

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPER LAID

REPORT

DATE: 26 APR 2023

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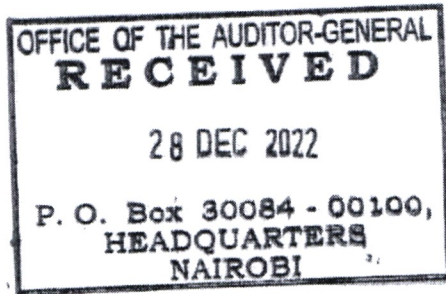
Hon. Naomi Wago, M.P.
Deputy Majority Whip
Christine Ndlovu

THE AUDITOR-GENERAL

ON

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

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



ENERGY & PETROLEUM REGULATORY AUTHORITY STAFF MORTGAGE AND CAR LOAN SCHEME

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

Prepared in accordance with the accrual basis of accounting method under the International Public Accounting
Standards (IPSAS)

*ENERGY & PETROLEUM REGULATORY AUTHORITY STAFF MORTGAGE & CAR LOAN SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022*

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Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

1. Key scheme information and management

a) Background information

The scheme is established by the Energy & Petroleum Regulatory Authority which derives its authority and accountability from the Energy Act, 2019. The scheme was established on 29th May 2014. The scheme is wholly owned by the Energy & Petroleum Regulatory Authority and is domiciled in Kenya.

b) Principal Activities

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

c) Board of Directors

Ref	Position	Name	Changes
1	Chairman	Hon.(Prof) Justice Jackton Boma Ojwang	
2	PS, Ministry of Energy, Member	Maj. Gen (Rtd). Dr. Gordon O. Kihalangwa, CBS, 'ndc'(K) , 'ensp'(RSA), 'psc' (K)	
3	PS, State Department for Petroleum, Member	Mr. Andrew Kamau, CBS	
4	Alternate to PS, State Department for Petroleum	Mr. James Mbugua	Retired 30/06/2022
5	Alternate to PS, Ministry of Energy	Mr. Masini Ichwara	Appointed 17/02/ 2022
6	Alternate to PS, Ministry of Energy	Mr. Moses Gitari	Retired 23/08/2021
7	Representative National Treasury, Member	Mr. Albert Mwenda	
8	Representative CoG, Member	Mr. Barnabas Ngeno	
9	Member	Prof. George Achoki	Retired 07/02/2022
10	Member	Dr. Sellah Kebenei	Retired 07/02/2022
11	Member	Mr. Wanjuki Muchemi	Retired 19/04/2022
12	Alternate to PS, Ministry of Energy	Timothy Gakuu	Retired 18/02/2022
13	Member	Hassan Mohamed Haji	Retired 19/04/2022
14	Member	Eng. Mercy Wambugu	Appointed 14/04/ 2022
15	Member	Mr. Daniel Ndonge	Appointed 14/04/ 2022
16	Member	Mr. Moses Mutuli	Appointed 14/04/ 2022
17	Member	Mr. George Mwakule	Appointed 14/04/ 2022
18	Director General	Mr. Daniel Kiptoo Bargaroria	
19	Corporation Secretary	Ms. Mueni Mutung'a	

d) Key Management

Ref	Position	Name
1	Director General	Mr. Daniel Kiptoo Bargoria
2	Board Secretary & Director, Legal Services	Ms. Mueni Mutung'a
3	Director, Petroleum & Gas	Eng. Edward Kinyua
4	Director, Electricity & Renewable Energy	Dr. Eng. Joseph Oketch
5	Director, Public Education, Advocacy & Consumer Protection	Mr. Cyprian Nyakundi
6	Ag. Director, Corporate Services	Mr. James Kilonzo
7	Ag. Director, Economic Regulation & Strategy	Dr. John Mutua
8	Ag. Director, Internal Audit & Risk Assurance	Ms. Everlyne Orenge
9	Deputy Director, Supply Chain Management	Ms. Loise Thuge

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Board Audit Committee	Moses Mutuli-Chair James Mbugua-Member Barnabas Ngeno-Member Albert Mwenda-Member
2	Directorate Internal Audit	Everlyne Orenge

f) Registered Offices

P.O. Box
Eagle Africa Centre
Longonot Road
Nairobi, KENYA

g) Scheme Contacts

Telephone: (254) 20 2847000
E-mail: info@epra.ho.ke
Website: www.epra.go.ke

h) Scheme Bankers

1. KCB Bank

Moi Avenue Branch

P.O Box 48400-00100

Nairobi, Kenya

i) Independent Auditors

Auditor-General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

2. Board Members



Hon. (Prof) Jackton Boma Ojwang
Board Chairman

Hon. Justice (Prof) Jackton B. Ojwang, was appointed Chairman of EPRA's Board of Directors for a four-year term with effect from 12th May 2020. Prof. Ojwang is a retired judge of the Supreme Court of Kenya with a span of 45 years' experience in the legal profession.

Prof. Ojwang has had an illustrious 17-year career in the Judiciary after having been first appointed a high court Judge in 2003 and then elevated to the Supreme Court in 2011 as one of the key seven Judges of the newly created apex court.

He holds Bachelor's and Master's degrees in Law from the University of Nairobi and a PhD in Comparative Constitutional Law from Downing College, Cambridge. In 2015, he earned a Doctor of Laws degree (LLD) from the University of Nairobi making him the first sitting judge to receive the Degree. He is an accomplished scholar and who has authored numerous academic papers and other scholarly works. He has also taught at reputable universities around the world including the University of Nairobi where he served for 27 years. He has also been a visiting Associate Professor of Law at the J. Reuben Clark Brigham Young University Law School in the United States.

Prof. Ojwang was awarded the University of Nairobi's Staff Merit Award in recognition of his outstanding contribution towards the University's mission. He was also bestowed the coveted East African Law Society Senior Lawyer of Year Award in 2013 for his remarkable legal and judicial career. Up to February 2020, he sat on the Council of Legal Education Board where he chairs the Quality Assurance & Compliance Committee.

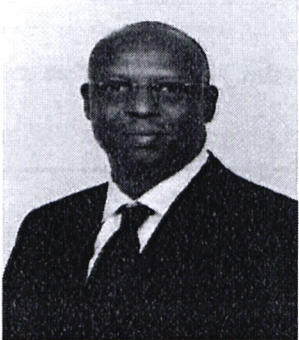
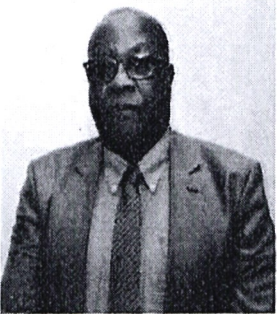
Date of Birth: 10th February, 1950



Maj. Gen (Rtd) Dr. Gordon.O. Kihalangwa, CBS,
'ndc' (K), 'ensp' (RSA), 'psc' (K)

Maj. Gen (Rtd) Dr. Gordon.O. Kihalangwa, CBS joins the Ministry of Energy as the Principal Secretary from the State Department for Public Works. Before his posting in the Ministry of Energy, he served as the Director for Immigration services from 2014 until March 2018 when he was appointed as the Principal Secretary, State Department for Immigration and Citizen Services, in the Ministry of Interior and Coordination of National Government. He also had a short stint as Principal Secretary, Ministry of Defence in August 2019, he was reassigned in the same capacity to the State Department for Public Works in the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works in 2019.

Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

<p>Principal Secretary, Ministry of Energy</p>	<p>Prior to joining the Civil Service, he worked in the Military which he joined as a Cadet Officer close to 40 years ago. He diligently served and worked his way through the ranks in the military and rose to the rank of Major General and was appointed to the position of Assistant Chief of General Staff in-charge of Personnel and Logistics. He retired as a Major General in 2014 after close to 33 years of Service.</p> <p>Date of Birth: 13th May, 1956</p>
 <p>Mr. Andrew Kamau, CBS Principal Secretary, State Department for Petroleum</p>	<p>Mr Kamau has vast experience in the oil and gas sector spanning more than twenty-five (25) years.</p> <p>Prior to his appointment, he worked for multinationals in East Africa and major trading organisations in Europe and South Africa in the energy and mining sector. He was awarded the dealmaker of the year 2005 by Global Pacific partners.</p> <p>Mr. Kamau has advised on various petroleum upstream, mid/downstream ventures in countries in the region. He has extensive experience in the mining and Oil & Gas exploration sectors, having been a director of the oldest Johannesburg Stock Exchange listed mining company, Sallies Ltd, Drilllex Ltd, a mineral exploration drilling company with drilling rigs in South Africa, Mozambique and Zambia. In addition, he has been a director of Gulf of Guinea Petroleum Company, a junior oil exploration company with acreage in Republic of Congo and Gabon.</p> <p>Date of Birth: 18th November, 1966</p>
 <p>Mr. James Mbugua Alternative to the PS Ministry of Energy and Petroleum.</p>	<p>Mr. Mbugua is currently the Principal Superintending Geologist and Acting Secretary in the Directorate of Petroleum at the State Department of Petroleum and Mining. His directorate is responsible for overseeing the exploration of Oil and Gas fields, determination of their commerciality, licensing and ensuring compliance with environmental protection policies. He has extensive experience, spanning over 25 years, and has been involved in the exploration of geothermal, coal, oil and gas in Kenya.</p> <p>Mr. Mbugua holds a Bachelor of Science Degree in Geology from the University of Nairobi and a Master of Science Degree in Structural Geology from the University of Leeds, UK. He also holds a Post Graduate Diploma in Geothermal Technology from Auckland University, New Zealand and a Certificate in Geothermal Energy and Environmental Sciences from Kyushu University, Japan.</p> <p>He is a member of the Geological Society of Kenya (GSK) and the Geologist Registration Board (GRB)</p> <p>Date of Birth: 30th June 1962 Retired: 30th June 2022</p>



Mr. Albert Mwenda
Representative National Treasury

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

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

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

Date of Birth: 10th May 1971



Dr. Sellah J. Kebenei
Board Member

Dr. Kebenei, a senior lecturer (academician) at Kabarak University, has conducted extensive research in the field of Organic and Environmental Chemistry.

She began her academic career at the University of Nairobi in 1981 where she graduated with a Bachelor of Science Degree (BSc), with a Major in Chemistry. She subsequently did Master of Philosophy (M.Phil.) Degree in Chemistry at the Moi University, Eldoret and graduated in 2003. She holds a Doctor of Philosophy Degree in Chemistry (PhD) from the same university (2009).

From 2006 to 2015, she served as Head of Environmental and Life Science Department at the Kabarak University. Since 2016 to date, she has served as Head of Physical and Biological Sciences Department at the same University. She served as acting Dean for the School of Science, Engineering and Technology (2014) and as Director of the Institute of Post-Graduate Studies and Research (2016).

She was coordinator for the development of the School of Medicine and Health Science from 2009 to 2014, which resulted in the launching of Nursing and Clinical Medicine Degree program.

Date of Birth: 28th February, 1961

Retired: 7th February 2022



Prof. George Achoki
Board Member

Professor George O. Achoki has experience in Management, academia and board directorship spanning over twenty years. Professor Achoki's career life started in 1997 at Manpower Services (K) Limited where he worked as a Management Consultant. He had a one-year stint as a senior lecturer at Kenyatta University where he taught finance and accounting. He is currently an associate Professor of Accounting and Finance at United States International University (USIU) where he has taught for over 20 years.

Professor Achoki holds a Bachelor's degree in Commerce, a Master's degree, Commerce in Accounting and Statistics and a Doctor of Philosophy in Human Resource Accounting, all from Sukhadia University, India.

He has published in the International Journal of Economics and Finance, the American Journal of Finance, and the Journal of Business and Management among others. Between 2016-2018, he served as a Council Member at the Export Promotion Council where he Chaired the Strategy, Product Development and Promotion and the Finance and Resource Mobilization Committees.

Date of Birth: 24th April, 1966

Retired: 7th February 2022



Wanjuki Muchemi CBS, FCI, Arb
Board Member

Mr. Muchemi is a senior legal practitioner with a wealth of experience in International Commercial Law, Arbitration, Alternative Dispute Resolution, Multilateral and Bilateral Finance negotiations. He is currently serving as a non- Executive Director in the Boards of several listed and private companies.

Previously, Mr. Muchemi served as the Solicitor General of the Republic of Kenya and the Principal Assistant to the Attorney General. During his tenure, he was awarded the Chief of the Order of the Burning Spear (CBS) (First Class) by His Excellency, President Mwai Kibaki, for his dedicated service. In addition, he previously served as a Director in several State Corporations as well as at the Centre for Corporate Governance for 10 years.

He holds a Master of Business Administration (MBA) degree in Strategic Management and a Bachelor of Laws (LL.B. Hons.) degree from University of Nairobi. He is an Advocate of the High Court of Kenya, Fellow of The Chartered Institute of Arbitrators, London, U.K. (FCI Arb.), Member of The Institute of Certified Public Secretaries of Kenya (CPS (K)), and The Law Society of Kenya.

Retired: 19th April 2022

Date of Birth: 30th November 1951



Hon. Barnabas Ngeno
Representative Council of Governors.

Hon. Barnabas Ngeno has vast experience in housing, lands and urban governance. He is currently serving as the County Executive Committee Member for Lands, Housing and Physical Planning in Kericho County. Hon. Ngeno is also the Chairperson of Lands, Housing, Physical Planning, Urban Development and Energy Committee of the Council of Governors.

Hon Ngeno also serves as the National Program Technical Committee Co-Chair for the Kenya Urban Support Programme (KUSP) and a member of the program's National Steering Committee. KUSP is a 300 Million World Bank Fund that supports infrastructural development in 45 countries. Hon Ngeno has led the sector technical team during a critical moment of transition in the new constitutional dispensation. His team has overseen the successful development of the policy, legislative and regulatory framework that currently governs the expansive sector.

Hon. Barnabas Ngeno is the Council of Governors' representative in the Board. He has a Bachelors Degree in Business Management from Moi University and is an MBA finalist at Kenyatta University. He is the inaugural Chairperson and founder of the Institute of Corporate Governance.

Date of Birth: 9th May 1982



Eng. Mercy Wambugu
Board Member

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

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

Appointed: 14th April 2022

Date of Birth: 27th May 1961



Daniel Ndonge
Board Member

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

He is a fellow of the Institute of Chartered Accountants in England and Wales, the Institute of Certified Public Accountants of Kenya and the Institute of Certified Public Secretaries of Kenya.

He sits on the boards of several companies, two (2) of which are listed on the Nairobi Securities Exchange

Appointed: 14th April 2022

Date of Birth: 24th August 1949



Moses Mutuli
Board Member

Moses is currently the General Manager, Life Insurance East Africa, for Sanlam Pan Africa. For his role, he serves in the Boards of Sanlam in Uganda, Tanzania, Rwanda and Burundi and in addition is a Director at Hubris Holdings Ltd in Kenya.


Moses is a qualified actuary and is a Fellow of the Institute of Actuaries UK (FIA) and Fellow of The Actuarial Society of Kenya – TASK (FeASK). He is the immediate past chairman of TASK. He has over 18yrs experience in insurance and actuarial consulting gained in UK, SA and Kenya.

Moses is a Rhodes Scholar and holds an MBA and MSc in Applied Statistics both gained from University of Oxford (UK) and BSc Mathematics from University of Nairobi.

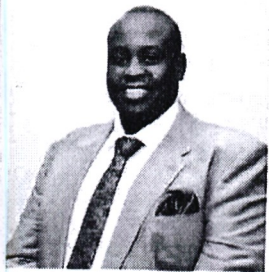
Appointed: 14th April 2022

Date of Birth: 2nd April 1977

 <p>Mr. George Mwakule Board Member</p>	<p>Mr. George Mwakule is an Information Technology professional with vast experience in the corporate world including 21 years with Coca-Cola in Africa, Middle East and Turkey. He managed multi-country infrastructure services delivery, led information technology projects and systems integration within The Coca-Cola Company and its franchise bottling partners. His early corporate career was at Barclays Bank of Kenya where he led transformative technology projects in data centers, cheque processing and office automation. He also worked at Kenya Posts & Telecommunication Corporation as an Executive Engineer and implemented several telephone and data transmission systems.</p> <p>He holds a Bachelor of Science Degree in Electrical Engineering from the University of Nairobi.</p> <p>Appointed: 14th April 2022 Date of Birth: 9th April 1963</p>
 <p>Mr. Masini J. Ichwara Board Member</p>	<p>Mr. Masini J. Ichwara is currently the Director of Planning at the Central Planning and Programme Monitoring Unit at the Ministry of Energy. He previously served at the same level at the Ministry of Industrialization, Trade and Enterprise Development, State Department for Industrialization.</p> <p>Mr. Ichwara has comprehensive national and international development level experience spanning over 25 years having worked for UNDP-Somalia as a Research Officer, UNDP-Kenya as a Monitoring and Evaluation Specialist and as a consultant for UNFPA, UNICEF and UNWomen. He previously worked for the Kenya National Bureau of Statistics and the Monitoring and Evaluation Directorate at National Treasury and Planning.</p> <p>Appointed: 17th February 2022 Date of Birth: 12th December, 1969</p>
 <p>Mr. Daniel Kiptoo Director General</p>	<p>Mr. Daniel Kiptoo was appointed as the EPRA Acting Director General on 14th December 2020 and subsequently confirmed as Director General of the Authority on 1st July 2021. Prior to his appointment, he was the Legal Advisor in the State Department of Petroleum and the Chairman of the Government's First Oil Committee charged with delivery of First Oil for Kenya. The committee brought together technical officers from different Government Ministries and agencies. Mr. Kiptoo is a qualified lawyer with experience in the Energy and Petroleum sectors with a specific focus in policy formulation, regulation and project & structured financing. He is one of the drafters of the Energy Act (2019) and Petroleum Act (2019).</p>

