


REPUBLIC OF KENYA



*Enhancing Accountability*

	
<b>REPORT</b>	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 02 FEB 2022	DAY: OF
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**THE AUDITOR-GENERAL**

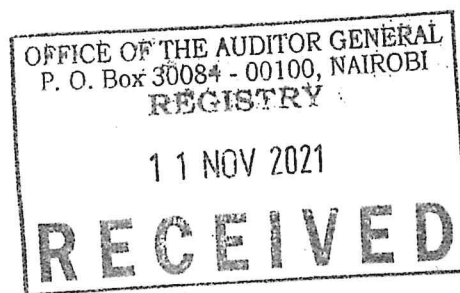
**ON**

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

**FOR THE YEAR ENDED  
30 JUNE, 2020**







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

**Annual Report and Financial statements  
for the year ended 30 June 2020**

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

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ENERGY & PETROLEUM REGULATORY AUTHORITY STAFF MORTGAGE AND CAR LOAN SCHEME  
Annual Report And Financial Statements for the year ended 30 June 2020

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## Key Entity Information And Management

### 1. Background information

#### 1.1. Legal framework

The Energy Regulatory Commission was established under the Energy Act, 2006. In March 2019, the Energy Act 2019 and the Petroleum Act 2019 were enacted. The Energy Act 2019 provides for the establishment of the Energy and Petroleum Regulatory Authority as the successor to the Energy Regulatory Commission.

#### 1.2 Principal activities

The principal activity of EPRA is to regulate the energy sector with responsibility for economic and technical regulation of electric power, renewable energy, and mid & downstream petroleum sub sectors. Its functions include tariff review and setting, licencing, enforcement, dispute settlement and approval of power purchase and network services contracts. EPRA staff mortgage and car loan is a scheme that support the Authority's staff to own a home and/or a car.

### 2. Key management

#### 2.1. Board members

The Board members who served during the year and up to the date of this report are:

Name	Designation	Status
Mr. Joshua Oigara	Retired Chairman	Retired on 17/03/2020
Hon. Prof. Jacton Boma Ojwang	Chairman	Appointed on 12/05/2020
Mr. Pavel Robert Oimeke	Director General	
Eng. Joseph Njoroge	PS, Ministry of Energy	
Mr. Andrew Kamau	PS, State department for Petroleum	
Eng. Samuel N. Maugo	Board Member	
Dr. Sellah Kebenei	Board Member	
Ms. Lilian Mahiri-Zaja	Board Member	
Prof. George Achoki	Board Member	
Mr. Moses P. Gitari Muriuki	Alternate to PS, Ministry of Energy	
Mr. Daniel Kiptoo Bogoria	Alternate to PS, State department for Petroleum	
Ms. Jacqueline Mogeni	Board Member	
Mr. Mr Wanjiku Muchemi	Board Member	Appointed on 06/09/2019
Dr. Macharia Irungu	Board Member	Retired on 17/07/2019

## Key Entity Information And Management

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### 2.2 Management

The key management personnel who held office during the financial year ended 30 June 2020 and who had direct fiduciary responsibilities were:

Name	Designation
Pavel Robert Oimeke	Director General
Ms. Mueni Mutunga	Board Secretary & Director Legal Services
Eng. Edward Kinyua	Director Petroleum & Gas
Ms. Caroline Kimathi	Principal Renewable Energy Officer
Dr. Frederick Nyang	Director Economic Regulation
Mr. James Kilonzo	Ag. Director Corporate Services
Mr. Cyprian Nyakundi	Director Enforcement & Consumer Protection
Ms. Loise Thuge	Manager Supply Chain Management
Ms. Esther Njengah	Ag. Manager Corporate Strategy & Performance
CPA Everlyne Orenge	Manager Internal Audit & Risk Assurance



## Key Entity Information And Management

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### 2.3. Fiduciary Oversight Arrangements The Authority

The Authority is chaired by a non-Executive Chairman (Hon. Prof. Jackton Boma Ojwang) who is appointed by the President. All board members have extensive business and administrative experience in private and/or public sectors that is applied in the management of the EPRA. Board meetings are held regularly to review EPRA's performance against set targets and business plans as well as to formulate and implement strategy. Various committees chairpersons report to the board.

#### Board Finance and Administration Committee

The Authority's Finance and Administration Committee is chaired by a non-executive directors and meets at least once every quarter. The members are Eng. Samuel Maugo (Chair), Mr. Wanjuki Muchemi. Ms. Jacqueline Mogeni, Dr. Sellah Kebenei, Ms. Lilian Mahiri Zaja and Mr. Pavel R. Oimeke. The Committee's responsibilities are ensuring sound financial reporting, internal system controls, business plans and budgets, procurement, ICT, Public Relations, administration and staff matters.

#### Board Audit & Risk Committee

The Audit Committee is chaired by a non-executive director. The members are Prof. George Achoki (Chair) Mr. Moses Gitari, Mr. Daniel Kiptoo and Ms. Lucy Mugwe. The responsibilities of the committee are to review the financial information of the Authority, monitoring the effectiveness of management information and internal control systems, deliberate on significant findings arising from both internal and external audits, and review the overall risks facing the Authority.

#### Board Technical Committee

The Technical Committee is chaired by a non-executive director and meets at least once every quarter. The members are Dr. Sellah Kebenei (Chair), Eng. Samuel Maugo, Prof George Achoki, Mr. Daniel Kiptoo, Ms. Jacqueline Mogeni, Mr. Moses Gitari and Mr. Pavel R. Oimeke. The Committee's responsibilities are to provide strategic technical direction to EPRA and to approve technical plans, activities, reports and budgets.

