fund pursuant to the Salaries and Remuneration Commission (SRC) Circular REF. No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December, 2014 on Mortgage and Car Loan Schemes for State Officers and other Public Officers of the Government of Kenya.

The scheme is wholly owned by the Independent Electoral and Boundaries Commission and is domiciled in Kenya.

The financial year of the scheme is a period of twelve months ending on 30th June each year.

The Commission is required to prepare and submit its annual financial statements to the Auditor-General and a copy of the statement to the Controller of Budget, the National Treasury and the Commission on Revenue Allocation not later than three months after the end of each financial year as stipulated in Section 81 of the Public Finance Management Act, 2012.

b) IEBC Staff Mortgage and Car Loan Principal Activities

The Principal activity of the IEBC Mortgage and Car Loan Scheme is to provide:

i) Mortgage Loans to IEBC Staff for the sole purpose of;

- Facilitating the purchase of existing residential property;
- Facilitating the purchase of land and construct residential property;
- Constructing, renovate and improve existing residential property;
- Taking over loans on existing mortgages;
- Providing equity release on existing mortgage properties.

ii) Car Loans to IEBC Staff for the sole purpose of;

- Purchasing motor cars for personal use; and
- Taking over existing car loans.

KEY SCHEME INFORMATION AND MANAGEMENT (CONT'D)

c) Board of Trustees/Scheme Advisory Committee

The Scheme Advisory Committee administers the Staff Mortgage and Car Loan Scheme.

The following officers had fiduciary responsibility during the financial period ended 30th June, 2025:

No.	Name	Scheme Position
i)	CPA Obadiah K. Keitany, MBS Deputy Commission Secretary –Support Services.	Chairperson, IEBC Mortgage and Car Loan Scheme.
i)	Michael Ouma, HSC. Director Information & Communication Technology.	Vice Chairperson, IEBC Mortgage and Car Loan Scheme.
ii)	Abdalla Hassan, Ag. Director Human Resources & Administration.	Member, IEBC Mortgage and Car Loan Scheme.
iii)	Nancy Koros, Senior Legal Officer.	Member, IEBC Mortgage and Car Loan Scheme.
iv)	Albert Nguma Gogo , County Elections Manager (CEM).	Member, IEBC Mortgage and Car Loan Scheme.
v)	Beatrice Muli, Senior Elections Coordinator (SEO).	Member, IEBC Mortgage and Car Loan Scheme.
vi)	CPA Zipporah Wachera Ndirangu Regional Accountant.	Member, IEBC Mortgage and Car Loan Scheme.

The Scheme Advisory Committee members and the Secretariat/Liason officers are appointed by the CEO/accounting officer of the Commission. They are charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving fund for the disbursement of loans and supervising the day to day operations of the scheme.

The Mortgage and Car Loan Scheme's secretariat and the advisory committee members are drawn from the Independent Electoral and Boundaries Commission (IEBC) but its management is under the Housing Finance Corporation and the Kenya Commercial Bank. The role of the banks is to manage the scheme and provide administrative services as per the agreements signed.

KEY SCHEME INFORMATION AND MANAGEMENT (CONT'D)

d) Scheme Management

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

No.	Designation	Institution /Name
1.	Scheme Service Providers	Housing Finance Corporation Group (HFC) and Kenya Commercial Bank (KCB).
2.	Chairperson, Scheme Advisory Committee	CPA Obadiah K. Keitany, MBS.
3.	Vice Chairperson, Scheme Advisory Committee	Michael Ouma.
4.	Member, Scheme Advisory Committee	Abdalla Hassan.
5.	Member, Scheme Advisory Committee	Albert N. Gogo.
6.	Member, Scheme Advisory Committee	Beatrice Muli.
7.	Member, Scheme Advisory Committee	CPA Zipporah W. Ndirangu.
8.	Member, Scheme Advisory Committee	Nancy C. Koros.
9.	Secretariat	Pauline Njambi.
10.	Secretariat	Peter Mulele.
11.	Liason Officer	CPA Clifford K. Rono.
12.	Liason Officer	Mary W. Waruiru.
13.	Liason Officer	CPA Elizabeth A. Omolo.

e) Fiduciary Oversight Arrangements

No.	Designation	Institution /Name
1.	Ag. Director Internal Audit & Compliance	CPA Agatha Wahome.
2.	Staff Mortgage and Car Loan Advisory Committee	Members of the Advisory Committee.
3.	Audit & Risk Committee	Members of the Audit & Risk Committee.

f) Registered Offices

The Independent Electoral and Boundaries Commission
Anniversary Towers, 6th Floor,
P.O Box 45371-00100,
Nairobi, Kenya.

g) Scheme Contacts

Telephone: +254 20 - 2877000 / +254 20 -2769000

Email: info@iebc.or.ke

Website: <https://www.iebc.or.ke>

Email Address: cmortgage@IEBC.OR.KE

KEY SCHEME INFORMATION AND MANAGEMENT (CONT'D)

h) Scheme Bankers

1. Housing Finance Company
Rehani House, Kenyatta Avenue
P.O. Box 30088 – 00100
Nairobi, Kenya.

2. Kenya Commercial Bank Ltd.
University Way Branch
P.O. Box 4012-00300
Nairobi, Kenya.

i) Independent Auditor





The Auditor General
Office of the Auditor General
Anniversary Towers
P.O. Box 30084- 00100
Nairobi, Kenya.

j) Principal Legal Advisor




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




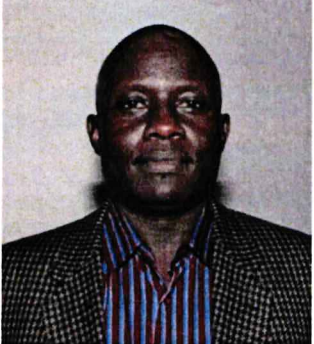
3. SCHEME ADVISORY COMMITTEE

	<p>CPA Obadiah K. Keitany, MBS Deputy CEO/ Deputy Commission Secretary – Support Services Chairperson of the IEBC Mortgage and Car Loan Advisory Committee Profession/Qualifications:</p> <ul style="list-style-type: none">• MBA in Finance – University of Nairobi (UoN);• BCom (Insurance Option) - University of Nairobi (UoN);• Certified Public Accountant (CPA-K);• Certified Internal Auditor (CIA);• Certified Information Systems Auditor (CISA);• Certified Public Secretary (CPS-K);• Certified Quality Assessor (CQA);• Post Graduate Diploma in Corporate Governance (KCA);• Member of ICPAK in good standing;• Member of Information Systems Audit & Control Association (ISACA);• Member of Institute of Internal Auditors (IIA);• Member of Institute of Certified Secretaries of Kenya.
	<p>Abdalla Hassan Member of the IEBC Mortgage and Car Loan Advisory Committee Profession/Qualifications:</p> <ul style="list-style-type: none">• Master's in Business Administration in Strategic Management (MBA)-UoN;• Bachelor of Arts- University of Nairobi;• Post Graduate Diploma in HRM.
	<p>Michael Ouma, HSC Vice Chairperson of the IEBC Mortgage and Car Loan Advisory Committee Profession/Qualifications:</p> <ul style="list-style-type: none">• MBA, Strategic Management (UoN);• B.Tech-Electrical & Communications Engineering– Moi University;• Professional Scrum Master I, Scrum.org;• Member of Information Systems Audit & Control Association (ISACA);• Member, Kenya Institute of Management;• Fellow, Computer Society of Kenya;

	<p>Albert Nguma Gogo Member of the IEBC Mortgage and Car Loan Advisory Committee Key Academic Qualifications:</p> <ul style="list-style-type: none">• Master of Science in Computer Based Information Systems• Bachelor of Education (Science).• Professional membership: Member – Computer Society of Kenya.
	<p>Beatrice Muli Member of the IEBC Mortgage and Car Loan Advisory Committee Profession/Qualifications:</p> <ul style="list-style-type: none">• MA (Arts) Project Planning and Management, UoN.• Bachelors of Education (Arts), Moi University.• Member of Kenya Association of Project Managers (KAPM).
	<p>CPA Zipporah W. Ndirangu Member of the IEBC Mortgage and Car Loan Advisory Committee Profession/Qualifications:</p> <ul style="list-style-type: none">• Bachelor of Commerce, (Hons), Finance- Africa Nazarene University.• Certified Public Accountant (CPA-K).• Member of ICPAK in good standing.
	<p>Nancy C. Koros Member of the IEBC Mortgage and Car Loan Advisory Committee Profession/Qualifications:</p> <ul style="list-style-type: none">• LIB (Hons) Moi University,• Dip Kenya School of Law.• Member of the Law Society of Kenya.• Member of the International Police Association.• Advocate of the High Court of Kenya.• Commissioner of Oaths and Notary public.