	<p>He is a Certified Public Secretary in Kenya (CPS), Chartered Secretary of the Institute of Chartered Secretaries and Administrators UK (ICSA) and is a member of the Association of International Petroleum Negotiators (AIPN). He holds a master's degree in Petroleum Law and Policy from University of Dundee. Prior to his role as Legal Advisor in the State Department of Petroleum, he worked with the Energy and Petroleum Regulatory Authority (EPRA) as a Technical Officer and in the private sector with an Africa centric Oil & Gas risk consultancy as the Oil & Gas and Legal Affairs Director.</p> <p>Date of Birth: 17th February, 1984</p>
 <p>Ms. Mueni Mutunga Board Secretary</p>	<p>Mueni holds a Master's in Business Administration and a Bachelor of Laws degree both from the university of Nairobi, and a diploma in legal practice from the Kenya School of Law. She is an advocate of the High Court of Kenya, a member of the Institute of Directors, the Institute of Certified Secretaries of Kenya and Chartered Institute of Arbitrators. She has also trained extensively in Good Corporate Governance</p> <p>She started her career as an advocate and worked as an associate with the law firm of Robson Harris & Co advocates. She later moved to Total Kenya Ltd where she worked as a legal officer. Thereafter she worked as the Corporation Secretary and Head of Legal services at Kenya Wildlife Service prior to taking up her current appointment as the Board Secretary and Director Legal Services.</p> <p>Date of Birth: 28th February, 1964</p>

3. Management Team



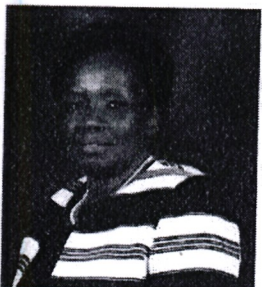
Mr. Daniel Kiptoo Bargoria

Director General: Board Member and Chief Executive Officer of the Authority.



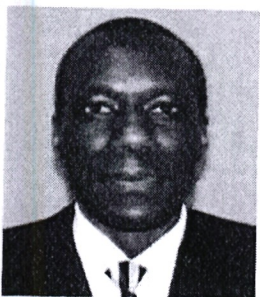
Dr. John Mutwii Mutua
PhD (Economics)

Ag. Director, Economic Regulation: Heading the Economic Regulation function of the Authority.







Ms. Mueni Mutung'a
A, LL. B (Hons), CPS (K), Dip. Law (KSL)

Corporation Secretary & Director Legal Services: Secretary to the Board and Head of the Legal function of the Authority.



Dr. Eng. Joseph Oketch
MBA, BSc (Elec. Eng.), C. Eng., MIEK, PhD.

Director, Electricity & Renewable Energy: Heading the Electricity & Renewable Energy subsector regulation function of the Authority.

 <p>Eng. Edward Kinyua Msc (Energy Management), B.Tech (Mech. & Prod. Eng)</p>	<p>Director Petroleum & Gas: Heading the Downstream Petroleum & Gas Regulation function of the Authority.</p>
 <p>Mr. Cyprian Nyakundi MBA, Bcom, CPA(K)</p>	<p>Director, Public Education, Advocacy & Consumer Protection: Heading the Public Education, Advocacy & Consumer Protection function of the Authority.</p>
 <p>CPA James Kilonzo MBA, Bcom, CPA(K), CISA</p>	<p>Ag. Director, Corporate Services: Heading the Corporate Services functions of the Authority (Finance & Accounts, HR & Admin, Corporate Communications & ICT)</p>
 <p>CPA Everlyne Orange MBA, Bcom, CPA (K)</p>	<p>Ag. Director, Directorate of Internal Audit and Risk Assurance: Heading the Internal Audit and Risk Assurance function of the Authority.</p>



Ms. Loise Thuge
Msc, BA MCIPS(UK), MKISM

Deputy Director, Supply Chain Management: Heading the supplies and procurement functions of the Authority.

4. Chairman's Report

I take pride in presenting the Energy & Petroleum Regulatory Authority Mortgage and Car Scheme Report and Financial Statements for the Financial Year 2021/2022. Despite the tough operating environment occasioned by the continuing disruptions caused by the Covid-19 pandemic and more recently the war in Ukraine, the Authority has had to adopt and continued to discharge its mandate and meet its objectives.

A key strategic objectives of the Energy & Petroleum Regulatory is to enhance institutional capacity and overall development of human resources. This include competitive recruitment and retention of high quality employees. The Authority prides itself in the calibre of staff in its employment. It recognize employees as a major stakeholder and human capital as its greatest asset and the driving force towards achieving its mandate. This is evidenced by the successful implementation of the Authority's mandate and achievement of key performance objectives in the year ended 30th June 2022 which is directly attributed to the effort exerted by the Authority's staff towards superior service delivery.

As such, employee welfare has continued to take a paramount position in the operations of the Authority. The Authority has purposed to grow the scheme by providing adequate funding in order to accommodate the needs of all employees who are interested in buying a house or car. The EPRA scheme was started with an initial capital injection of Kshs 48,000,000 in the financial year 2014/2015. This has grown to Kshs.409, 586,616 as at 30th June 2022. The uptake of the facilities has also increased. The Board continues to review the performance of the scheme to ensure optimal allocation and utilization of resources.

The scheme has played a big role in supporting the Big 4 Agenda. I wish to encourage staff to take advantage of this facility and provide a home for themselves and their families and to enjoy the benefits of owning a car at very low rates of interest.



Hon. (Prof). Jackton Boma Ojwang
Board Chairman

5. Report of the Director General

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

I have the pleasure of presenting the Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statement for the year ending 30th June 2022. The financial statement comprises of the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Net Assets and Statement of Cashflow. The Authority ensured prudent financial management of the scheme and reporting in line with the Public Finance Management Act, 2012 and the International Public Sector Accounting Standards (IPSAS) resulting in an efficient and effective administration of the scheme.

As at 30th June 2022, the Authority had disbursed a total of Ksh. 409, 586,616 to the scheme. With the asset base of the scheme growing to Kshs. 419,174,915. Surplus for the year ended 30th June 2022 was Kshs. 255,461. The scheme is operated in a revolving fund basis with principal loan repayment and any surplus generated from operations ploughed back to grow the scheme. Management is hopeful that the scheme will be self-sustaining in the near future.

The Authority continues to look into innovative ways of ensuring uptake of this product by all staff who are eligible. The scheme commenced in the 2014/2015 financial year and has witnessed encouraging growth in the uptake of its product. As at 30th June 2022, 47 members of staff had made applications for mortgages with 43 having successfully acquired the facility and 4 still at various stages of appraisal pending disbursement. During the same period, 23 members of staff benefited from the car loan scheme.