### 3. Authority headquarters

Eagle Africa Centre  
Longonot Road, Upperhill  
P O Box 42681  
00100  
Nairobi



## Key Entity Information And Management

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### 4. Authority contacts

Telephone (254) 20 2847200  
Email: [info@epra.go.ke](mailto:info@epra.go.ke)  
website: [www.epra.go.ke](http://www.epra.go.ke)

### 5. Authority bankers

#### 5.1 KCB Bank

Moi Avenue Branch  
P.O Box 48400  
00100  
Nairobi, Kenya

#### 5.2 National Bank of Kenya

Harambee Avenue Branch  
P.O Box 41862  
00100  
Nairobi, Kenya

#### 5.3 NCBA Bank

Upperhill Branch  
P.O Box 30437  
00100  
Nairobi, Kenya

### 6. Auditors

Auditor General  
Annivesary Towers  
P.O Box 30084-00100  
Nairobi, Kenya




### 7. Principal legal advisor

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



**ENERGY & PETROLEUM REGULATORY AUTHORITY STAFF MORTGAGE AND CAR LOAN SCHEME**  
Annual Report And Financial Statements for the year ended 30 June 2020

## Board members

 <p>Hon. (Prof) Jackton Boma Ojwang Chairman</p>	<p>Hon. Justice (Prof) Jackton B. Ojwang, was appointed Chairman of EPRA's Board of Directors for a four-year term with effect from 12<sup>th</sup> May 2020. Prof. Ojwang is a retired judge of the Supreme Court of Kenya with a span of 45 years' experience in the legal profession.</p> <p>Prof. Ojwang has had an illustrious 17-year career in the Judiciary after having been first appointed a high court Judge in 2003 and then elevated to the Supreme Court in 2011 as one of the key seven Judges of the newly created apex court.</p> <p>He holds Bachelor's and Master's degrees in Law from the University of Nairobi and a PhD in Comparative Constitutional Law from Downing College, Cambridge. In 2015, he earned a Doctor of Laws degree (LLD) from the University of Nairobi making him the first sitting judge to receive the Degree. He is an accomplished scholar and has authored numerous academic papers and other scholarly works. He has also taught at reputable universities around the world including the University of Nairobi where he served for 27 years. He has also been a visiting Associate Professor of Law at the J. Reuben Clark Brigham Young University Law School in the United States.</p> <p>Prof. Ojwang was awarded the University of Nairobi's Staff Merit Award in recognition of his outstanding contribution towards the University's mission. He was also bestowed the coveted East African Law Society Senior Lawyer of Year Award in 2013 for his remarkable legal and judicial career. up to February 2020, he sat on the Council of Legal Education Board where he chairs the Quality Assurance &amp; Compliance Committee.</p> <p>Date of Birth: 10<sup>th</sup> February, 1950</p>
 <p>Mr. Pavel Robert Oimeke Director General</p>	<p>Mr. Pavel Robert Oimeke is a renewable energy and energy efficiency specialist with close to two decades of experience. Eng. Oimeke holds a Bachelor's degree in Chemical and Process Engineering from Moi University, a Diploma in Energy Planning and Use from Life Academy, Sweden; a Certificate in Corporate Governance and is currently in the final stages of completing a Master's degree in Sustainable Energy Engineering from Kenyatta University.</p> <p>He is registered with the Institute of Engineers of Kenya (IEK), the Association of Energy Professionals East Africa (AEPEA), and Engineers Board of Kenya (EBK). He is also a member of the Institute of Leadership and Management (ILM), UK.</p> <p>Date of Birth: 29<sup>th</sup> April 1976</p>
 <p>Eng. Joseph Njoroge Principal Secretary, Ministry of Energy</p>	<p>Eng. Dr. Joseph K Njoroge has wide experience in power engineering and management. He joined KPLC in 1980 and rose through the ranks to become Managing Director in June 2007. Eng. Njoroge holds a Bachelor of Science degree in electrical engineering and Master of Business Administration with a major in strategic Management and a PhD in Business Administration.</p> <p>He is a Chartered Electrical Engineer, a member of the Institution of Engineering and Technology, UK, a Registered Consulting Engineer, and is also a Fellow of the Institution of Engineers of Kenya. He is also Chairman of the MBA Chapter of University of Nairobi Alumni Association.</p> <p>Date of Birth: 16th June 1958</p>

**ENERGY & PETROLEUM REGULATORY AUTHORITY STAFF MORTGAGE AND CAR LOAN SCHEME**  
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## Board members

 <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 deal maker 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 &amp; Gas exploration sectors, having been a director of the oldest Johannesburg Stock Exchange listed mining company, Sallies Ltd, Drillex 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: 18<sup>th</sup> November 1966</p>
 <p>Eng. Samuel N. Maugo Board Member</p>	<p>Eng. Maugo holds a Masters degree in Structural Engineering from Concordia University, Montreal Canada as well as a Bachelor of Science degree in civil engineering from the University of Nairobi.</p> <p>He is a registered consulting engineer with Engineers Board of Kenya (EBK) and a member of the Institution of Engineers of Kenya (MIEK). He was a lecturer at the Civil Engineering Department of the University of Nairobi for 18 years, a principal partner at Samez Consultants, a firm of consulting engineers and a commissioner at Electoral Commission of Kenya (2007-2008).</p> <p>Eng. Maugo has been the managing director of Multiscope Consulting Engineers Ltd from 2007 to date and has served as a Board Member at EPRA since April 2015.</p> <p>Date of Birth: 1<sup>st</sup> January 1955</p>
 <p>Dr. Sellah J. Kebenei Board Member</p>	<p>Dr. Kebenei, a senior lecturer (academician) at Kabarak University, has conducted extensive research in the field of Organic and Environmental Chemistry.</p> <p>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).</p> <p>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).</p> <p>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.</p> <p>Date of Birth: 28<sup>th</sup> February, 1961</p>



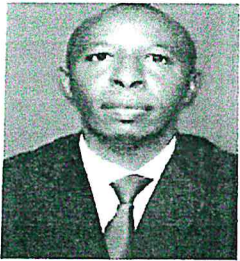


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## Board members

 <p>Ms. Lilian Mahiri Zaja Board Member</p>	<p>Ms. Lilian B. Mahiri-Zaja holds a Master of Laws Degree from the University of Reading, United Kingdom (2002); a post-graduate Diploma in Legal Education from the Kenya School of Law (1989); and an LL.B. (Hons.) Degree from the University of Nairobi, Kenya (1988).</p> <p>She was the Vice Chairperson of the Independent Electoral and Boundaries Commission (IEBC) of Kenya. She was a member of the Technical Working Group that developed a mechanism for women representation to ensure implementation of the two-third gender principle.</p> <p>Ms. Mahiri-Zaja is an Advocate of the High Court of Kenya and has served in various national and international institutions; including the Committee of Experts on Constitutional Review in 2009-2010, Presidential National Committees, Task Forces, various Commissions and the African Union Commission on International Law (AUCIL).</p> <p>Date of Birth: 8<sup>th</sup> December 1964</p>
 <p>Prof. George Achoki Board Member</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Date of Birth: 24<sup>th</sup> April, 1966</p>
 <p>Wanjuki Muchemi CBS, FCI, Arb Board Member</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Date of Birth: 30<sup>th</sup> November 1951</p>