4. MANAGEMENT TEAM

	<p>CPA Marjan H. Marjan, MBS CEO/Commission Secretary</p> <p>Profession/Qualifications:</p> <ul style="list-style-type: none"> • MBA in Strategic Management - University of Nairobi (UoN); • BCom (Accounting Option) - (UoN); • Certified Public Accountant (CPA-K); • Certified Information Systems Auditor (CISA); • Certified Internal Auditor (CIA); • Certification in Control Self-Assessment (CCSA); • Certified Quality Assessor (CQA); • Practicing Member of ICPAK; • Member of Information Systems Audit & Control Association (ISACA); • Member of Institute Internal Auditor (IIA).
	<p>CPA Obadiah K. Keitany, MBS Deputy CEO/ Deputy Commission Secretary – Support Services</p> <p>Profession/Qualifications:</p> <ul style="list-style-type: none"> • MBA Finance – University of Nairobi (UoN); • BCom Insurance (UoN); • Certified Public Accountant (CPA-K); • Certified Internal Auditor (CIA); • Certified Information Systems Auditor (CISA); • Certified Public Secretary (CPS-K); • Certified Quality Assessor (CQA); • Post Graduate Diploma in Corporate Governance (KCA); • Member of ICPAK; • Member of Information Systems Audit & Control Association (ISACA); • Member of Institute of Internal Auditors (IIA); • Member of Institute of Certified Secretaries of Kenya.
	<p>Ruth Kulundu Deputy CEO/Deputy Commission Secretary - Operations</p> <p>Profession/Qualifications:</p> <ul style="list-style-type: none"> • MBA –Strategic Management - University of Nairobi (UoN); • Bachelor of Commerce BCOM - University of Nairobi (UoN); • Associate of Chartered Insurance Institute - ACII (London); • Associate of Chartered Insurance Institute - AIK (Kenya); • Associate of Chartered Institute of Arbitrators (Kenya Chapter).

	<p>Chrispine Owiye, OGW Director Legal Services. Profession/Qualifications:</p> <ul style="list-style-type: none"> • Master of Law in Law Governance and Democracy - University of Nairobi (UoN); • Bachelor of Law degree (LLB) – Moi University; • Post Graduate Diploma in Legal Education (Kenya School of Law); • Certificate in Prosecution (CID Training School); • Advocate of the High Court of Kenya; • Member of the Law Society of Kenya; • Commissioner for Oaths and Notaries Public; • Member of the International Commission of Jurists; • Member of the International Police Association;
	<p>CPA Reuben Chirchir Ag. Director Finance Profession/Qualifications:</p> <ul style="list-style-type: none"> • Master’s in Business Administration in Finance (MBA)- USIU; • Bachelor of Arts, BA(Hons), Economics - University of Nairobi (UoN); • Certified Public Accountant (CPA-K); • Member of ICPAK; • Member of IIA – Kenya;
	<p>CPA Agatha Wahome Ag. Director Internal Audit & Compliance Profession/Qualifications:</p> <ul style="list-style-type: none"> • Masters of Management in Agribusiness (MMA)-Strathmore University Business School; • Bachelor of Commerce (Accounting Option)- Kenyatta University; • Certified Public Accountant (CPA-K); • Certified Public Secretary (CPS-K); • Certificate in Computer Programming; • Member of ICPAK; • Member of IIA –Kenya;
	<p>Moses Sunkuli, OGW Director Voter Registration and Electoral Operations Profession/Qualifications Profession/Qualifications:</p> <ul style="list-style-type: none"> • MBA, Strategic Management - Kenyatta University; • Bachelor of Education, Arts - Moi University; • Diploma in Business Management- Kenya Institute of Management; • Certificate, Management of Democratic Elections in Africa - UNISA; • Strategic Leadership Management Course - Kenya School of Government; • Member (KIM) Kenya Institute of Management.

	<p>Joyce N. Ekuam Ag. Director Voter Education, Partnerships & Communication Profession/Qualifications:</p> <ul style="list-style-type: none"> • Master of Education Management- Egerton University; • Bachelor of Education (Hons) - Kenyatta University; • Certified Professional Mediator (CPM); • Commonwealth Elections Expert Course- Cape Town, South Africa; • Governance, Ethics and Anti-Corruption Course- Dubai, UAE; • Executive course on Electoral Leadership-International Foundation for Electoral Systems (IFES); • Strategic Leadership and Development Program Course- Kenya School of Government; • Senior Management Course- Kenya School of Government; • Member of Public Relations Society of Kenya (PRSK) in good standing.
	<p>Abdalla Hassan Ag. Director Human Resource & Administration Profession/Qualifications:</p> <ul style="list-style-type: none"> • Master's in Business Administration in Strategic Management (MBA)-UoN; • Bachelor of Arts- University of Nairobi; • Post Graduate Diploma in Human Resource Management (HRM).
	<p>Khadija Ramadhani Ag. Director Supply Chain Management. Profession/Qualifications:</p> <ul style="list-style-type: none"> • MSc. in Procurement & Logistic -JKUAT); • BBM in Purchasing & Supplies Management -Moi; • Diploma in in Purchasing & Supplies Management - ICM; • Certificate in Senior Management Course –Kenya School of Government; • CIPS Diploma Graduate level 6 - Chartered Institute of Purchasing and supply Chain Management (UK); • Member Kenya Institute of Supplies Management (KISM); • Member Chartered Institute of Procurement and Supply (UK);
	<p>Michael Ouma, HSC Director ICT Profession/Qualifications:</p> <ul style="list-style-type: none"> • MBA, Strategic Management - University of Nairobi (UoN); • B.Tech-Electrical & Communications Engineering - Moi University; • Professional Scrum Master I, Scrum.org; • Member of Information Systems Audit & Control Association (ISACA); • Member, Kenya Institute of Management; • Fellow, Computer Society of Kenya;



Dr. Meshack Korir, PhD

Ag. Director Research, Electoral Boundaries & Risk Management

Profession/Qualifications:

- PhD in History, Kenyatta University;
- MA in International Relations, USIU Kenya;
- Bachelor of Arts in Sociology, University of Nairobi (UoN);
- Member of American Evaluation Association (AEA);
- Member of Africa Evaluation Association (AfREA);
- Member of International Research Association of Talent Development (IRATDE);
- Member of Evaluation Society of Kenya (ESK);
- Certificate in Strategic Management and Leadership;

5. REPORT OF THE ADVISORY COMMITTEE CHAIRPERSON

It gives me great pleasure to present the IEBC Staff Mortgage and Car Loan Scheme Report and Financial Statements for the period ended 30th June, 2025.

Staff welfare is a major consideration for robust Commission culture. In this respect, the Commission has continued to implement the Staff Mortgage and Car Loan scheme in line with Government regulations.

The Commission's Mortgage and Car Loan Scheme was created pursuant to the Salaries & Remuneration Commission (SRC) approval for state officers and other public officers to benefit from affordable government-funded loans.

In the 2024/2025 financial year, the Scheme was not allocated funds due to the implementation of austerity measures instituted by the government. However, the Scheme continued to issue loans to staff from the available bank balances and accumulated scheme interest earned and loan repayments. The scheme continues to operate as a revolving fund. The total funds received from the National Treasury in the previous periods amounts to eight hundred and twenty one million, fifty seven thousand and seven hundred and forty one (Kshs.821,057,741).

Since inception, one hundred and four (104) mortgage applicants and forty-six (46) car loans applicants have benefited from the IEBC Staff Mortgage and Car Loan scheme respectively. In total, one hundred and fifty (150) members of staff have benefited from the Scheme.