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



Mr. Daniel Kiptoo Bargoria

Director General

6. Statement of Performance against predetermined objectives

Introduction

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

Energy & Petroleum Regulatory Authority has (4) strategic pillars and objectives within its Strategic Plan for the FY 2020/2021 - 2022/2023. These strategic pillars are as follows:

- Pillar 1 Sustainable Development
- Pillar 2 Innovation and Data Management
- Pillar 3 Consumer Protection
- Pillar 4 Institutional Capabilities

EPRA develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The EPRA achieved its performance targets set for the FY 2021/2022 period for its 4 strategic pillars, as indicated below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1- Sustainable Development	To promote energy sector growth and development	a)Regulatory Impact Assessment study report b)Stakeholder/public participation in development/ review of regulations, standards and codes c)Energy efficiency and conservation measures d)Number of licenses/permits issued e)Turn-around time for processing licenses/permits	a)Develop regulations b)Undertake energy efficiency capacity building c)Process applications for Petroleum Business Licenses, Energy Auditors, Solar PV technicians, Energy Audit Firms, Solar PV contractors, electrical worker, electrical contractors and Power Purchase Agreements	a)Developed 6 draft regulations on Petroleum & Gas b) The framework for green certificates developed as part of the draft Energy (Energy Management) Regulations, 2021 forwarded to the Cabinet Secretary for gazettment c) Conducted 5 capacity building fora on energy efficiency d) Processed 19,227 petroleum and LPG business license applications within an average of 9.3 days e) Licensed 667 electrical workers and 324 electrical contractors within an average of 58 days and 17 days respectively f) Received and approved 4 PPAs within an average of 48 days g) Gazetted 15%

Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
				reduction in electricity tariffs h) Designated KETRACO as system operator
Pillar 2- Innovation and Data Management	To strengthen energy and petroleum sector research, data management and information dissemination	a) Research week b) Energy statistic reports c) No. of innovation events d) Staff sensitization	a) Undertake research and innovation week b) Undertake regulatory research on topical issues c) Analyse and report on electricity, energy efficiency renewable energy and petroleum statistics d) Monitor the progress of electricity transmission and generation projects e) Implement the knowledge management policy	a) Research and Innovation week undertaken on 28th and 29th June 2022 b) Energy and Petroleum Statistics Report, 2021 was launched by the Cabinet Secretary MOE on 28th February 2022 c) Assumptions of electricity demand and supply forecast were reviewed which took into consideration recommendations of the report of the Presidential Taskforce on review of Power Purchase Agreements. d) The Power Market Study Report was approved and adopted by the Board; e) Finalized the Petroleum Demand forecasting tool with KIPPRA, and undertook a 20 year forecast of selected petroleum products f) 5 electricity transmission projects and 5 electricity generation projects were monitored g) Training of Knowledge Management champions was conducted in September 2021.
Pillar 3-Consumer Protection	To enhance regulatory awareness, compliance and safety (Consumer Protection)	a) Number of stakeholder sensitization forums on energy related issues b) No. of public	a) Organize public awareness/ sensitization forums b) Design and implement public safety	a) Coordinated 25 public awareness workshops b) Conducted stakeholder awareness and education

Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		safety campaigns conducted c) Report on outcome of inspections undertaken (compliant vs non-compliant) d) number of operational partnerships and collaborations	campaigns c) Undertake inspections of petroleum, LPG, Renewable Energy and Electricity facilities, to enforce compliance with Energy Act 2019 and Petroleum Act 2019 d) Implement strategic partnership & collaboration	campaigns on the Authority's social media platforms i.e. LPG safety tips, renewable energy, energy efficiency and electrical safety campaign and Road Safety Campaign; c) Undertook 3,671 surveillance inspections d) A total of 5,426 tests were conducted at 21,272 tests were conducted at 4,624 petroleum sites. From the tests, 98.88% of the sites were found to be compliant. However, tests from 52 sites turned out to be non-compliant; e) Established MOU with the Kenya National Library Service (KNLS)
Pillar 4-Institutional Capability	To enhance our institutional capabilities (Institutional Capabilities)	a) Number of interns engaged b) Board Evaluation Report c) Compliance with the Quality Management System d) Number of processes audited e) Amount allocated to special groups, i.e., youth, women and PWDs f) Amount allocated to procurement budget for locally sourced goods and services g) Assets disposed f) Operational disaster recovery	a) Offer internship opportunities b) Undertake Board Evaluation c) Maintain the Quality Management System d) Provide risk assurance by performing risk-based audits of the processes e) Uptake of 30% value of tender awarded f) Reserve a minimum of 40% of the procurement budget for locally sourced goods and services	a) Board Evaluation undertaken on 6th August, 2021; b) Engaged a total of 35 interns and 13 attaches; c) Implemented a new staff establishment and advertised 61 job vacancies d) Developed and approved policies on Rewards and Sanctions, Road Safety, Sexual and Gender Based Violence and Alcohol and Drug Abuse; e) KEBS surveillance audits conducted as follows: Mombasa office on 18th October 2021, Eldoret Office on

Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		plan		19th October 2021; and HQ on 22nd October 2021 f) 11 operational/ systems internal audits and 5 follow- up audits conducted; g) Engaged a consultant to review the Authority's Enterprise Risk Management framework h) Utilized Kshs. 1,686,739,307.31 against a target of Kshs. 2,102,427,788 translating to an achievement of 80.23% i) Realized Kshs. 1,718,524,088.03 against an annual target of Kshs. 2,137,562,840.00 translating to an achievement of 80.40% j) Awarded contracts worth Kshs. 38,900,936.19 to Youth, Women and PWDs categories of suppliers. k) Awarded contracts worth Kshs. 440,005,891.49 for supply of locally produced and services

7. Corporate Governance Statement

1. Introduction

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

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

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

2. Board members

2.1 Board Composition, Appointment and Size

The Board of Directors of the Authority as provided under section 12 of the Energy Act, 2019 consist of the Chairman, the Principal Secretary in the Ministry of Energy or his representative, the Principal Secretary in the Ministry of Petroleum and Mining or his representative, the Principal Secretary in the National Treasury or his representative, one County Executive Committee member or his representative nominated by the Council of County Governors, the Director General and five other members who represent the private sector. The Chairman and the five other independent members are appointed by the President and the Cabinet Secretary respectively. The Chairman (Hon. Justice (Prof) Jackton B. Ojwang) is Non-Executive. The Chairman's term is four years and that of the other Board members is three years and the respective terms are renewable once for the same duration. The Director General is the Chief Executive of the Authority appointed by the Cabinet Secretary through competitive selection for a term of three-year renewable once. The Director General is an ex officio member of the Board with no voting rights at the Board meetings.

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

The appointment of the Board members can be terminated in accordance with the provisions of Section 12 of the Energy Act, 2019 or through voluntary resignation.

2.2. Independence and Separation of Roles and Responsibilities

The Board members exercise independent judgment in discharging their duties. The Board sets the strategic plan of the organization, oversees implementation of policies, evaluates the performance and reports to the stakeholders.

The Chairman of the Board is primarily responsible for the activities of the Board and its Committees. The Chairman in consultation with the Director General sets the agenda for Board meetings, chairs the meetings and

ensure effective communication to stakeholders. The Chairman acts as the spokesperson for the Authority and is the principal contact for the Director General. The Director-General who is the Chief Executive of the Authority, is responsible for the day-to-day management of the Authority subject to the Board's direction.

2.3. Board Responsibilities

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

2.4. Board and Committee Meetings

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

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

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

2.5. Finance and Administration Committee

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

2.6. Technical Committee

The Technical Committee's responsibilities are to provide technical and strategic direction to the Authority and approve technical plans, activities, reports and budgets. As at the end of the financial year, the Committee members were Eng. Mercy Wambugu (Chair), Mr. Barnabas Ngeno, Mr. James Mbugua, Mr. Moses Mutuli, Mr. Daniel Ndonge, Mr. Masini Ichwara, and Director General.

2.7. Audit and Risk Committee

The responsibilities of the Audit and Risk Committee are to; review the financial information of the Authority, monitor the effectiveness of management information and internal control systems, deliberate on significant findings arising from both internal and external audits, and reviewing the overall risks facing the Authority. As at the end of the year the Committee members were Mr. Moses Mutuli (Chair), Mr. Barnabas Ngeno, Mr. James Mbugua and Mr. Albert Mwenda.

2.8. Board Charter and Work Plan

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

2.9. Directors Induction and Skills Development

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

2.10. Board Effectiveness and Evaluation

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

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

The Evaluation is undertaken at three levels:

- Peer Review
- Self-evaluation
- Board evaluation

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

2.11. Ethical Leadership and Corporate Citizenship

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

Both the Board members and employees of the Authority are expected to act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency. The Authority has developed a Code of Conduct and Ethics to guide the Directors and the employees when undertaking their duties. All the Board members and employees sign a declaration of interest form indicating they will disclose any interest that may conflict with the interest of the organization. The Board members declare their interest at

every Board or Committee meeting. The Board members and employees declare their wealth status as per the Public Service Commission requirements. The organization maintains a Register of Gifts as per the requirements of the Public Officer Ethics Act, 2003 and this register is continuously updated.