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## Board members

 <p>CPA. Moses Gitari Alternate to the PS, Ministry of Energy</p>	<p>CPA Moses Gitari is the Head of Accounting Unit, State Department for Energy and the Alternate Director on the EPRA Board. He holds an MBA in Strategic Management from Nairobi University and BBA in Accounting and Finance from KEMU. CPA Gitari is a practicing Accountant and a member of Institute of Certified Public Accountant of Kenya (ICPAK). He has vast experience in Accounting Systems Implementation and Business process re-engineering.</p> <p>He has previously worked in the Ministry of Health as an Accountant and at the National Treasury IFMIS Department as the Head of Business process re-engineering.</p> <p>Date of Birth: 22<sup>nd</sup> July, 1971</p>
 <p>Mr. Daniel Kiptoo Alternate to the PS, Ministry of Petroleum &amp; Mining</p>	<p>Mr. Daniel Kiptoo is the Legal Advisor in the State Department of Petroleum and is also the Chairman of the Government's First Oil Committee charged with delivery of First Oil for Kenya. The Committee brings together technical officers from different Government Ministries and agencies. Mr. Kiptoo is Kenyan qualified lawyer with experience in the Energy and Petroleum sectors with a specific focus in policy formulation, regulation and in project &amp; 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 also 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 at the Ministry, Mr. Kiptoo worked with the Energy and Petroleum Regulatory Authority (EPRA) and in the private sector with an Africa centric Oil &amp; Gas risk consultancy as the Oil &amp; Gas and Legal Affairs Director.</p> <p>Date of Birth: 17<sup>th</sup> February, 1984</p>
 <p>Mrs. Jacqueline Mogeni (Council of Governors Representative)</p>	<p>Mrs Jacqueline Mogeni is the Chief Executive Officer of the Council of Governors. Ms. Mogeni is an advocate of the High Court of Kenya and a Human Rights Specialist. In her previous capacities, Jacqueline has worked as a member of the Transition Authority as the Chairperson of the Legal and Intergovernmental Committee. She also worked as the Gender and Advocacy Development Advisor with SNV Development Organization. She holds a Master's Degree in International Studies and a Bachelor of Law both from the University of Nairobi.</p> <p>Jacqueline is passionate about promoting women and children's rights. She is the Chairperson of the East African Women Lawyers Association and also sits as a Board Member of Senior Women Citizens for Change. She has championed for the rights of women through various published works including, Women's silent cries: Cases of Violence against women in the Printed Media (1988-2001) and the book dubbed 'A look at Child Abuse, its perpetrators and the Law (Publication of the SNV- Street Children Program). Ms. Mogeni is an active member of the International Commission of Jurists (Chapter one) and the Law Society of Kenya. She received an awarded from H.E Uhuru Kenyatta, President of the Republic of Kenya where she was honoured as Moran of the Order of the Burning Spear (MBS) for her good work in the devolution space in Kenya since 2013.</p> <p>Date of Birth: 1st May 1969</p>



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## Board members

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Ms. Mueni Mutunga - Board Secretary

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

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.





Date of Birth: 28th February, 1964

## Management Team

 <p>Mr. Pavel Oimeke B. Tech (Chem. Eng)</p>	<p>Director General: Board Member and Chief Executive Officer of the Authority.</p>
 <p>Dr. Frederick Nyang PhD (Economics)</p>	<p>Director Economic Regulation: Heading the Economic Regulation function of the Authority.</p>
 <p>Ms. Mueni Mutung'a MBA, LL. B (Hons), CPS (K), Dip. Law (KSL)</p>	<p>Board Secretary &amp; Director Legal Services: Secretary to the Authority and Head of the Legal function of the Authority.</p>
 <p>Ms. Caroline Kimathi MBA, BSc. (Elec. Eng.), CEM</p>	<p>Principal Renewable Energy Officer, Performing the duties of Director, Electricity &amp; Renewable Energy; Heading the electricity &amp; renewable energy subsector regulation function of the Authority.</p>



**ENERGY & PETROLEUM REGULATORY AUTHORITY STAFF MORTGAGE AND CAR LOAN SCHEME**  
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## Management Team

 <p>Eng. Edward Kinyua Msc (Energy Management), B.Tech (Mech. &amp; Prod. Eng)</p>	<p>Director Petroleum &amp; Gas: Heading the downstream petroleum &amp; gas regulation function of the Authority.</p>
 <p>CPA Cyprian Nyakundi MBA, Bcom, CPA(K)</p>	<p>Director, Enforcement &amp; Consumer Protection: Heading the Enforcement &amp; 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 &amp; Accounts, HR &amp; Admin, Corporate Communications &amp; ICT)</p>
 <p>CPA Everlyne Orange MBA, Bcom, CPA (K)</p>	<p>Manager, Internal Audit and Risk Assurance: Heading the Internal Audit and Risk Assurance function of the Authority.</p>

## Management Team

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 <p>Ms. Loise Thuge Msc, BA MCIPS(UK), MKISM</p>	<p>Manager, Supply Chain Management: Heading the supplies and procurement functions of the Authority.</p>
 <p>Ms. Esther Njengah MBA, Msc, PGDip, HRM. MIHRM, IHRM(P), MKIM</p>	<p>Ag. Manager Corporate Strategy &amp; Performance: Heading the Corporate Strategy and Performance department of the Authority.</p>



## **Statement of the Chairman**

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Significant social, economic and demographic changes have led entities to review staff management and support. These are geared towards improving staff motivation and productivity. The Authority is committed towards the attainment of this goal and thus introduced the Staff Mortgage and Car Loan Schemes in the Financial Year 2015/2016.

The Scheme running into its fifth year, is implemented in line with the Salaries and Remuneration Commission recommendation. The Scheme is contributing towards attraction and retention of requisite skills within the Authority which has helped to reduce staff exit since inception due to additional benefits offered by the scheme towards improving welfare of the employees.

The Authority has consistently funded the scheme with amounts totalling Kshs.319.6 million as at 30 June 2020. The Scheme is managed by KCB Bank in a revolving fund portfolio. The surplus arising from the Scheme is ploughed back for sustainability. The governance and management of the fund is guided by the loan entitlement and conditions stipulated in the detailed Staff Mortgage and Car Loan Scheme policies and regulations.

It is further noted that the staff complement continues to increase. Therefore, the Authority will continue to fund the scheme to cater for increased demand.

I urge members of staff to take the opportunity to utilize this facility, which contributes to the overall government goal of providing decent housing for Kenyans in line with the Big 4 Agenda.