I encourage all Commission staff members to optimally utilize the facility for improvement of their **welfare and to utilize the Commission's scheme to actualize the government vision of provision of affordable housing and facilitate staff mobility.**

My gratitude goes out to the Housing Finance Corporation Group, Kenya Commercial Bank (KCB), members of the Scheme Advisory Committee and the staff of the Commission for their support towards fulfilling the Scheme mandate.



.....

CPA OBADIAH K. KEITANY, MBS

CHAIRPERSON OF THE SCHEME

6. REPORT OF THE SCHEME ADMINISTRATOR

The Commission hereby submits the IEBC Mortgage and Car Loan Scheme's annual report and financial statements for the period ended 30th June, 2025. The annual financial statements comprises the Statement of the Financial Performance, Statement of the Financial Position, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of Comparison of Budget and Actual amounts.

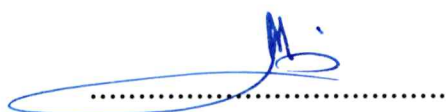
The Commission has continued to ensure probity and prudence in the management of its resources in accordance with the provisions of the Public Finance Management Act (PFM), 2012 and the attendant regulations.

During the period under review, the Scheme earned Kshs. 12.236 million from high interest earning bank balances as compared to Kshs 9.555 million earned during the previous comparative period. Further, the Scheme earned interest on loans amounting Kshs.16.443 as compared to Kshs. 15.461 million earned during the previous comparative period. The interest on loans earned is used to offset the administration costs of the Scheme.

Since inception, the Scheme has issued loans to one hundred and fifty (150) members of staff. One hundred and four (104) Commission staff have benefited from mortgage scheme whereas forty-six (46) have benefited from car loans scheme. I wish to report that during the period under review, five (5) new staff members benefited from the Scheme. There were no car loans issued during the period. The Scheme continues to meet its objective of improving the staff welfare by providing affordable housing and facilitating staff mobility. This creates an enabling environment for optimal productivity and enhanced staff morale.

The Scheme recognizes risk management and assurance as important corporate governance pillars. To this end, the Scheme has embedded a robust risk management framework in the Scheme operations and functions. As part of risk management, the scheme loanees are required to have a valid group life assurance during the entire repayment period and the property acquired is also insured against fire. Further, the Commission has put in place continuous risks assessment and mitigation strategies to enhance internal controls and compliance.

Finally, I wish to sincerely appreciate the Advisory Committee and members of staff for their relentless dedication and commitment in the realization of the Commission's set-out goals and objectives. I am also obliged to all partners and stakeholders for their immense support towards the fulfilment of the Commission mandate.



CPA MARJAN H. MARJAN, MBS

COMMISSION SECRETARY/CEO

7. STATEMENT OF PERFORMANCE AGAINST OBJECTIVES FOR FY2024/2025

Section 81 Sub-section 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

The Scheme's current objective is to offer affordable Housing and Car Loans to staff.

The Commission develops annual work plans based on the above Strategic Focus Areas. Assessment of the Commission's performance against its annual work plan is done on a quarterly basis. The Commission achieved its performance targets set for its strategic pillars cum strategic focus areas, as indicated in the table below:

Strategic Pillar/Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
1. Strengthening Corporate Governance	To strengthen corporate governance in the in the Management of the Scheme.	A risk-based Annual Internal Audit Plan developed and implemented.	Development of annual audit plan.	1.
		A risk-based Quarterly Internal Audit developed and implemented.	Continuous audit reviews.	2.
		Quarterly progress reports on risk management Developed.	Quarterly Risk review plans Desktop reviews.	1.
		Number of risk assessment and monitoring survey.	Continuous assessment and review.	1.
	Enhance Resource mobilization.	% of funds mobilized for the IEBC Mortgage and Car Loan Scheme.	MTEF budget Supplementary budget.	0.
	Enhance accountability, fairness, transparency.	Renewal of the Mortgage and Car Loan Scheme Committee Members.	Appointment of new Mortgage and Car Loan Scheme Committee.	1.
		Review of the IEBC and the HFC Agreement.	Meetings and workshops.	1.

Strategic Pillar/Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
2. Strengthening the Legal Framework.	Strengthen Scheme Legal Framework.	Review the adequacy of the regulation and agreement with the Service Providers.	Stakeholder engagement.	Held (2) two meetings with the Scheme Service Providers.
		Review of the Car and Mortgage Regulation.	Meetings and workshops.	1.
		Review of the IEBC and the Service Provider Agreement(s).	Meetings and workshops.	1.
3. Public Outreach.	To enhance participation of members in the management and benefits.	Number of Members Sensitized and educated.	Online Meetings, E-mail based survey and engagements.	3.

8. CORPORATE GOVERNANCE STATEMENT

The Scheme is accountable to the public and stakeholders through Parliament for ensuring that it complies with the highest standards of corporate governance and operational ethics. The Commission has embraced corporate governance by promoting the right corporate culture and values in the management of the Schemes.

The Scheme exercises reasonable care to ensure that the management of the Scheme is carried out in the best interest of the members and citizens of Kenya. The Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan Scheme was established and derives its authority and accountability from the provisions under Section 84(1), Section 24(4)(5)(6)(7) of the PFM Act, 2012 and Section 127(1) (2) of the PFM (National Government) Regulations, 2015.

The overall management of the Scheme is the responsibility of the Advisory Committee and the Liason Office. The Committee meets regularly to consider loans applications and make recommendations to the Service providers.

The Advisory Committee recognizes the need to conduct its affairs with integrity and in accordance with generally accepted corporate practices and internationally developed principles of corporate governance.

a) Process of Appointment and Removal of the Advisory Committee Members

The Members of the Staff Mortgage and Car Loan Advisory Committee are appointed by the Commission Secretary of the Independent Electoral and Boundaries Commission (IEBC) in accordance with Section 9 (2) of the IEBC (Staff Mortgage and Car Loan Scheme) Regulations, 2016.

The Commission Secretary appoints three (3) heads of the directorates, and six (6) other members of staff, two (2) of whom represent the field staff. The Commission Secretary also appoints the Chairperson and Vice Chairperson from among the Committee membership.

The Committee serves on a renewal term of three (3) years.

The Liason Office shall be drawn from the Finance and Human Resource Directorates.

b) Roles and Functions of the Advisory Committee

Under Regulation 11, the Advisory Committee responsibilities are to:-

- Select competitively the service provider for the administration of the scheme;
- Liaise with the service provider to establish a revolving fund for the disbursement of loans;
- Process applications for loans in accordance with the existing terms and conditions of borrowing;
- Forward the successful applications with recommendations to the service provider for approval among others.
- Supervise day-to-day running of the Scheme in liason with the service provider.
- Identify and accredit valuation firms for the purpose of rendering valuation services.

c) Number of Scheme Advisory Committee Meetings

In the period under review, the Advisory Committee held seven (7) meetings as indicated below;

S/No.	Date of Meeting	Membership	Percentage
1.	23 rd August, 2024	5/7	71%
2.	3 rd September, 2024	4/7	57%
3.	12 th September, 2024	4/7	57%
4.	14 th October, 2024	4/7	57%
5.	15 th November, 2024	4/7	57%
6.	9 th May, 2025	5/7	71%
7.	4 th June, 2025	5/7	71%

d) Succession Plan

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

e) Compliance with Existing Laws and Regulations

The Advisory Committee complied with all the relevant laws and regulations which included the Constitution, Public Finance and Management Act 2012, IEBC (Staff Mortgage and Car Loan Scheme) Regulation 2016, Public Procurement and Asset Disposal Act 2015 among others.

f) Audit of the Scheme

This IEBC Mortgage and Car Loan Scheme is subjected to regulatory and system audit, annual statutory audit by the Office of the Auditor General (OAG). The Commission's Internal Audit function audits the Scheme's quarterly and annually.

g) Impartiality and Independence of Members

Every member of the Commission and employee shall perform their functions impartially and independently without influence from any person, authority or organization.

h) Disclosure of Conflict of Interests

A member of the Advisory Committee or Liason Office whose personal interest conflicts with their official duties shall in writing, declare as soon as practicable the personal interests to their supervisor or other appropriate person or body and comply with any directives given to avoid the conflict and refrain from participating in any deliberations with respect to the matter.