2.12. Succession Plan

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

2.13. Remuneration of the Board of Directors

The remuneration of the Chairman and the other Board members is determined by SCAC as provided in the State Corporations Act. The members are paid taxable sitting allowance. The Chairperson is paid a monthly fee and honoraria and the other members are paid monthly fee. The Board members are entitled to daily subsistence allowances while attending official duties. The members are reimbursed their transport expenses at the prevailing AA rates. The Board members are also provided with outpatient, inpatient medical and personal accident covers.

2.14. Governance Audit

The Mwongozo Code requires all State Corporations to comply with governance parameters as set out in the Constitution, applicable laws and best practices. It sets out the modalities of compliance on governance matters within State Corporations. State Corporations are required to conduct a governance audit annually with an objective of establishing their level of compliance with relevant regulatory requirements and sound governance practices.

This makes it necessary for the Authority to carry out periodic governance audits to ensure that their structures, policies, systems and practices are in conformity with the Constitution and relevant regulatory requirements as well as the highest standards of good governance and identify areas for improvement.

Within the financial year 2019-2020, the Authority engaged a consultant, M/s Munyao, Muthama and Kashindi Advocates to undertake a Governance Audit of the Authority. The implementation of the recommendations following the Governance Audit was undertaken during the financial year 2021-2022.

The audit exercise enabled the Authority to minimize governance risks and ensure it conducts and operates in accordance with the Constitution, all relevant laws and best practices anchored in principles of good governance, accountability and transparency. In addition, the audit ascertained the Authority's compliance and enforcement levels.

2.15. Legal Audit

The Mwongozo Code of Governance for State Corporations (Mwongozo Code) require all State Corporations to conduct a legal compliance audit at least once every two years to check on their level of compliance with the Constitution of Kenya 2010, applicable laws, regulations, policies, guidelines and circulars.

Within the financial year 2020-2021, the Authority engaged a consultant, M/s Munyao, Muthama and Kashindi (MMK) Advocates in association with KPMG to conduct a legal compliance audit as required by the Mwongozo Code. The legal compliance audit covered the 2018/2019 and 2019/2020 financial years. The undertaking of the legal compliance audit was completed within the financial year 2021-2022.

Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

	Board Member	Classification	Board Meeting Total No. of Meetings (13)	Finance & Administration Committee - Total No. of Meetings (8)	Technical Committee - Total No. of Meetings (6)	Audit & Risk Committee - Total No. of Meetings (6)	Pension Board Meetings (5)
1	Hon. Justice Jackton Ojwang'	Chairman	13\13	N/A	N/A	N/A	N/A
2	Daniel Kiptoo	Director General	12\13	7\8	5\6	N/A	2\4
3	Wanjuki Muchemi	Independent Member	11\12	4\5	5\5	3\3	N/A
4	Prof. George Achoki	Independent Member	9\10	3\5	3\4	N/A	3\4
5	Dr. Sellah Kebenei	Independent Member	10\10	3\5	N/A	N/A	4\4
6	Albert Mwenda	Rep National Treasury	7\13	3\8	N/A	4\6	N/A
7	Moses Gitari	Rep Ministry of Energy	4\5	N/A	N/A	1\1	N/A
8	Mr. Timothy Gakuu	Rep Ministry of Energy	4\6	2\2	2\2	N/A	N/A
9	Mr. Masini Ichwara	Rep Ministry of Energy	3\3	N/A	1\1	N/A	2\2
10	Mr. James Mbugua	Rep Ministry of Petroleum & Mining	8\13	3\3	5\6	3\6	N/A
11	Mr. Barnabus Ngeno	Rep Council of Governors	12\13	N/A	6\6	4\6	N/A
12	Mr. Hassan Mohamud Haji	Independent Member	5\5	N/A	2\2	N/A	N/A
13	Mr. Daniel Ndonge	Independent Member	2\2	2\2	1\1	N/A	N/A
14	Mr. George Mwakule	Independent Member	2\2	2\2	N/A	N/A	1\1
15	Eng. Mercy Wambugu	Independent Member	2\2	2\2	1\1	N/A	N/A
16	Mr. Moses Mutuli	Independent Member	2\2	N/A	1\1	1\1	N/A

8. Management Discussion and Analysis

The "Big Four" is an economic blueprint developed by the Government of Kenya to foster economic development and provide a solution to the various social-economic problems facing Kenyans. The Big Four transformative agenda identifies four priority initiatives to be implemented during the 2018-2022 plan period. These initiatives include; food security and nutrition, universal healthcare, affordable housing and manufacturing. At the global level, Big Four agenda is aligned to the United Nations Agenda 2030 Sustainable Development Goals (SDGs). In the national context, the Big Four are hinged on the Kenya Vision 2030 and mainstreamed in the Third Medium Term Plan 2018-2022 (MTPIII) for the Vision.

Article 43 (1) (b) of the Constitution of Kenya 2010 bestow the right to accessible and adequate housing to every citizen of the Republic of Kenya. Sustainable Development Goal number eleven seeks to make cities sustainable by creating career and business opportunities, safe and affordable housing, and building resilient societies and economies. Affordable housing is a fundamental right provided by this constitution to every citizen. The constitution demands that the government ensures provision of this right to every one of its citizen. The government also subscribes to the SDGs and has the obligation to ensure they are achieved.

The Energy and Petroleum Regulatory Authority on its part supports this agenda by providing housing to its staff through an affordable mortgage financing model in partnership with the KCB Bank who are the scheme administrators. The scheme is cash backed and include a fund for purchase of motor vehicle for EPRA staff who desire. The scheme is administered by KCB bank through a cash backed arrangement by the Authority. There Human Resource Department is charged with the responsibility of approving and recommending applications before submitting to KCB Bank for processing in accordance with laid down approved regulations and the agreement entered between the Authority and the Bank. The Authority has the responsibility of setting up a revolving fund for the disbursement of loans with the Board of Directors of the Authority providing oversight on the management of the scheme. The Authority's Management is in charge of supervising the day-to-day operations of the scheme. KCB Bank is responsible for the day-to-day operations of the scheme. A scheme administration fees is charged by the Bank for offering this service.

The scheme provides mortgage facilities at 3% and 4% for car loan respectively. EPRA has since the 2014/2015 financial year, consistently funded the scheme investing an average of Kshs. 40 million every financial year. As at 30th June 2022 the Authority had disbursed a total of Ksh.409,586,616 to the scheme. The scheme held a revenue reserve of Kshs. 9,588,299 million as at the end of the financial year with a total asset base of Kshs.419,174,915. Surplus of Ksh.255,461 was realized during the year. Surplus generated from the fund is ploughed back to the scheme to grow the fund.

Since inception of the scheme in the 2014/2015 financial year, 47 employees had made applications for mortgages with 43 having successfully acquired the facility and 4 still at various stages of appraisal pending disbursement. The fund allows for purchase of a house in any municipality within the Republic of Kenya.

On the other hand, in the same period, 23 employees have successfully obtained car loans to purchase motor vehicle of their choices within a set limit of funding. The car loan scheme allows for purchase of motor vehicle of up to eight years from the date of manufacture.

The mortgage and car loan facility were initially charged at 5% interest. In compliance with the SCR Circular Ref No. SRC/ADMIN/CIR/1/13 Vol. III (128) dated 17th December 2014, the Authority has continuously engaged the Mortgage and Car Loan Scheme Administrator KCB Bank to lower their scheme administration fees in order for the employees to enjoy the rates as prescribed by the circular. The Authority signed an addendum to the original agreement with KCB Bank on 28th July 2017 lowering the interest on Mortgage to 3%. Addendum to lower Car Loan to 4% was signed on 16th November 2018. While the scheme administrator has sighted high cost of scheme administration for the high rates, the Authority has successfully negotiated for further reduction of the Car Loan interest rate from 4% to 3%. The addendum to this revised rates will be signed at the beginning of the new financial year 2022/2023.

Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

The Authority will endeavour to provide more funding to ensure all employees interested in purchasing houses or motor vehicles are facilitated. It is expected that the fund will be self-sustaining in the near future. Employees are also encouraged to take advantage of these facilities with favourable rates to fulfil their ambitions of becoming home owners and/or car owners.