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Hon. (Prof.) Jackton Boma Ojwang  
Chairman

## Report Of The Director General

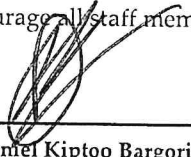
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Staff welfare is a major concern for the Authority. In this respect, the Authority Initiated the Staff Mortgage and Car Loan Scheme in line with Government regulation. Consequently I have the pleasure of presenting the Annual Report and Financial Statements for the Staff Mortgage and Car Loan Scheme for the Financial Year ending 30th June 2020.

The financial statements comprise of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Net Assets and Statement of Cash Flow. The Authority ensured prudent financial management and reporting in line with Public Finance Management Act (PFMA), 2012, Public Finance Management Regulations, 2015 and International Public Sector Accounting Standards (IPSAS) resulting in efficient and effective administration of the Scheme.

The scheme is a revolving fund whose surplus is ploughed back for sustainability. The Scheme financial allocation has grown to Kshs.319.6 million from its introduction five years ago. However, additional funding is necessary to ensure more staff benefit given the growing number of employees as the Authority expand. The Authority will endeavour to attract all categories of staff including the lower cadre who have shied away from the facility. Staff on contract will also be considered.

I encourage all staff members to utilise the facility to improve their welfare.



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Mr. Daniel Kiptoo Bargarora  
Director General

## Review of Energy & Petroleum Regulatory Authority's performance for 2019/2020

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

EPRA has 4 strategic pillars and objectives within its Strategic Plan for the FY 2017/2018 - 2021/2022. These strategic pillars are as follows:

Pillar 1	Enabling Environment
Pillar 2	Service Delivery
Pillar 2	Stakeholder focus
Pillar 2	Institutional Capability

EPRA develops its annual work plans based on the above - pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The entity achieved its performance targets set for the FY 2020/2021 period for its - strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Enabling Environment	To provide an enabling environment for the energy sector	<ul style="list-style-type: none"> <li>Regulatory Impact Assessment study reports</li> <li>Stakeholder/public participation in development/review of regulations, standards and codes</li> <li>Energy efficiency and conservation measures</li> <li>Reviewed petroleum pricing framework</li> </ul>	<ul style="list-style-type: none"> <li>Conduct Regulatory Impact Assessment studies</li> <li>Undertake energy efficiency capacity building</li> <li>Review existing Petroleum Pricing Framework</li> </ul>	<ul style="list-style-type: none"> <li>Conducted Solar PV Regulatory Impact Assessment (RIA) Study, Draft (Energy Management) Regulations, 2020 and) and Energy (Energy Management) Regulations, 2012 RIA validation workshops.</li> <li>5 capacity building workshops on energy efficiency were conducted in Kilifi, Makueni, Nairobi, Nyeri and Nakuru counties</li> <li>Reviewed the existing Petroleum Pricing Framework and incorporated policy changes</li> </ul>

## Review of Energy & Petroleum Regulatory Authority's performance for 2019/2020

Pillar 2: Service Delivery	To provide efficient service delivery to the energy sector	<ul style="list-style-type: none"> <li>•Number of licenses/permits issued</li> <li>•Turn-around time for processing licenses/permits</li> <li>•Report on outcome of inspections undertaken (compliant vs non-compliant)</li> </ul>	<ul style="list-style-type: none"> <li>•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</li> <li>•Undertake inspections of petroleum, LPG, Renewable Energy and Electricity facilities, to enforce compliance with Energy Act 2019 and Petroleum Act 2019</li> </ul>	<ul style="list-style-type: none"> <li>•1,351 Petroleum Business Licenses were issued within 9.1 days</li> <li>•7 Energy Auditors and 60 Solar PV technicians were licensed within 52 days.</li> <li>•2 Energy Audit Firms and 135 Solar PV contractors were licenced within 20 days.</li> <li>•237 electrical worker licences were issued within 54 days</li> <li>•18 Power Purchase Agreements (PPAs) Applications were approved within 50 days</li> <li>•19,911 tests were conducted at 4,164 petroleum sites. From the tests, 99.66% of the sites were found to be compliant.</li> </ul>



## Review of Energy & Petroleum Regulatory Authority's performance for 2019/2020

Pillar 3: Stakeholder Focus	To be responsive to the energy stakeholder needs	<ul style="list-style-type: none"> <li>• Customer satisfaction level</li> <li>• Number of stakeholder sensitization forums on energy related issues</li> <li>• Number of accidents/ incidents investigated</li> </ul>	<ul style="list-style-type: none"> <li>• Undertake a customer satisfaction survey</li> <li>• Organize public awareness/ sensitization forums</li> <li>• Investigate petroleum and gas and electricity related accidents</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction survey was undertaken where the overall satisfaction index was established at 3.27 out of 5 on a Five-Point Likert scale</li> <li>• 15 stakeholder forums covering 41 counties were undertaken</li> <li>• 20 petroleum related accidents and 47 fatal electricity related accidents were reported and all were investigated within 60 days.</li> </ul>
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## Review of Energy & Petroleum Regulatory Authority's performance for 2019/2020

Pillar 4: Institutional Capability	To strengthen EPRA's institutional capability	<ul style="list-style-type: none"> <li>• Compliance with the Quality Management System</li> <li>• Service delivery innovations</li> <li>• Competency development initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain the Quality Management System</li> <li>• Review the Strategic Plan in line with the Energy Act 2019 and Petroleum Act 2019</li> <li>• Develop and implement a Business Continuity Plan</li> <li>• Undertake capacity building/ training to address the employee training needs</li> <li>• Develop and roll out a CRM system</li> <li>• Implement performance management for employees</li> </ul>	<ul style="list-style-type: none"> <li>• EPRA was recertified against the ISO 9001:2015 Standard.</li> <li>• A new Strategic Plan 2020/2021–2022/2023 was developed in line with the Energy Act 2019 and Petroleum Act 2019</li> <li>• A Business Continuity Plan and Disaster Recovery Plan was developed and implemented.</li> <li>• A Customer Relationship Management (CRM) system was developed and implemented.</li> <li>• A total of 80 employees attended various classroom competency development programmes while 18 employees pursued various online courses</li> <li>• All employees were placed on the Performance Appraisal System (PAS)</li> </ul>
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## Corporate Governance Statement

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### 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 No. 1 of 2019 and Petroleum Act No. 2 of 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 as provided under section 12 of the Energy Act, 2019 consist of; the Chairperson, the Principal Secretary in the Ministry of Energy or his representative, the Principal Secretary in the State Department for Petroleum or his representative, the Principal Secretary in the National Treasury or his representative, one County Executive Committee member responsible for Energy and Petroleum or his representative nominated by the Council of County Governors, the Director General and five other board members not being Public Officers. The Chairperson and the other five members are appointed by the President and the Cabinet Secretary respectively. The Chairperson is Non-Executive. The Chairperson's term is four years and that of the other Board members is three years. 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 Authority with no voting rights at the Board meetings.