9. MANAGEMENT DISCUSSION AND ANALYSIS

a) Operational and Financial Performance

The Staff Mortgage and Car Loan Scheme was set up in March 2017 to provide the Commission staff with opportunity to buy or build /own house/or improve residential property through affordable mortgage and to facilitate staff to acquire car for commuting transport to and from work place.

As part of risk management, the scheme loanee is required to have a valid group life assurance during the repayment period and the property acquired is also insured against fire.

The Mortgage and Car Loan revolving scheme is currently managed by Housing Finance Corporation of Kenya on behalf of the Commission. The Commission also engaged the services of the Kenya Commercial Bank to manage the mortgage and car loan as part of scheme portfolio diversification and risk management.

Table 1: National Treasury Funds Allocation to the IEBC Scheme Summary:

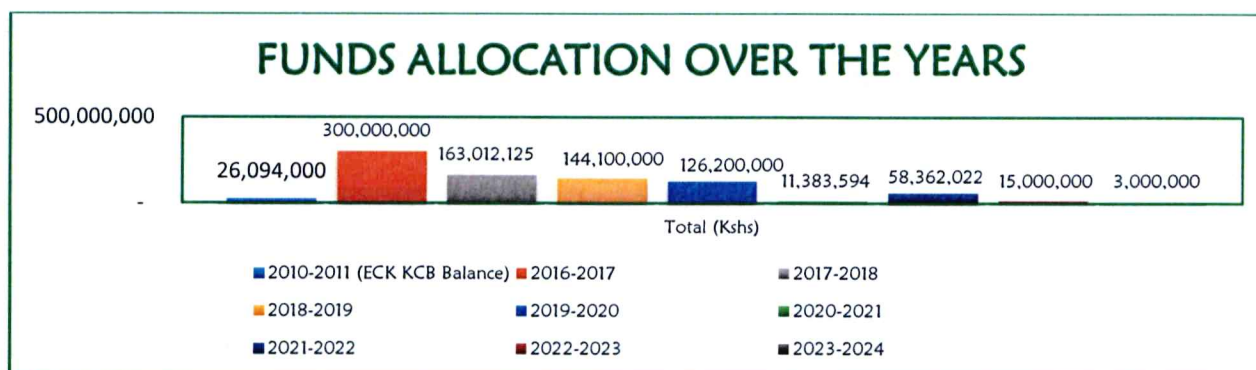
S/NO.	FINANCIAL YEAR	FUNDING	MORTGAGE SCHEME	CAR LOAN SCHEME	TOTAL
1	2010-2011	ECK KCB Balance	-	26,094,000	26,094,000
2	2016-2017	National Treasury	200,000,000	100,000,000	300,000,000
3	2017-2018	National Treasury	63,012,125	100,000,000	163,012,125
4	2018-2019	National Treasury	113,000,000	31,100,000	144,100,000
5	2018-2019	Inter Scheme Transfers	150,000,000	(150,000,000)	-
6	2019-2020	National Treasury	121,000,000	5,200,000	126,200,000
7	2020-2021	National Treasury	9,583,594	1,800,000	11,383,594
8	2021-2022	National Treasury	58,362,022	-	58,362,022
9	2022-2023	National Treasury	15,000,000	-	15,000,000
10	2023-2024	National Treasury	3,000,000	-	3,000,000
11	2024-2025	Inter Scheme Transfers	70,000,000	(70,000,000)	-
TOTAL			802,957,741	44,194,000	847,151,740

At inception, there was an initial ECK Car Loan Scheme balance of Kshs. 26.094 million that was inherited by Interim Independent Electoral Commission (IIEC) from the defunct Electoral Commission of Kenya (ECK). This amount was used as Car Loan Scheme's seed capital.

Over the years, the Scheme has received funds from the National Treasury amounting to Kshs.821.058 million. As at the end of the period under review, the Scheme's core capital stood at Kshs.847.152 million.

As at 30th June, 2025, the value of the IEBC Scheme stood at Kshs.953.905 million. The Mortgage and Car loan reserves amounted to Kshs.66.935 million and 39.819 million respectively.

Figure 1 below show cumulative allocated funds to the IEBC Mortgage and Car Loan Scheme in financial years.



b) Number of Beneficiaries, Mortgages and Car Loan amounts as at 30th June, 2025

Since inception, one hundred and fifty (150) members of staff have benefited from the IEBC mortgage and car Loan scheme. One hundred and four (104) Commission staff benefited from mortgage loans whereas forty-six (46) members of staff benefited from car loans scheme.

Table 2: Number of Beneficiaries, Mortgages and Car Loan amounts as at 30th June, 2025

2023/2024FY	No. of applications made	Successful applications	Amount Issued as Mortgages and Car Loans (Kshs).
IEBC HFC Mortgage Loan Scheme	117	100	748,158,225
IEBC HFC Car Loan Scheme	46	46	23,920,000
IEBC KCB Mortgage Loan Scheme	6	4	39,950,000
IEBC KCB Car Loan Scheme	-	-	-
Total	169	150	812,028,225

As at 30th June, 2025, the Scheme had issued mortgages amounting Kshs.788.108 million and car loans amounting Kshs.23.92 million.

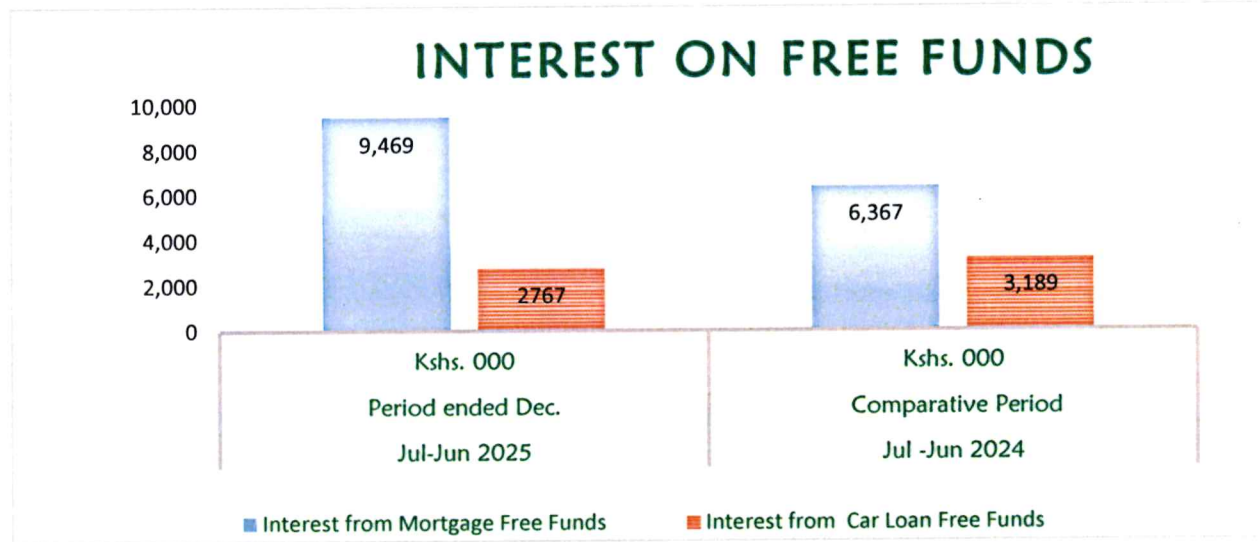
c) Interest on Free Funds

During the period under review, the scheme earned Kshs. 12.236 million from high interest earning bank balances as compared with Kshs 9.555 million earned in the previous comparative period. The interest is ploughed back to the Scheme on a revolving basis.