9. Environmental And Sustainability reporting

Environmental Performance

In the execution of its mandate, the Authority, directly and indirectly contributes to environmental conservation. To complement the regulatory activities that impact on environmental sustainability, the Authority promotes environmental stewardship through its Corporate Social Responsibility Pillar on Responsibility to Environment. This is largely informed by the Presidential Directive made in February 2018 towards State Departments and Corporations to dedicate of 10% of the CSR budget towards tree planting activities. In the year under review, the Authority planted 6,000 trees in Menengai forest, Nakuru County as a replacement activity to the previously planted seedlings to improve their survival rate. The exercise was conducted in collaboration with the Kenya Forest Service and the Community Forest Association of Menengai. The former allocated the land and the latter provided support for the pitting and maintenance of the seedlings. During project implementation, all procurement related to manpower, food & beverage, seedlings and other logistics was done within the surrounding communities to ensure they directly benefit from the project. The Authority has since handed over the project to KFS with the allocated blocks amounting to 30,000 matured trees. The Authority has scheduled an Environmental and Socio-Economic Impact analysis report to be conducted in the 2022-2023 Financial Year.

Responsible Marketing and Advertisement

The Authority has been at the forefront of promoting responsible marketing to ensure business continuity. The marketing and advertising priorities were centered on having socially conscious consumers, align stakeholders to the Authority's strategic objective number two (2) on consumer awareness, and ensure business continuity. The Authority deploys a mix of communication channels including, radio, television, newspaper and social media in a bid to ensure that it reaches every stakeholder in their various preferred choice of media. Two consumer awareness campaigns on Petroleum & LPG Safety, and Electrical Safety have been earmarked for the 2022-2023 Financial Year.

Corporate Social Responsibility / Community Engagements

The Authority's external and internal publics' perceptions are shaped largely by the activities, conduct and performance of the Authority. One way of shaping these perceptions is to adopt a strategic approach to Sponsorships and Corporate Social Responsibility (CSR) and leverage CSR and Community Sponsorships as part of the organization's business portfolio. The Authority continuously receives and considers its stakeholders' proposal on sponsorships during formal dialogues and seeks to partner with individuals and organizations that:

1. Contribute towards the development of the energy sector as a whole; and
2. Need the services and support of the Authority

During the year under review, the Authority allocated Five Million Kenya Shillings (Kshs.5,000,000.00) to CSR. One Million Kenya Shillings (Ksh. 1,000,000.00) was set aside for Tree Planting Directive in Menengai Forest, Nakuru. The remaining Four Million (4,000,000.00) was dedicated to one-off CSR flagship project. The Authority settled on equipping a Dormitory at St . Mary Immaculate Mayekwe Girls Secondary School in Bungoma County with a 300kv Solar back-up system, fifty five (55) double-decker beds, 110 mattresses, student lockers, curtains as well as offer quarterly mentorship programme to the Girls and parents of the School

Employee Welfare

EPRA recruitment is guided by the Human Resource Policy and Procedures Manual. In addition, the Authority has welfare policies (Workplace Guidelines) that are established not only to comply with the legal requirements, but also to ensure from onboarding to exit, employees' welfare are taken care of in a conducive working environment. Conducive work environment entails everything from services, facilities and benefits that are provided by an employer for the advantage or comfort of an employee. The policies include Disability mainstreaming, HIV and Aids, Gender Mainstreaming, Sexual harassment, Drug and Alcohol Abuse.

EPRA is compliant with OSHA (2007), and audits are carried out annually, recommendations shared with management and implemented to improve the welfare of the employees.

Responsible Supply chain and supplier relations

The Authority maintains good business practices by working closely with its key suppliers after a contract has been signed by embracing supplier relationship management by observing the highest ethical standards as laid out in the supply chain management policy document. This is done by ensuring continuous capacity building of suppliers and communication with the suppliers by holding supplier sensitization workshops with the aim of improving their bidding experience and ensuring dedicated services thus enhancing value for money for the organization.

EPRA engages suppliers through valid contracts and purchase orders which have clear obligations to be met by all the parties from time to time. Compliance to the relevant laws and guidelines in the procurement process is wholly observed. Notably, the Authority conducts bi-annual supplier appraisal in order to monitor and measure the supplier's performance for businesses to reduce the cost associated with the activities, analyze risk management and maintain scope for constant improvement in selecting the suppliers.

The supply chain management function also engages the internal customers by ensuring that they are actively involved in the procurement process by soliciting feedback and information regarding their objectives and business needs to ensure continuous availability of supplies and increased responsiveness to customers' changing needs.

10. Report of the Directors

The Board of Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the scheme affairs.

Principal activities

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

Performance

The performance of the Fund for the year ended June 30, 2022, is set out on page 1

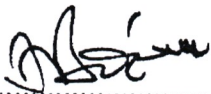
Directors

The Board of Directors who served during the year are shown on page i. The Directors are appointed in line with the second schedule of the Energy Act, 2019.

Auditors

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

By Order of the Board



.....
Hon. (Prof). Justice Jackton Boma Ojwang
Board Chairman

11. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 and second schedule 8(3) of the Energy Act, 2019 requires that, at the end of each financial year, the Directors of the Authority shall prepare financial statements for the scheme in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Directors are responsible for the preparation and presentation of the Fund'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 year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Directors 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 the Energy Act, 2019. The Directors are of the opinion that the scheme's financial statements give a true and fair view of the state of scheme's transactions during the financial year ended June 30, 2022, and of the scheme's financial position as at that date.

The Directors 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 Directors have 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 Directors 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 Board on 28/09/ 2022 and signed on its behalf by:



Name: Jackson B. Ojwang
Board Chairman

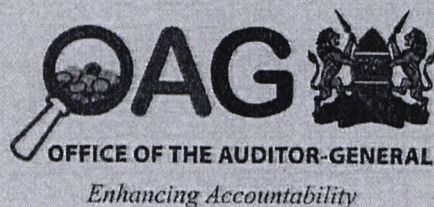


Name:
Director General

12. Report of The Independent Auditor

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ENERGY AND PETROLEUM REGULATORY AUTHORITY STAFF MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme set out on pages 1 to 24, which comprise the statement of financial position as at 30 June, 2022, and the

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme as at 30 June, 2022, and of its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Energy Act, 2019 and 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 Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in 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

Irregular Charge of Interest

As previously reported, review of the car loan contract and amortization schedules revealed that the interest charge for the Car Loan Scheme was set at 4%. This is contrary to the Salaries and Remuneration Commission guidelines vide Circular 13/Vol III dated December, 2014 which set the interest charge applicable to both car loan and mortgage scheme at 3% per annum on a reducing balance for the duration of the loan.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Scheme's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