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

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

## Corporate Governance Statement

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### 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 Chairperson of the Board is primarily responsible for the activities of the Board and its Committees. The Chairperson in consultation with the Director General sets the agenda for Board meetings, chairs the meetings and ensure effective communication to stakeholders. The Chairperson acts as the spokesman 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 & 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. During the year, the Committee members were; Eng. Samuel Maugo (Chair), Ms. Jacqueline Mogeni, Dr. Sellah Kebenei, Ms. Lilian Mahiri Zaja and Mr. Robert Pavel Oimeke.



## Corporate Governance Statement

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### 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. During the year the Committee members were Dr. Sellah Kebenei (Chair), Eng. Samuel Maugo, Prof. George Achoki, Mr. Daniel Kiptoo, Ms. Jacqueline Mogeni, Mr. Moses Gitari and Mr. Robert Pavel Oimeke.

### 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. During the year the Committee members were; Prof. George Achoki (Chair), Mr. Moses Gitari, Mr. Daniel Kiptoo and Ms. Lucy Mugwe.

### 2.8. Board Charter and Work Plan

The Board has formulated a Charter, which defines its role and responsibilities in executing the 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 competency 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.

## Corporate Governance Statement

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### 2.10. Board Effectiveness and 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 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 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. Remuneration of the Board of Directors

The remuneration of the Chairperson and the other Board members is determined by SCAC as provided in the State Corporations Act. The members are paid a 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 Automobile Association of Kenya rates. The Board members are also provided with outpatient and inpatient medical and personal accident covers.

### 2.12. 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 the 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.

## Corporate Governance Statement

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### 2.13. 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.

### 2.14. Compliance with the Law

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

There are no significant cases against the scheme.

### 2.15. Delegation of Responsibilities

The preparation of Authority's financial statements is a role that has been delegated to management. These financial statements have been prepared in accordance with internationally accepted accounting principles based on appropriate accounting policies consistently applied and supported by reasonable judgment and estimates. Management ensures that adequate internal financial control systems are developed to provide reasonable certainty in respect to:

- The completeness and accuracy of accounting records.
- The integrity and reliability of Authority's annual financial statements and.
- The safeguarding of Authority's assets.

Responsibility for the integrity, reliability and objectivity of the Authority's financial statements lies with the Board. External auditors are responsible for independently examining and expressing an opinion on the reasonableness of the financial statements based on their audit.

### 2.16. Statement of Risk Management and Internal Control

The Board has recognized its responsibility to manage both internal and external risks as a key component of good corporate governance and is committed to embedding risk management into the daily operations of the Authority, from the setting of objectives, to financial planning towards achieving the set objectives, through to departmental processes established to aid provision of services by the Authority. It is believed that effective risk management will help the Authority to achieve its corporate objectives and provide better services. The Authority has developed and is implementing an Institutional Risk Management Policy Framework (IRMPF).

## Corporate Governance Statement

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### 2.17. Responsibility

Risk management is one of the most important activities of the Authority. The Authority through the Audit and Risk Committee has a responsibility for overseeing risk management within Authority by ensuring that appropriate risk management strategies and policies are in place, and that processes established are adequate and effective. The Board defines the Authority's overall level of risk tolerance and ensures that there are adequate tools and resources for managing risks. The Board has assigned responsibility for risk management to the Director General, hence management ensures that sound risk management processes are implemented and functioning effectively. The costs and resources employed in risk management are proportional to obtainable benefits.



## Corporate Governance Statement

### 2.18. Internal Controls

Internal controls are designed to support the Authority in achieving its objectives. The risks related to the achievement of objectives need to be identified and evaluated in order to manage them. Thus, identification and assessment of risks is a prerequisite for internal control in EPRA. The continuity of operations is ensured by safeguarding critical functions and essential resources.

### 3. Number of scheduled meetings and attendance

The attendance of meetings during the year is as summarized below:

#### 3.1 Number of scheduled meetings and attendance

Board of directors	Designation	Board Meeting Total No. of Meetings (11)	Finance & Administration Committee - Total No. of Meetings (13)	Technical Committee - Total No. of Meetings (9)	Audit & Risk Committee - Total No. of Meetings (8)	Pension Board Meetings (1)
Mr Joshua Oigara	Former Board Chairman	7/11				
Hon. (Prof.) Jackton B Ojwang	Board Chairman	3/11				
Mr. Pavel Robert Oimeke	Director General	10/11	10/13	8/9	1/8	1/1
Mr. Samuel Maugo	Member	11/11	12/13	8/9		
Dr. Sellah Kebenei	Member	11/11	7/13	9/9		
Ms. Lilian Mahiri Zaja	Member	7/11	10/13			1/1
Prof. George Achoki	Member	11/11	1/13	9/9	8/8	
Mr. Moses P. G. Muriuki	Member	6/11	4/13	3/9	2/8	
Mr. Daniel Kiptoo Bogoria	Member	2/11		3/9	5/8	
Jacqueline Mogeni	Member	6/11	6/13	4/9		
Mr. Wanjuki Muchemi	Member	4/11	3/13			
Dr. Macharia Irungu	Member	1/11				

## Corporate Social Responsibility Statement

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Corporate Social Responsibility (CSR) implies deliberate efforts by organizations to contribute to sustainable development by delivering economic, social and environmental benefits to all stakeholders. The Energy and Petroleum Regulatory Authority's (EPRA) CSR activities are anchored on the following pillars: corporate governance, environmental rehabilitation, responsibility to communities, promoting energy efficiency, support for education causes and responsibility for consumers and staff.

During the financial year 2019/2020, the Authority revised the Corporate Social Responsibility (CSR) Policy to align it to the dynamic strategic environment and the growing stakeholder base. The policy identifies Corporate Governance and Ethical Business Practices, Environmental Rehabilitation, Responsibility to Communities, Promoting Energy Efficiency, Support for Education causes, Responsibility for Consumers and Staff as the key pillars of EPRA's CSR programs.

During the Financial Year 2019/20, the Authority undertook the following CSR activities:

### Health

The Covid-19 pandemic that started as a health crisis in Quarter three (3) later escalated into an economic crisis putting a financial burden on governments around the world. The Kenyan government set up an Emergency Response Fund and appealed to both individuals and corporates in the country to assist in the fight against the virus through donations to the Fund.