Table 3: Interest on Free Funds earned as at 30th June, 2025

Description	2024/2025 Kshs. 000	2023/2024 Kshs. 000
Interest from HFC Mortgage Free Funds	5,210	5,877
Interest from HFC Car Loan Free Funds	2,767	3,189
Interest from KCB Mortgage Free Funds	4,259	490
Interest from KCB Car Loan Free Funds	-	-
Total	12,236	9,555

Figure 2 below shows Interest on Free Funds



d) Interest on Loans

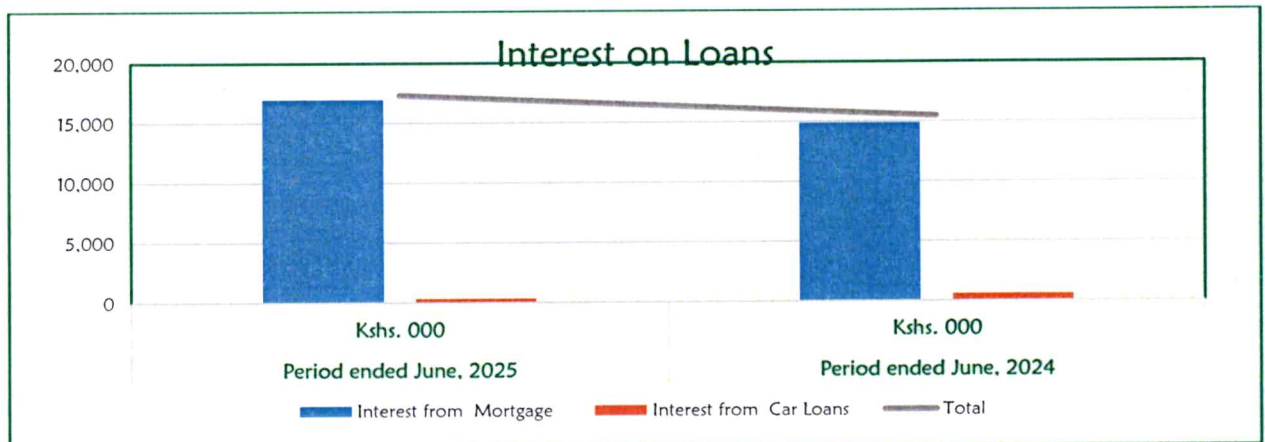
During the period under review, the Scheme earned interest on loans amounting Kshs.17.310 million as compared with Kshs.15.462 million earned in the previous comparative period.

The interest earned is used to offset the administration costs of the Scheme.

Table 4: Interest on Loans

Description	2024/2025	2023/2024
	Jul- Jun Kshs. 000	Jul-Jun Kshs. 000
Interest on HFC Mortgage Loans	16,114	14,879
Interest on HFC Car Loans	329	582
Interest on KCB Mortgage Loans	866	-
Interest on KCB Car Loans	-	-
Total	17,310	15,462

Figure 3 below shows Interest on Loans



e) Compliance with Statutory Requirements

The Scheme complied with its tax obligations and all its statutory obligations in the implementation of its mandate.

f) Key Projects and Investment

The Commission has continued to invest in the mortgage and car loan schemes for the staff. This is intended to provide affordable housing for the staff while at the same time facilitating the staff to conveniently commute to and from work.

g) Risk Management Activities

The Commission has put in place a risk management framework for risk identification and mitigation. Further, it has embedded risk management in all its planning, execution, evaluation and business continuity arrangements.

Some of the key risks facing the Scheme include:

- **Default Risk:** The Scheme takes this risk that a borrower will not make the required payments on a debt obligation. The scheme is exposed to default risk in virtually all forms of credit offerings.
- **Strategic Risks:** These are risks that affect the ability to carry out the long-term goals and objectives as articulated in the Scheme Policy.
- **Compliance Risks:** These are risks associated with non-compliance with applicable laws and regulations, which could result in litigation and conflicts of interest.
- **Financial Risks:** The risk of financial loss that may include ineffectiveness of internal controls, inadequate funding, inability to service the loans and delay in financial reporting due reliance on third party financial information. The delayed funding may also result in the commission's inability to fund all the applications hence the delay in issuing of loans and acquisition of the properties.
- **Operational Risks:** The risk of direct or indirect loss or inability to provide core services, especially to stakeholders, resulting from inadequate or failed internal processes, resources and systems.

h) Statutory and Financial Obligations

During the period under review, the scheme was able to satisfy all the applications, except where the necessary information to support compliance and due diligence was not available. Further, the Commission complied with all the necessary laws and regulations applicable in the management of the funds.

i) Financial Probity and Governance

To obtain assurance on compliance and prudence in the management scheme finances, the Commission prepares the financial statements for the Mortgage and Car Loan Scheme, which are, be subjected to both internal and external audit.

The audit findings and recommendations enable the Commission to strengthen the Scheme's operational and financial systems.

10. ENVIRONMENTAL & SUSTAINABILITY REPORTING

The Independent Electoral and Boundaries Commission is a credible electoral management body that strives to meet the democratic aspirations of the people of Kenya.

Our Mission is to conduct transparent, efficient, and impartial elections; and undertake boundary delimitation for equitable representation and sustainable democracy.

In its endeavors to achieve its mandate, the Commission is guided by the following principles and core values:

- Adherence to the rule of law - We conduct our businesses within the law.
- Inclusivity - We respect gender, race, class and disability in the conduct of electoral activities.
- Integrity - We conduct our affairs with utmost honesty.
- Accountability - We endeavor to be responsible for our actions.
- Teamwork - We work collaboratively as colleagues to achieve Commission goals.
- Innovativeness - We transform the electoral process by exceeding the expectations of Kenyans.

a) Sustainability Strategy and Profile

The Independent Electoral and Boundaries Commission is a Constitutional body established under Article 88 of the Constitution of Kenya and is a body corporate pursuant to Article 253 of the Constitution of Kenya.

The Constitution of Kenya 2010, IEBC Act 2011 and the Elections 2011 have been the greatest sustainability pillars of the Commission and the achievements of its mandate. The National Assembly has enacted and or amended several Statutes that enable the Commission to carry out its mandate. The role-played by the State and Non-State Stakeholders and Partners in the election process have sustained the operations and the implementation of the key Commission strategies.

To effectively sustain its operations, the Commission has put in place policies, structures and procedures to support its operations. In the achievement of its mandate, the Commission has anchored its operations and strategy in three main pillars: Strengthening corporate governance, strengthening the legal framework, effective conduct of elections, public outreach, equitable representation and Strengthening strategic operations.

The Commission, over the years, has developed well-trained and experienced staff on matters election operations and technology. To this end, it has received benchmarking delegations from Africa and beyond. Further, it has well established structures in its county and constituency offices spread across country.

b) Employee Welfare

The Commission's policy on recruitment ensures commitment to the two third-gender rule is observed as well promotes affirmative action to ensure diversity in the workplace. The Commission's Shortlisting and Interview Guidelines ensure that recruitment processes are geared towards observing and promoting regional and gender balance.

Currently, the percentage of gender distribution is 36% female and 64% male, while the ethnic representation within the Commission is forty-two (42) ethnic tribes out of the forty-six (46) existing ethnic communities.

The Commission had fifteen (15) workers with disabilities of which four were female while eleven (11) were male. The Commission supports officers to be in good professional standing with their professional bodies by facilitating their annual subscription and continuous professional development (CPD) training. In addition, the staff are trained in career development courses, specialized skills and seminars and workshops.

The Commission has a Performance Management System (PMS) that include Target Setting and the Annual Performance Appraisals. The Commission also recommend honors, awards, and issues commendation letters in recognition of exemplary performance. During the period under review the Chairman, two Commissioners, two directors and two managers received state commendation by the president as a recognition of exemplary conduct of the 2022 general election.

c) Market Place Practices

Scheme operates in an environment with a wide range of risk profiles. The Commission has consistently applied the most competitive procurement methods based on the prevailing procurement laws and regulation with emphasis on maximizing value for money and equity in the procurement processes. The Scheme also conducts due diligence on third parties to ensure that it engages the right suppliers in its procurement.

It has established responsible supplier relationship by strict compliance to the public procurement and asset disposal processes and principles as laid down in the Regulations. Further, the Scheme has enhanced its communication as a tool in bettering the management of the existing suppliers.

d) Corporate Social Responsibility/ Community Engagements

The Commission's overriding Corporate Social Responsibility theme is "Connecting with the Voter". In the period under review, the Commission undertook several CSR initiatives most of which include humanitarian initiatives such as donation of sanitary towels to various Schools, donation of books, geometrical Sets, pens and white boards to schools, sponsoring football tournaments for schools, open-air markets clean up, cleaning of the environment and donation of football materials for a local football team.