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

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

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

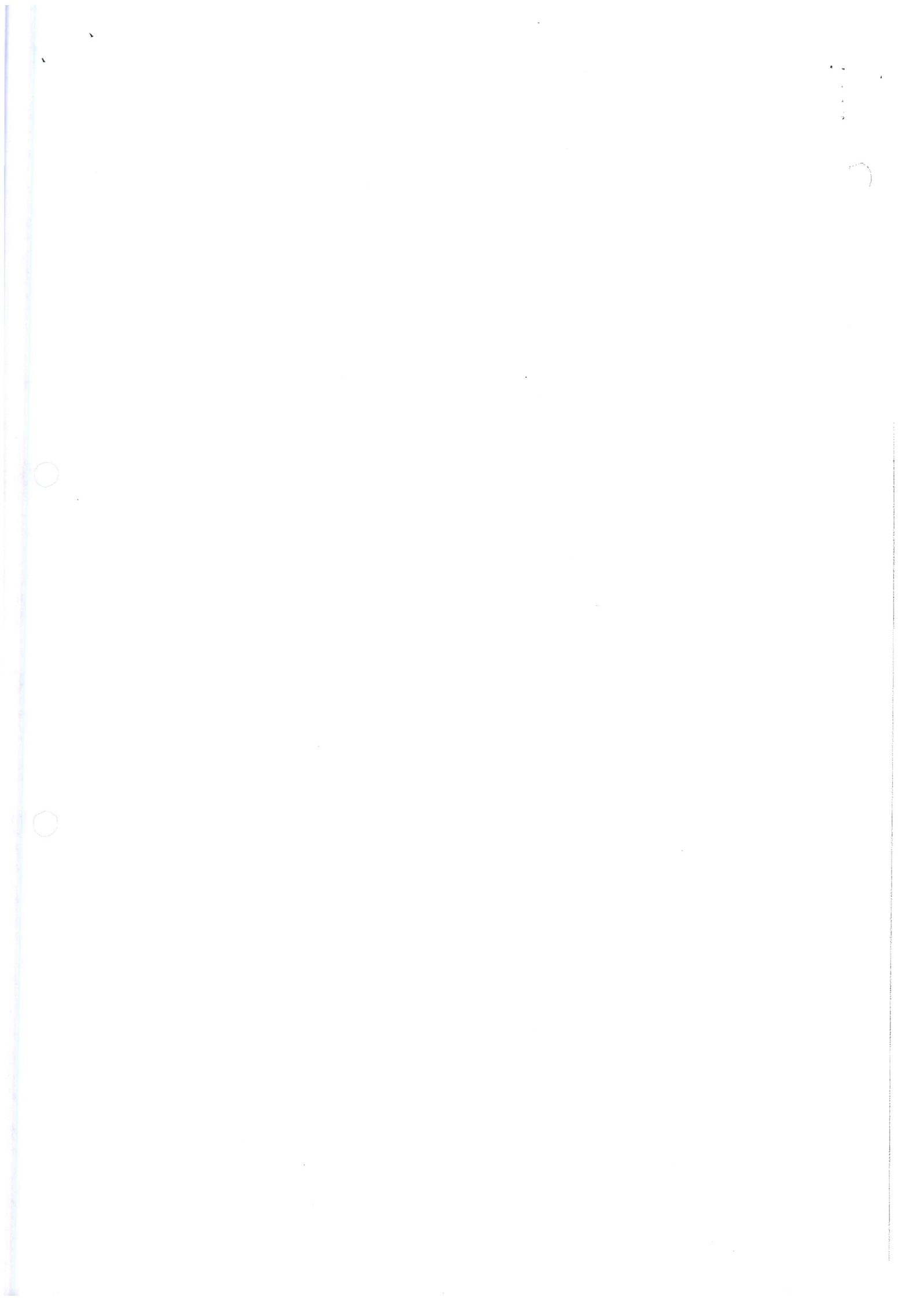
I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 January, 2023



Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022


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


Description	Note	2021/22	2020/21
		Kshs.	Kshs.
Revenue from exchange transactions			
Interest income	6	10,546,783	8,462,897
Total revenue		10,546,783	8,462,897
Expenses			
Use of goods and services	7	10,291,322	7,398,101
Total expenses		10,291,322	7,398,101
Surplus/(deficit) before tax		255,461	1,064,796
Taxation		-	-
Surplus/Deficit after Tax		255,461	1,064,796

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

The financial statements were approved on 28/09/2022 by:


 Name: Daniel Kiptoo Bargoria
 Director General


 Name: Muznah Sisiwa
 Ag. Deputy Director, Finance & Accounts
 ICPAK M/No. 2186


 Name: Hon. Prof. Jackton Boma Ojwang
 Board Chairman


Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

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


Description	Note	2021/22	2020/21
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	8	20,123,816	10,755,784
Receivables from exchange transactions	9	29,924,768	24,363,087
Total Current Assets		50,048,584	35,118,871
Non-current assets			
Receivables from exchange transactions	10	369,126,331	333,800,583
Total Non-current Assets		369,126,331	333,800,583
Total assets		419,174,915	368,919,454
Liabilities			
Trade and other payables	11	-	-
Total Current Liabilities		-	-
Total liabilities		-	-
Net assets		419,174,915	368,919,454
Car loan revolving fund		21,500,000	19,500,000
Mortgage revolving fund		388,086,616	340,086,616
Accumulated surplus (<i>Reserves</i>)		9,588,299	9,332,838
Total net assets and liabilities		419,174,915	368,919,454

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

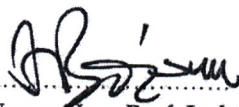
The Fund financial statements were approved on 30/09/ 2022 and signed by:


 Name: Daniel Kiptoo Bargoria

Director General


 Name: Muznah Sisiwa

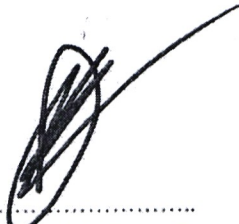
Ag. Deputy Director, Finance &
 Accounts
 ICPAK M/No. 21186


 Name: Hon. Prof. Jackton Boma
 Ojwang
 Board Chairman

Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

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

Description	Mortgage Fund	Car Loan Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 1 July 2020	300,086,616	19,500,000	8,268,042	327,854,658
Surplus/(deficit) for the period	-	-	1,064,796	1,064,796
Funds received during the year	40,000,000	-	-	40,000,000
Transfers	-	-	-	-
As at 30 June 2021	340,086,616	19,500,000	9,332,838	368,919,454
Balance as at 1 July 2021	340,086,616	19,500,000	9,332,838	368,919,454
Surplus/(deficit) for the period	-	-	255,461	255,461
Funds received during the year	48,000,000	2,000,000	-	50,000,000
Transfers	-	-	-	-
As at 30 June 2022	388,086,616	21,500,000	9,588,299	419,174,915



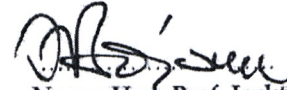
Name: Daniel Kiptoo Bargoria

Director General



Name: Muznah Sisiwa

Ag. Deputy Director, Finance & Accounts
ICPAK M/No. 2186



Name: Hon. Prof. Jackton Boma Ojwang
Board Chairman

Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

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

Description	Note	2021/22 Kshs.	2020/21 Kshs.
Cash flows from operating activities			
Receipts			
Interest from mortgage and car loan		10,290,257	7,397,036
Interest from bank balances (unutilized)		256,526	1,065,861
Total receipts		10,546,783	8,462,897
Payments			
Scheme administration fees		(10,290,257)	(7,397,036)
Bank charges		(1,065)	(1,065)
Total payments		(10,291,322)	(7,398,101)
Net cash flow from operating activities	12	255,461	1,064,796
Cash flows from investing activities			
Proceeds from loan principal repayments		65,626,793	21,611,929
Loan disbursements paid out		(106,514,222)	(100,753,570)
Net cash flows used in investing activities		(40,887,429)	(79,141,641)
Cash flows from financing activities			
Receipts for mortgage revolving fund		48,000,000	40,000,000
Receipts for car loan revolving fund		2,000,000	-
Net cash flows used in financing activities		50,000,000	40,000,000
Net increase/(decrease) in cash and cash equivalents		9,368,032	(38,076,845)
Cash and cash equivalents at 1 July		10,755,784	48,832,629
Cash and cash equivalents at 30 June	8	20,123,816	10,755,784

.....
Name: Daniel Kiptoo Bargaroria

Director General


Muznah Sisiwa
.....
Name: Muznah Sisiwa

Ag. Deputy Director, Finance &
Accounts
ICPAK M/No. *2186*


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

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


Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Interest from mortgage and car loan	10,000,000	-	10,000,000	10,290,257	290,257	102.9%
Interest from bank balances (unutilized)	200,000	-	200,000	256,526	56,526	128.3%
Total Revenue	10,200,000	-	10,200,000	10,546,783	346,783	103.4%
Expenses						
Scheme Administration fees	10,290,257	-	10,290,257	10,290,257	-	100%
Bank Charges	1,065	-	1,065	1,065	-	100%
Total expenditure	10,291,322	-	10,291,322	10,291,322	-	100%
Surplus for the period	91,322	-	91,322	255,461		


Name: Daniel Kiptoo Bargoria

Director General


Name: Muznah Sisiwa

Ag. Deputy Director, Finance & Accounts
ICPAK M/No... 2186


Name: Hon. Prof. Jackton Boma Ojwang
Board Chairman

(Budget notes

- *The interest from bank balances (unutilized funds) was above budget by 28.3%. This is because of the unpredictable nature of the scheme uptake. The scheme however is not intended to generate any income from unutilized funds. This is because expectation is that all funds are utilized by staff.*
- *There were no changes between the original and final budget*
- *The budget and the statement of financial performance are prepared using the same accounting basis.*

18. Notes to the Financial Statements

1. General Information

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

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

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

Notes to the Financial Statements continued

3. Adoption Of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022

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

Notes to the Financial Statements (Continued)

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2022.