The Authority responded to the appeal by donating Kshs.10 million to the Fund. The donation was used to support the government's efforts in the supply of medical facilities and equipment and support for vulnerable communities. The Authority additionally set aside Kshs.5.5 million towards testing of staff and other vulnerable outsourced service providers. purchase of face masks and hand sanitizers for staff and visitors to the EPRA offices.

The Authority sponsored the activities of the Nyeri Hospice which offers homebased and outpatient palliative care services to patients with life limiting diseases such as Cancer and HIV/AIDS. The donation of Kshs.0.5 million contributed supporting the hospice financial obligations at a critical time when donors had reduced their funding due to the tough economic times posed by the pandemic.

### Environmental conservation

The Authority is keen on undertaking activities that promote environmental stewardship. Consequently, the Authority continues to call on individuals and business owners to be environmentally conscious through social media platforms.

Additionally, in fulfillment of the Presidential Directive to dedicate 10% of the CSR budget towards tree planting activities, the Authority replaced trees that had dried up in the EPRA adopted area of the Menengai forest in Nakuru County.

### Promoting energy efficiency

The Authority was a key sponsor of the Energy Management Awards 2020 to the tune of Kshs.2 million. The award ceremony was set to take place in April 2020. However, the awards were postponed after restrictions on social gatherings were put in place to contain the Covid-19 pandemic. The awards, organized by the Kenya Association of Manufactures (KAM) aims at recognizing companies that have achieved significant reductions in energy consumption through energy efficiency and conservation measures.

## **Corporate Social Responsibility Statement**

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### **Service to Communities**

The heavy rainfall experienced in December 2019 caused landslide and floods in West Pokot County which claimed more than 50 lives and left over 400 people displaced.

To help alleviate the suffering of the flood victims, the Authority contributed Kshs.1 million towards a disaster relief drive organized by energy sector players. The money raised through the relief drive was used to purchase basic needs items for victims such as food and beddings.

### **Education**

The Authority understands and appreciates the important role education plays towards bridging students to their future and achieving the goals set out in Vision 2030. Consequently, the Authority funded the construction of a classroom block at a cost of Kshs.1.02 million at St. Mary's Girls Secondary School in Nakuru County. This project aimed at supporting learning and promoting the quality of education in the school.

## Report Of The Board Of Directors

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The Board of directors submit their report together with the audited financial statements for the year ended 30 June 2020, which show the state of the scheme's affairs.

### 1. Principal activities

The principal activities of the Authority are: -

#### a) To regulate: -

- Importation, exportation, generation, transmission, distribution and use of electrical energy.
- Importation, exportation, transportation, storage and sale of petroleum and petroleum products.
- Production, distribution, supply and use of renewable and other forms of energy.

#### b) Protect the interests of consumer, investor and other stakeholder.

### 2. Results

The results of the scheme for the year ended 30 June 2019 are set out from page 32.

### 3. Directors

The members of the Board of Directors who served during the year are shown on page 2. The Directors are appointed in line with Section 12 of the Energy Act, 2019.

### 4. Dividends/Surplus remission

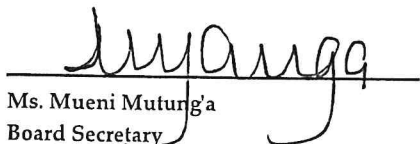
The scheme is a revolving fund. Any surplus is ploughed back into the scheme for sustainability.

### 5. Auditors

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

The annual Reports and Financial Statements set out on pages 32 to 43, which have been prepared on the going concern basis, were approved by the board on 20/06/2020 and were signed on its behalf by:

By Order of the Board

  
Ms. Mueni Mutung'a  
Board Secretary



## Statement Of Directors Responsibilities

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Section 81 of the Public Finance Management (PFM) Act, 2012, section 8 (3) of the Second Schedule of the Energy Act, 2019 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of the scheme, which give a true and fair view of the state of affairs of the scheme at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the scheme keeps proper accounting records which disclose with reasonable accuracy the financial position of the scheme. The Directors are also responsible for safeguarding the assets of the scheme.


The Directors are responsible for the preparation and presentation of the scheme's financial statements, which give a true and fair view of the state of affairs of the scheme for and as at the end of the financial year ended 30 June 2020. 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 Authority. (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 Authority. (v) Selecting and applying appropriate accounting policies. and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept 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 State Corporations Act. The Directors are of the opinion that the scheme's financial statements give a true and fair view of the state of the scheme's transactions during the financial year ended 30 June 2020, 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.

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

### Approval of financial statements

The annual report and financial statements set out on pages 32 to 43, which have been prepared on the going concern basis, were approved by the board on 29 July 2021 and were signed on its behalf by:

  
\_\_\_\_\_  
Mr. Daniel Kiptoo Bargarior  
Director General  
\_\_\_\_\_  
Hon. (Prof.) Jacton Boma Ojwang  
Chairman





## **Report Of The Independent Auditors On The Energy & Petroleum Regulatory Authority**

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To be provided

Report on the financial statements

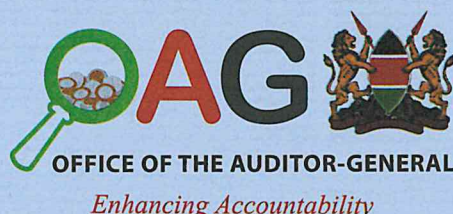
Auditor General

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## **REPORT OF THE AUDITOR-GENERAL ON ENERGY AND PETROLEUM REGULATORY AUTHORITY STAFF MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2020**

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### **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 32 to 44, which comprise the statement of financial position as at 30 June, 2020, 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 Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme as at 30 June, 2020, 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.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters 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 period under review.



## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance 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 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 on whether effective processes and systems of internal control, risk management and 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 which are free from material misstatement, whether due to fraud or error and for assessment of the effectiveness of the internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Scheme's ability to continue sustaining services, disclosing as applicable, matters related to sustainability of services and using the going concern 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 management's systems for monitoring compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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 review 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 which govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution, and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control which 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 the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the Scheme's ability to continue sustaining 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 sustaining 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and

other matters which may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

26 November, 2021





**ENERGY & PETROLEUM REGULATORY AUTHORITY STAFF MORTGAGE AND CAR LOAN SCHEME**  
Annual Report And Financial Statements for the year ended 30 June 2020

**Statement of Financial Performance**

Figures in Kenyan Shilling	Note(s)	2020	2019
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Interest received from staff mortgage and car loan	6	6,062,937	4,688,344
Interest received from bank balances	7	894,066	1,139,825
<b>Total revenue from exchange transactions</b>		<b>6,957,003</b>	<b>5,828,169</b>
		6,957,003	5,828,169
		-	-
<b>Expenses</b>			
Scheme administration fees	8	(6,062,937)	(4,688,044)
Bank charges	9	(1,065)	(1,065)
<b>Total expenses</b>		<b>(6,064,002)</b>	<b>(4,689,109)</b>
Surplus before taxation		893,001	1,139,060
Taxation		-	-
<b>Surplus for the year</b>		<b>893,001</b>	<b>1,139,060</b>

The accounting policies and the notes on pages 37 to 43 form an integral part of the annual report and financial statements.