Further, the Commission has institutionalized the management of school student council elections, where the Commission uses the opportunity to inculcate democratic tenets in the learner's minds. The school council elections are regularly coordinated by the Commission's County and constituency offices in their respective electoral area.

11. REPORT OF THE SCHEME ADVISORY COMMITTEE

The Scheme Advisory Committee submit the annual financial statements for the period ended 30th June, 2025, which show the state of affairs of the Scheme.

The objective of the IEBC Mortgage and Car Loan Scheme is to empower Commission staff through the provision of affordable mortgage and car loans for non-commercial use.

It is expected that the schemes will continue to motivate and contribute towards attraction and retention of requisite skills in the Commission. I encourage all Commission staff to optimally utilize the Mortgage and Car Loan facility for improvement of their welfare.

Scheme Principal Activities

The principal activities of the IEBC Staff Mortgage and Car Loan Scheme are to;

- Facilitate the purchase of existing residential property;
- Facilitate the purchase of land and construct residential property;
- Construct, renovate and improve existing residential property;
- Takeover loans on existing mortgages;
- Provide equity release;
- Purchase cars; and
- Take-over of existing car loans and mortgages.

Scheme Performance

The financial statements of the Scheme for the period ended 30th June, 2025, are set out on pages 1- 5 of this report.

Scheme Trustees

The members of the Scheme Advisory Committee and the management who served during the 2024/2025 period are shown on page (vii) – (xi).

Scheme Auditors

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



.....
CPA OBADIAH K. KEITANY, MBS

CHAIRPERSON OF THE SCHEME

12. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of financial year, the Scheme Advisory Committee established by IEBC Staff Mortgage Regulations, 2016 and IEBC Staff Car Loan Scheme Regulations, 2016 shall prepare financial statements for the Scheme in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Scheme Advisory Committee is responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme for and as at the end of the financial period ended on 30th June, 2025.

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 scheme,
- (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 scheme;
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Scheme Advisory Committee accepts responsibility for the Scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and IEBC Staff Mortgage Regulations, 2016 and IEBC Staff Car Loan Scheme Regulations, 2016. The Scheme Advisory Committee is of the opinion that the Scheme's financial statements give a true and fair view of the state of Scheme's transactions during the period ended 30th June, 2025, and of the Scheme's financial position as at 30th June, 2025.

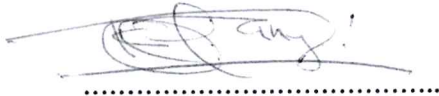
The Scheme Advisory Committee further confirm the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme's financial statements as well as the adequacy of the systems of internal financial control.

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


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

Approval of the Financial Statements

The Scheme's financial statements were approved by the Commission and signed on its behalf by:



CPA OBADIAH K. KEITANY, MBS
CHAIRPERSON OF THE SCHEME



CPA MARJAN H. MARJAN, MBS
COMMISSION SECRETARY/CEO

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION STAFF MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2025

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan Scheme set out on pages 1 to

Report of the Auditor-General on Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan Scheme for the year ended 30 June, 2024

20, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net scheme assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan Scheme as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on pages iii to xxvii which comprise of Key Scheme Information and Management, Scheme Advisory Committee, Management Team, Report of the Advisory Committee Chairperson, Report of the Scheme Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Scheme Advisory Committee and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Scheme's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Underutilization of Loan Facilities

Review of Scheme's records revealed the opening balance as at 1 July, 2024 was Kshs.371,808,000, which was available for disbursement to staff under the Mortgage and Car Schemes. However, during the year, the Scheme issued mortgage loans totaling Kshs.47,250,000 to only five (5) staff members. No car loans were disbursed despite the availability of funds for both facilities. Further, an amount of Kshs.70,000,000 was transferred from the Car Loan account to a free fund account to earn interest on unutilized funds. The low uptake of both mortgage and car loan facilities has resulted in significant underutilization of available funds, with substantial cash balances remaining idle in the Scheme's bank accounts.

In the circumstances, the underutilization of the Scheme's funds may limit the intended benefits to staff, reduce the overall impact of the Scheme, and result in lost opportunities for staff welfare improvement.

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

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and the Advisory Committee

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements are free from material misstatements, whether due to fraud or error and to

issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether in all material respects, the activities, financial transactions and information reflected in the financial statements follow the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

6 November, 2025

14. STATEMENT OF FINANCIAL PERFORMANCE


For the Period Ended 30th June, 2025			
	Note	2024/2025 Unaudited Kshs 000	2023/2024 Audited Kshs 000
<u>Revenue</u>			
Interest on Free Funds	1	12,236	9,555
Interest on Loans	2	17,310	15,462
Total Revenue		29,546	25,017
<u>Expenses</u>			
Use of Goods and Services	3	(17,311)	(15,463)
Total Expenses		(17,311)	(15,463)
Surplus/(Deficit) before Tax		12,236	9,553
Taxation	4	(1,835)	(1,433)
Surplus/(Deficit) after Tax		10,400	8,121

The significant accounting policies and notes to the financial statements from page 6 to 19 form an integral part of these annual financial statements.


The financial statements from page 1 to 5 were approved and authorized by the management and signed on its behalf by:



CPA MARJAN H. MARJAN, MBS.
ICPAK M/NO.2786
COMMISSION SECRETARY



CPA REUBEN K. CHIRCHIR
ICPAK M/NO. 4388
AG.DIRECTOR FINANCE




CPA OBADIAH K. KEITANY, MBS.
ICPAK M/NO. 3055
CHAIRPERSON OF THE SCHEME

15. STATEMENT OF FINANCIAL POSITION

As at 30th June, 2025			
	Note	2024/2025 Unaudited Kshs 000	2023/2024 Audited Kshs 000
<u>Assets</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	5	386,925	371,808
Current Receivables	6	85,306	80,382
		472,232	452,190
<u>Non-Current assets</u>			
Long Term Receivables	7	481,674	491,316
Total Assets		953,906	943,506
<u>Liabilities</u>			
Current Liabilities		-	-
Non-Current Liabilities		-	-
Total Liabilities (B)		-	-
Net Assets		953,906	943,506
<u>Represented By:</u>			
Mortgage Revolving Fund		802,958	732,958
Car Loan Revolving Fund		44,194	114,194
Accumulated Surplus		106,754	96,354
Net Assets		953,906	943,506

The significant accounting policies and notes to the financial statements from page 6 to 19 form an integral part of these annual financial statements.

The financial statements from page 1 to 5 were approved and authorized by the management and signed on its behalf by:



CPA MARJAN H. MARJAN, MBS.
ICPAK M/NO.2786
COMMISSION SECRETARY



CPA REUBEN K. CHIRCHIR
ICPAK M/NO. 4388
AG.DIRECTOR FINANCE



CPA OBADIAH K. KEITANY, MBS.
ICPAK M/NO. 3055
CHAIRPERSON OF THE SCHEME

16. STATEMENT OF CHANGES IN NET SCHEME ASSETS

For the Period Ended 30th June, 2025				
	IEBC Mortgage Scheme	IEBC Car Loan Scheme	Accumulated Surplus	Total
	KShs. 000	KShs. 000	KShs. 000	KShs. 000
Balance as at 30th June, 2022	714,958	114,194	80,396	909,548
Surplus for the Year -Mortgage Scheme	-	-	5,255	5,255
Surplus for the Year -Car Loan Scheme	-	-	2,580	2,580
National Treasury Funding	15,000	-	-	15,000
Balance as at 30th June, 2023	729,958	114,194	88,232	932,384
Surplus for the Year -Mortgage Scheme	-	-	5,411	5,411
Surplus for the Year -Car Loan Scheme	-	-	2,711	2,711
National Treasury Funding	3,000	-	-	3,000
Balance as at 30th June, 2024	732,958	114,194	96,353	943,505
Surplus for the Year -Mortgage Scheme	-	-	8,049	8,049
Surplus for the Year -Car Loan Scheme	-	-	2,352	2,352
Inter-Scheme transfers	70,000	(70,000)	-	-
National Treasury Funding	-	-	-	-
Balance as at 30th June, 2025	802,958	44,194	106,754	953,906

The significant accounting policies and notes to the financial statements from page 6 to 19 form an integral part of these financial statements.