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

Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Fund's financial performance, financial position and cash flows.</p> <p><i>(The standard will have no impact on the scheme in so far as the financial performance, financial position and the cashflow are concerned. The scheme in itself being a social benefit to employees, the standard will enhance reporting on the social benefits of the scheme)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(The standard has no impact on the scheme)</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>The standard has no impact on the scheme</i></p>

Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Fund.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The standard has no impact on the scheme</i></p>
<p>IPSAS 44:</p> <p>Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation on such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The standard has no impact on the scheme</i></p>

iii. **Early adoption of standards**

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

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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 2021/22 was approved on 30th June 2021. There was no subsequent revisions or additional appropriations made to the approved budget.

The scheme's budget is prepared on the same basis as the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, same as the budget.

c. Property, plant, and equipment (PPE)

The scheme does not hold any property, plant or equipment.

d. Intangible assets

The scheme does not hold any intangible assets.

Significant Accounting Policies (Continued)

e. Financial instruments

1) Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by 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.

Held-to-maturity

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

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 Fund is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that 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

Significant Accounting Policies (Continued)

- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

2) Financial liabilities

Initial recognition and measurement

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.

f. Contingent liabilities

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

g. Contingent assets

The Fund does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. 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. The scheme operates a revolving fund. Any reserves are ploughed back and utilized in the scheme.

i. Changes in accounting policies and estimates

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

Significant Accounting Policies (Continued)

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.

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 Fund, 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 highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances are amounts held at the KCB bank at the end of the financial year.

m. Comparative figures

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

n. Events after the reporting period

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

o. Ultimate and Holding Fund

The scheme is established under the Energy & Petroleum Regulatory Authority. Its ultimate parent is the Energy & Petroleum Regulatory Authority.

Significant Accounting Policies (Continued)

p. Currency

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

5. Significant judgments and sources of estimation uncertainty

The preparation of the scheme's financial statements in conformity with IPSAS. 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.

Judgements, estimates and assumptions

- I. The receivables will be settled when they are due
- II. The scheme is not envisioned to carry any liabilities
- III. No contingent assets or liabilities have been identified
- IV. The scheme accounting does not include costs incurred by the employee in acquiring and running the facilities including Loan appraisal fees, bank ledger fees, insurances and any other incidental costs.

a) Estimates and assumptions

There were no 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. 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 Fund
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii) The nature of the processes in which the asset is deployed
- iv) Availability of funding to replace the asset
- v) Changes in the market in relation to the asset

Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements

6. Interest income

Description	2021/22	2020/21
	Kshs.	Kshs.
Interest Income From Mortgage Loans	9,625,197	6,926,468
Interest Income From Car Loans	665,060	470,568
Interest Income On Bank Deposits (unutilized cash)	256,526	1,065,861
Total Interest Income	10,546,783	8,462,897

7. Use of goods and services

Description	2021/22	2020/21
	Kshs.	Kshs.
Scheme administration fees on mortgage	9,625,197	6,926,468
Scheme administration fees on car loan	665,060	470,568
Bank charges	1,065	1,065
Total	10,291,322	7,398,101

8. Cash and cash equivalents

Description	2021/22	2020/21
	Kshs.	Kshs.
Bank deposits (unutilized cash) Mortgage Account	14,562,958	4,782,012
Bank deposits (unutilized cash) Car loan Account	5,560,858	5,973,772
Total Cash and Cash equivalents	20,123,816	10,755,784

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

Financial Institution	Account number	2021/22	2020/21
		Kshs.	Kshs.
Mortgage Account			
KCB Bank		14,562,958	4,782,012
Car loan Account			
KCB Bank		5,560,858	5,973,772
Grand Total		20,123,816	10,755,784

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Notes to the Financial Statements continued

9. Receivables from exchange transactions (current)

Description	2021/22	2020/21
	Kshs.	Kshs.
Current Receivables		
Current portion of Mortgage Repayments Due	23,702,350	20,200,436
Current portion of Car Loan Repayments Due	6,222,418	4,162,651
Total Receivables From Exchange Transactions	29,924,768	24,363,087

10. Receivables from exchange transactions (long term)

Description	2021/22	2020/21
	Kshs.	Kshs.
Long term portion of Mortgage Repayments Due	359,317,932	324,345,331
Long term portion of Car Loan Repayments Due	9,808,399	9,455,252
Total Receivables From exchange Transactions	369,126,331	333,800,583

11. Trade and other payables

Description	2021/22	2020/21
	Kshs.	Kshs.
Trade payables	-	-
Other payables	-	-
Total trade and other payables	-	-

12. Net cash flows from operating activities

	2021/22	2020/21
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	255,461	1,064,796
Adjusted for:		
Interest income	(10,423,617)	(8,462,897)
Finance cost	-	-
Working capital adjustments		
Decrease in receivables	10,423,617	8,462,897
Net cash flow from operating activities	255,461	1,064,796

Other Disclosures

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

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

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2022				
Receivables From Exchange Transactions-Car loans and mortgages	399,051,099	399,051,099	-	-
Bank Balances	20,123,816	20,123,816	-	-
Total	419,174,915	419,174,915	-	-
At 30 June 2021				
Receivables From Exchange Transactions- Car loans and mortgages	358,163,670	358,163,670	-	-
Bank Balances	10,755,784	10,755,784	-	-
Total	368,919,454	368,919,454	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the scheme has recognised

in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The scheme has significant concentration of credit risk on amounts due from receivables.

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

b) Liquidity risk management

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

The table below represents cash flows payable by the scheme under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cashflows. Balances due within 12 months equal to their carrying balances

Energy & Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme Annual Report and Financial Statements for the year ended 30th June 2022

Other Disclosures Continued

as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2022				
Trade Payables	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Trade Payables	-	-	-	-
Total	-	-	-	-

Management does not envision any trade payables as the scheme is cash backed. Loans are disbursed subject to availability of funds transferred from the Authority

c) Market risk

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

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

The scheme's Finance Department is responsible for the development of detailed risk management policies (*subject to review and approval by the Audit and Risk Management Committee*) and for the day-to-day implementation of those policies.

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

Other Disclosures Continued

d) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The scheme does not perform sensitivity analysis to the extent of determining its income based on the prevailing interest rate. The scheme budgets for total fund utilization and does not plan for retention of bank balances for earning interest. However, the contract with the bank indicates that the deposit account shall earn interest at the rate of 20% of the prevailing Central Bank Rate.

e) Capital risk management

The objective of the scheme's capital risk management is to safeguard the scheme's ability to continue as a going concern.

The scheme capital structure comprises of the following funds:

Description	2021/22	2020/21
	Kshs.	Kshs.
Revolving fund	409,586,616	359,586,616
Accumulated surplus (<i>Reserves</i>)	9,588,299	9,332,838
Total funds	419,174,915	368,919,454
Less: cash and bank balances	(20,123,816)	(10,755,784)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

Other Disclosures Continued

14. Related party balances

a) Nature of related party relationships

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

- a) National government Fund
- b) Energy & Petroleum Regulatory Authority
- c) Key management
- d) Mortgage and car loan committee

b) Related party transactions

i. Transfers from related parties

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfers from related parties (EPRA)	50,000,000	40,000,000

ii. Key management remuneration

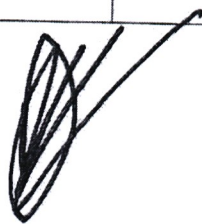
Description	2021/22	2020/21
	Kshs.	Kshs.
Mortgage and car loan committee	-	-
Key Management Compensation	-	-
Total	-	-

19. Annexes

Annex I: Progress on Follow Up of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Report on the lawfulness and effectiveness use of Public resources	Irregular charge of interest	The recommendation has been noted. The mortgage administrators has in the past cited high scheme administrative cost. This resulted in increase of the loan processing fees from 0.5% of the value of loan to 1.5% when the interest rates were reduced from 5% to 3% for mortgage and 4% for car loan respectively. This cost is borne by staff. Management will engage again with the scheme administrator with the view to reduce the interest to 3%.	Resolved	29 th July 2022



Daniel Kiptoo Bargoria

Director General

Date... 28/09/2022

Annex II: Inter-Fund Confirmation Letter

There were no inter-fund disbursement as at 30th June 2022

Annex III: Reporting of Climate Relevant Expenditures

The scheme did not have any climate relevant expenditure.

Annex IV: Disaster Expenditure Reporting

The scheme did not have any disaster related expenditure.