ENERGY & PETROLEUM REGULATORY AUTHORITY STAFF MORTGAGE AND CAR LOAN SCHEME  
Annual Report And Financial Statements for the year ended 30 June 2020

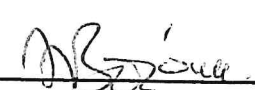
**Statement of Financial Position as at 30 June 2020**

Figures in Kenyan Shilling	Note(s)	2020	2019
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	48,832,629	6,855,121
Receivables from exchange transactions	11	-	33,638
		<b>48,832,629</b>	<b>6,888,759</b>
<b>Non-Current Assets</b>			
Long term receivables from staff car loans	12	7,075,877	5,917,320
Long term receivables from staff mortgages	13	271,946,152	224,155,578
		<b>279,022,029</b>	<b>230,072,898</b>
Non-Current Assets		279,022,029	230,072,898
Current Assets		48,832,629	6,888,759
Non-current assets held for sale (and) (assets of disposal groups)		-	-
<b>Total Assets</b>		<b>327,854,658</b>	<b>236,961,657</b>
Assets		327,854,658	236,961,657
Liabilities		-	-
Reserves			
Mortgage & car loan revolving fund	14	319,586,616	229,586,616
Accumulated surplus	15	8,268,042	7,375,041
<b>Total Net Assets/Equity</b>		<b>327,854,658</b>	<b>236,961,657</b>
<b>Total Net Assets and Liabilities</b>		<b>327,854,658</b>	<b>236,961,657</b>

The annual report and financial statements and the notes on pages 32 to 43, were approved by the board on the 29.06.2021 and were signed on its behalf by:

  
Mr. Daniel Kiptoo Bargoria  
Director General

  
Ms. Muznah Sisiwa  
Ag. Manager, Finance & Accounts. ICPAK No.21186

  
Hon. (Prof.) Jackson Boma Ojwang  
Chairman

ENERGY & PETROLEUM REGULATORY AUTHORITY STAFF MORTGAGE AND CAR LOAN SCHEME  
Annual Report And Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

Figures in Kenyan Shilling	Reserves	Accumulated surplus	Total net assets/equity
Balance as at 01 July 2018	169,586,616	6,235,981	175,822,597
Surplus for the year	-	1,139,060	1,139,060
Transfer from EPRA	60,000,000	-	60,000,000
Balance at 30 June 2019	229,586,616	7,375,041	236,961,657
	-	-	-
Balance at 01 July 2019	229,586,616	7,375,041	236,961,657
Surplus for the year	-	893,001	893,001
Transfer from EPRA	90,000,000	-	90,000,000
Total changes	90,000,000	893,001	90,893,001
Balance at 30 June 2020	319,586,616	8,268,042	327,854,658

## Cash Flow Statement

Figures in Kenyan Shilling	Note(s)	2020	2019
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest income from bank balances		894,066	1,139,825
Interest income on mortgage and car loan		6,062,937	4,688,344
		6,957,003	5,828,169
<b>Payments</b>			
Bank charges		(1,065)	(1,065)
Scheme administration fees		(6,062,937)	(4,688,044)
		(6,064,002)	(4,689,109)
Total receipts		6,957,003	5,828,169
Total payments		(6,064,002)	(4,689,109)
Net cash flows from operating activities		893,001	1,139,060
<b>Cash flows from investing activities</b>			
Transfer in from EPRA (Mortgage and car loan fund)		90,000,000	60,000,000
Disbursed for mortgage and car loan		(48,915,493)	(99,941,893)
Net cash flows from investing activities		41,084,507	(39,941,893)
Net increase/(decrease) in cash and cash equivalents		41,977,508	(38,802,833)
Cash and cash equivalents at the beginning of the year		6,855,121	45,657,954
Cash and cash equivalents at the end of the year	10	48,832,629	6,855,121

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Kenyan Shilling						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Transfer from EPRA	70,000,000	20,000,000	90,000,000	90,000,000	-	
Interest from mortgage and car loan	-	-	-	6,062,937	6,062,937	
Interest from bank balances	-	-	-	894,066	894,066	
<b>Total revenue from exchange transactions</b>	<b>70,000,000</b>	<b>20,000,000</b>	<b>90,000,000</b>	<b>96,957,003</b>	<b>6,957,003</b>	
<b>Expenditure</b>						
Staff mortgage and car loan	(70,000,000)	(20,000,000)	(90,000,000)	(90,000,000)	-	
Scheme administration fees	-	-	-	(6,062,937)	(6,062,937)	
Bank charges	-	-	-	(1,065)	(1,065)	
<b>Total expenditure</b>	<b>(70,000,000)</b>	<b>(20,000,000)</b>	<b>(90,000,000)</b>	<b>(96,064,002)</b>	<b>(6,064,002)</b>	
Deficit before taxation	-	-	-	893,001	893,001	
Taxation	-	-	-	-	-	
<b>Surplus for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>893,001</b>	<b>893,001</b>	





## Notes to the Annual Report And Financial Statements

### 1. General information

The Energy Regulatory Commission was established under the Energy Act, 2006. In March 2019, the Energy Act, 2019 and the Petroleum Act, 2019 were enacted. The Energy Act, 2019 provides for the establishment of the Energy and Petroleum Regulatory Authority as the successor to the Energy Regulatory Commission. The Scheme was established in FY 2015/2016 to facilitate EPRA's Staff to acquire homes and cars.

### 2. Statement of compliance and basis of preparation

The scheme's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the scheme. The accounting policies have been consistently applied to all the years presented.

The scheme adopted IPSAS in the year 2015 following the gazettelement of the Public Sector Accounting Standards Board (PSASB), which was established by the Public Financial Management Act (PFM) No. 18 of 24th July 2012. PSASB issued financial reporting standards and guidelines to be adopted by all state organs and public sector entities, which the scheme complies with.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

The accounts are presented in Kenya Shillings (KES) which is the functional and reporting currency of the scheme and all values are rounded to the nearest shilling.