17. STATEMENT OF CASH FLOW

As at 30th June, 2025			
	Note	2024/2025 Unaudited Kshs 000	2023/2024 Audited Kshs 000
Cash flows from Operating Activities:			
Receipts			
Interest received	1	12,236	9,556
Other Income	2	17,310	15,462
Total Receipts		29,546	25,018
Payments			
Scheme Administrative costs	3	(17,311)	(15,463)
Taxation	4	(1,836)	(1,433)
Total Payments		(19,146)	(16,896)
Net Cash Flow from Operating Activities		10,399	8,122
Changes in Working Capital:			
(Increase)/Decrease in Current Receivables	6	(4,924)	(78,306)
Net Cash Flow from Operating Activities		(4,924)	(78,306)
Cash flows from Investing Activities:			
Long Term Receivables	7	9,642	(11,222)
Net Cash Flow from Investing Activities		9,642	(11,222)
Cash flows from Financing Activities:			
Receipts into the Mortgage Scheme	13	-	3,000
Receipts into the Car Loan Scheme	13	-	-
Net Cash Provided by Financing Activities		-	3,000
Net Increase in Cash & Cash Equivalent		15,117	(78,405)
Cash & Cash Equivalent at 1st July	5	371,808	450,213
Cash & Cash Equivalents at 30th June		386,925	371,808

The significant accounting policies and notes to the financial statements on page 6 to 19 form an integral part of these annual financial statements.

18. STATEMENT OF COMPARISON OF BUDGET & ACTUAL

BUDGET EXECUTION STATEMENT AS AT 30TH JUNE, 2025					
Item	Original Annual Budget	Adjustments	Final Budget	Actual	Performance
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Receipts					
Transfers from IEBC	-	-	-	-	0%
Interest on Free Funds	-	-	-	12,236	-
Interest on Loans	-	-	-	17,310	-
Total Revenue	-	-	-	29,546	-
Expenses					
Employee Costs	-	-	-	-	-
Use of Goods and Services	-	-	-	(17,311)	-
Taxation	-	-	-	(1,835)	-
Expenditure	-	-	-	(19,146)	-
Surplus for the Period	-	-	-	10,400	-
Capital Expenditure	-	-	-	-	0%

The IEBC Mortgage and Car Loan Scheme was not allocated any budget in 2024/2025 financial year due to the austerity measures currently in place.

The significant accounting policies and notes to the financial statements on page 6 to 19 form an integral part of these annual financial statements.

19. SIGNIFICANT ACCOUNTING POLICIES

1. IEBC Mortgage and Car Loan Scheme General Information

The IEBC Mortgage and Car Loan Scheme is established by and derives its authority and accountability from IEBC Staff Mortgage Regulations, 2016 and IEBC Staff Car Loan Scheme Regulations, 2016. The Mortgage and Car Loan Scheme Regulations were revised in 2020. The Scheme is wholly owned by the Government of Kenya and is domiciled in Kenya. The Scheme's principal activity is to provide the Commission staff with an opportunity to buy or build a house/or improve residential property using a mortgage that is affordable or buy a private car using a loan that is affordable.

2. Statement of Compliance and Basis of Preparation

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

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the IEBC Mortgage and Car Loan Scheme.

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

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2025.

Standard	Effective date and impact:
IPSAS 46: Measurements	Applicable 1st July 2025 The objective of this standard was to improve measurement guidance across IPSAS by: <ol style="list-style-type: none"> Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. Clarifying transaction costs guidance to enhance consistency across IPSAS; Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. Expected Impact: To define measurement bases that assist in reflecting fairly: the cost of services, the operational capacity and financial capacity of assets and liabilities. Applicable to IEBC Mortgage and Car Loan Scheme.
IPSAS 48: Transfer Expenses	Applicable 1st July 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. Expected impact: Enhance transparency & accountability. Applicable to IEBC Mortgage and Car Loan Scheme.
Other improvements to IPSAS	Applicable 1st July 2023 <ul style="list-style-type: none"> IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). IPSAS 39: Employee Benefits Now deletes the term composite social security benefits as it is no longer defined in IPSAS. IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st July 2023. Applicable to IEBC Mortgage and Car Loan Scheme.

iii. **Early adoption of standards**

The IEBC Mortgage and Car Loan scheme did not early – adopt any new or amended standards in the year 2024/2025.

4. **Significant Accounting Policies**

a. **Revenue recognition**

i) **Revenue from non-exchange transactions**

Transfers from other government entities

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

ii) **Revenue from exchange transactions**

Interest income

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

b. **Budget information**

The original budget for FY 2024/2025 was approved in June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Scheme upon receiving the respective approvals in order to conclude the final budget.

Accordingly, the Scheme recorded did not receive any additional appropriations for the FY 2024/2025 budget following the governing body's approval.

The Scheme's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

c. Property, plant, and equipment (PPE)

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 Scheme recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major 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 the asset 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 date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

e. Financial instruments

i) 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 Scheme determines the classification of its financial assets at initial recognition.

ii) 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 taking into account 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.

iii) Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Scheme has the 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 taking into account 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.

iv) Impairment of financial assets

The Scheme assesses at each reporting date whether there is objective evidence that a financial asset or a Scheme of financial assets is impaired. Management then follows the procedure required by Regulation 145 of the PFM Act. A financial asset of the Scheme is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has 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 Scheme that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors of the Scheme 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).

v) Financial liabilities

Initial recognition and measurement

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f. Contingent liabilities

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

g. Contingent assets

The Scheme 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 Scheme in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

h. Nature and purpose of reserves

The Scheme creates and maintains reserves in terms of specific requirements.

i. Changes in accounting policies and estimates

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

j. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. 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 from 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 (CONT'D)

k. Related parties

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

l. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

m. Comparative figures

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

n. Events after the reporting period

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

o. Ultimate and Holding Scheme

The Scheme is established under Section 24 (4) PFM Act and the IEBC Staff Mortgage Regulations, 2016 and IEBC Staff Car Loan Scheme Regulations, 2016.

Its ultimate parent is the Government of Kenya.

p. Currency

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

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Scheme's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

20. NOTES TO THE FINANCIAL STATEMENTS

1. Interest on Free Funds

The interest on free funds are incomes earned by the scheme on bank balances that had not been issued to the IEBC Staff. During the period under review, the scheme earned interest as shown below:

Description	2024/2025	2023/2024
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Interest from HFC Mortgage Free Funds	5,210	5,876
Interest from HFC Car Loan Free Funds	2,767	3,189
Interest from KCB Mortgage Free Funds	4,259	490
Interest from KCB Car Loan Free Funds	-	-
Total	12,236	9,555

2. Interest on Loans

The IEBC staff mortgage accounts are charges a concessionary interest rate of 3% per annum.

The loan repayment deductions are effected monthly from the staff members' salary.

Description	2024/2025	2023/2024
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Interest on HFC Mortgage Loans	16,114	14,879
Interest on HFC Car Loans	329	582
Interest on KCB Mortgage Loans	866	-
Interest on KCB Car Loans	-	-
Total	17,310	15,462

The interest earned is used to offset the administration costs of the Scheme.

3. Use of Goods and Services

During the period under review, the Scheme incurred the administration costs as shown below:

Description	2024/2025	2023/2024
	Unaudited	Audited
	Kshs. 000	Kshs. 000
HFC Mortgage Administration Costs	16,114	14,879
HFC Car Loan Administration Costs	329	582
KCB Mortgage Administration Costs	866	-
KCB Car Loan Administration Costs	-	-
KCB Mortgage Bank Charges	0.2	1.6
HFC Processing Fees	0.6	-
Total	17,311	15,463

Other additional costs are met by the beneficiaries and are not borne by the IEBC Mortgage and Car Loan scheme.