### 3. Adoption of new and revised standards

#### 3.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>IPSAS 40 – Public Sector Combinations</li> </ul>	01 January 2019	The scheme will not be impacted by this standard

#### 3.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>IPSAS 41 (revised) - Financial Instruments</li> </ul>	01 January 2022	The scheme will not be impacted by this standard

## Notes to the Annual Report And Financial Statements

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### 3. Adoption of new and revised standards (continued)

• IPSAS 42 - Social Benefits	01 January 2022	The scheme will not be impacted by this standard
• Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	01 January 2022	The scheme will not be impacted by this standard
• Other Improvements to IPSAS	01 January 2021	The scheme will not be impacted by this standard

## Notes to the Annual Report And Financial Statements

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### 4. Summary of significant accounting policies

#### a) Revenue recognition

##### i) Revenue from exchange transactions

##### Interest income on bank balances

The scheme recognizes revenues from interest income on bank balances when the event occurs and the asset recognition criteria are met. Revenues are recognized when it is probable that the future economic benefits associated with the asset will flow to the scheme and the fair value of the asset can be measured reliably.

##### Interest income on individual loans

The scheme recognizes revenue from individual loans when the interest payment becomes due.

#### b) Budget information

The original budget for FY 2019/2020 was approved by the National Treasury through Ministry of Energy within EPRA's budget. Subsequent revision or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded appropriations of Kshs. 90 million on the 2019/2020 final budget following the approval.

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or commission differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts

#### c) Taxation/Transfer to treasury

No provision has been made for Income Tax. The scheme does not operate for gain. Its income is therefore not subject to tax.

#### i) Financial instruments

Financial assets and financial liabilities are recognised on the scheme's statement of financial position when the scheme has become party to the contractual provisions of the instrument. Specific accounting policies adopted by the scheme for its financial instruments outstanding at year end are set out as follows:

##### Government securities

Government securities comprise treasury bonds which are debt securities issued by the Government of Kenya. Government securities are classified as held to maturity and are stated at amortised cost.

##### Short term deposits

Short term deposits are classified as held to maturity and are stated at amortised cost.

##### Trade receivables

## Notes to the Annual Report And Financial Statements

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### 4. Summary of significant accounting policies (continued)

Trade receivables are carried at anticipated realised value. An estimate is made for bad and doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps taken to recover them have failed.

#### Trade payables

Trade payables are not interest bearing and are stated at their fair value. They refer to administrative fee charged by KCB Bank at 3% on mortgage and 4% on car loan.

### j) Provisions

Provisions are recognized when the scheme has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

### k)Contingent liabilities

The scheme does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibilities of an outflow of resources embodying economic benefits or service potential is certain. There are no contingent liabilities at the moment.

### l) Contingent assets

The scheme does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the scheme in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

### m) Nature and purpose of reserves

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

#### Accumulated Surplus

The scheme's capitals consist of the accumulated reserves. The objectives when managing capital include: -

- To safeguard the scheme's ability to continue as a going concern so that it can continue to provide mortgage and car loan facilities to the staff.
- To match the profile of its assets and liability, taking account of the risks inherent in the business operation.
- To comply with the statutory requirements on provision for the renewal of depreciating assets.

## Notes to the Annual Report And Financial Statements

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### 4. Summary of significant accounting policies (continued)

#### n) 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.

#### q) Related parties

The scheme regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority. Members of key management are regarded as related parties and comprise board members and senior managers.

The Government (represented by Ministry of Energy and Ministry of Petroleum & Mining) is also regarded as a related party. The Permanent Secretaries in the two ministries or their representative is a member of the Board. The scheme also receives funding from the Authority.

#### r) Cash and cash equivalents

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

#### s) Comparative figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. Effective 30 June 2019, the scheme financial statements are presented separate from the Authority's main financial statements.

### 5. Significant judgements and sources of estimation uncertainty

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

#### Estimates and assumptions:

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

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

- The condition of the asset based on the assessment of experts employed by the Authority.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

## Notes to the Annual Report And Financial Statements

### 5. Significant judgements and sources of estimation uncertainty (continued)

- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions:

The scheme had no provisions during the year under review.

Subsequent events:

There have been no events subsequent to the financial year-end with a significant impact on the financial statements for the year ended 30 June 2020.

### 6. Interest received from staff mortgage and car loan

Interest received from mortgage	5,790,403	4,414,159
Interest from staff car loan	272,534	274,185
	<u>6,062,937</u>	<u>4,688,344</u>

### 7. Interest from bank balances

Bank interest	894,066	1,139,825
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### 8. Scheme administration fees

Mortgage interest paid to scheme administrator	5,790,403	4,413,859
Car loan interest paid to scheme administrator	272,534	274,185
	<u>6,062,937</u>	<u>4,688,044</u>

### 9. Bank charges

Bank charges-certificate of balance charge	1,065	1,065
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### 10. Cash and cash equivalents

Cash and cash equivalents consist of:

Unutilized funds available for car loan lending	12,515,798	3,640,718
Unutilized funds available for mortgage lending	36,316,831	3,214,403
	<u>48,832,629</u>	<u>6,855,121</u>

### 11. Receivables from exchange transactions

Short term receivables from car loan	-	33,638
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## Notes to the Annual Report And Financial Statements

Figures in Kenyan Shilling	2020	2019
Long term receivables from exchange transactions		
12. Long term receivables from staff mortgage	271,946,152	224,155,578
13. Long term receivables from car loan	7,075,877	5,917,320
	<u>279,022,029</u>	<u>230,072,898</u>
14. Mortgage and car loan revolving fund		
Balance brought forward	229,586,616	169,586,616
Staff mortgage and car loan	90,000,000	60,000,000
	<u>319,586,616</u>	<u>229,586,616</u>
15. Reserves (Accumulated Surplus)		
Balance brought forward	7,375,041	6,235,981
Surplus for the year	893,001	1,139,060
	<u>8,268,042</u>	<u>7,375,041</u>

ENERGY & PETROLEUM REGULATORY AUTHORITY STAFF MORTGAGE AND CAR LOAN SCHEME  
Annual Report And Financial Statements for the year ended 30 June 2020

### Progress on Follow up of Auditor Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Presentation of financial statement for the year ended 30th June 2019	Presentation of financial statements has been ammended as per audit recommendation	Muznah Sisiwa (Ag. Manager, Finance & Accounts)	Resolved	25 February 2020
2	The authority has reviewed the car loan agreement to a rate of 4% contrary to SRC Circular	The scheme administrator cited high cost of scheme administration	Muznah Sisiwa (Ag. Manager, Finance & Administration)	Resolved	25 February 2020



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