These additional costs include land and property valuation fees, legal fees, insurance premiums, car tracking fees and stamp duty.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. Tax Costs on Interest Earned

Description	2024/2025	2023/2024
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Tax Charges on HFC Mortgage Interest	782	882
Tax Charges on HFC Car Scheme Interest	415	478
Tax Charges on KCB Mortgage Interest	639	73
Tax Charges on KCB Car Scheme Interest	-	-
Income Tax Expense	1,835	1,433

5. Cash & Cash Equivalents

Description	2024/2025	2023/2024
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Current Account		
HFCK IEBC Mortgage A/c -2172923102	217,873	195,329
HFCK IEBC Car Loan A/c -2172923103	73,278	133,899
KCB IEBC Mortgage A/c -1312241888	2,849	139
KCB IEBC Car Loan A/c - 1312242035	-	-
Sub-Total	293,999	329,367
Call Deposit Account		
KCB IEBC Mortgage Call Deposit -MM23353PPHIP	92,926	42,441
KCB IEBC Car Loan Call Deposit	-	-
Sub-Total	92,926	42,441
Total	386,925	371,808

The IEBC was granted the authority to open and operate the Housing Finance Corporation and KCB Bank Account by the National Treasury on 17th January, 2017 and 31st January, 2023 respectively.

6. Current Receivables from Exchange Transactions

Description	2024/2025	2023/2024
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Current Receivables:		
Current HFC Mortgage Receivables	71,295	73,750
Current HFC Car Loan Receivables	5,818	6,632
Current KCB Mortgage Receivables	8,193	-
Total	85,306	80,382

7. Long Term Receivables from Exchange Transactions

Description	2024/2025	2023/2024
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Non-Current Receivables:		
HFC Long Term Mortgage Receivables	445,683	462,855
HFC Long Term Car Loan Receivables	4,917	11,131
KCB Long Term Mortgage Receivables	31,074	17,330
KCB Long Term Car Loan Receivables	-	-
Total	481,674	491,317

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. No. of Scheme Beneficiaries

The following table provides the number of beneficiaries from the Schemes creation date:

Description	2024/2025	2023/2024
	Unaudited	Audited
Staff who have benefited from HFC Mortgage Fund	100	97
Staff who have benefited from HFC Car Loan Fund	46	46
Staff who have benefited from KCB Mortgage Fund	4	2
Staff who have benefited from KCB Car Loan Fund	-	-
Total	150	145

As at 30th June, 2025, four (4) mortgage accounts and seventeen (18) car loan accounts had been fully repaid.

9. Mortgage and Car Loans Issued

As at the end of the period under review, the value of mortgages and car loans issued to IEBC staff since inception were as disclosed below:

Description	2024/2025	2023/2024
	Unaudited	Audited
	Kshs. 000	Kshs. 000
HFC Mortgage Loan Facility	748,158	728,803
HFC Car Loans Facility	23,920	30,190
KCB Mortgage Loan Facility	39,950	19,200
KCB Car Loan Facility	-	-
Total	812,028	778,193

10. Contingent Liabilities –Tax Dispute with Kenya Revenue Authority

As at the end of the period under review, the Commission had an undetermined appeal case with Kenya Revenue Authority (KRA). KRA carried out a tax compliance check on IEBC's books of accounts for the period 1st July, 2016 – 31st July, 2021 in 2022/2023 financial year and demanded backdated taxes on reverse VAT, withholding tax on permanent establishments, fringe benefit tax and corporate tax. IEBC appealed to the Tax Appeal Tribunal. The Tax Appeal Tribunal made a ruling on 1st August, 2024 as per Tax Appeal No. E623 of 2023 and reduced the assessment amount from Kshs.265,592,127.00 to Kshs.41,727,203.00 which KRA contested and lodged an appeal - High Court Commercial Income Tax Appeal HCCOMMITA/E053/2025 Kenya Revenue Authority vs Independent Electoral and Boundaries Commission that is yet to be determined.

The IEBC Mortgage and Car Loan Scheme possible cash outflow if the contingent liability crystallize is as shown below:

Description	2024/2025	2023/2024
	Unaudited	Audited
Contingent Liabilities	Shs 000	Shs 000
Fringe Benefit Tax Contingent Liability	25,561	-
Corporation Tax Contingent Liability	16,166	-
Total	41,727	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. Subsequent Events

The Commission is not aware of any matter or circumstances arising after the reporting date, not otherwise dealt with in the financial statements, which would significantly affect the financial position and the results of its operations as laid out in these financial statements.

12. Financial Risk Management

The Scheme's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Scheme's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The Scheme does not hedge any risks and has in place policies to ensure that credit is only extended to Commission staff with an established credit history.

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

a) Credit Risk

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

Management assesses the credit quality of each Commission staff, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors.

The Scheme beneficiaries under the fully performing category are paying their mortgage and car loans as per the mortgage and loan agreements. The credit risk associated with these receivables is minimal and no allowance for uncollectible amounts have been recognized in the financial statements.

b) Liquidity Risk Management

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

c) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates, which will affect the Scheme's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

d) Interest rate risk

Interest rate risk is the risk that the Scheme's financial condition may be adversely affected as a result of changes in interest rate levels. The Scheme's interest rate risk arises from bank deposits. This exposes the Scheme to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Scheme's deposits.

e) Management of interest rate risk

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

f) Capital Risk Management

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

Capital Risk Management	2024/2025	2023/2024
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Revolving fund -Mortgage Scheme	802,958	732,958
Revolving fund - Car Loan Scheme	44,194	114,194
Accumulated surplus -Mortgage Scheme (Reserves)	106,754	96,354
Total Scheme Funds	953,906	943,506
Scheme Cash and Bank balances	386,925	371,808
IEBC Scheme Debt (External Financing)	-	-
Gearing (Net debt/Excess Cash & Cash Equivalents)	0%	0%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. Related party balances

a) Nature of related party relationships

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

The IEBC Mortgage and Car Loan scheme is related to the following entities:

- a) National Treasury (National Government);
- b) Independent Electoral and Boundaries Commission (IEBC) (includes key management);
- c) Mortgage and Car Loan Scheme Advisory Committee;

b) Related Party Transactions

i. Transfers from Related Parties

In the 2024/2025 financial year, the IEBC Mortgage and Car Loan Scheme was not allocated any budget due to the austerity measures in the Public Sector.

ii. Key Management Remuneration

The Scheme advisory members and liason officers are IEBC staff drawn from various directorates of the Commission and did not receive any form of remuneration and/sitting allowances in the 2024/2025 financial year.

14. Events after the Reporting Period

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

15. Ultimate and Holding Entity

The IEBC Mortgage and Car Loan Scheme is a Scheme under the sponsorship of Independent Electoral and Boundaries Commission (Vote 2031) which was established as provided under the 2010 Constitution of Kenya and the IEBC Act (2011).

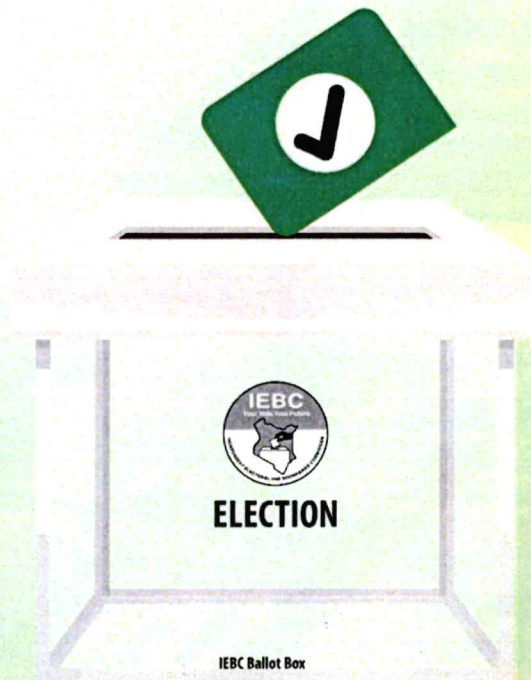
16. Currency

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

21. PROGRESS ON FOLLOW UP OF AUDIT RECOMMENDATIONS

The IEBC Staff Mortgage and Car Loan Scheme did not have any audit follow up issues for the previous financial years.


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