



ETHICS AND ANTI-CORRUPTION COMMISSION

ANNUAL REPORT

2013 - 2014

Prepared and issued in accordance with Section 27 of the
Ethics and Anti-Corruption Commission Act, 2011

Tukomeshe Ufisadi, Tuijenge Kenya



ETHICS AND ANTI-CORRUPTION COMMISSION



**Report of Activities
and
Financial Statements
for the
Financial Year 2013/2014
for the
Ethics and Anti-Corruption Commission (EACC)**



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Prepared and issued in accordance with Section 27 of the
Ethics and Anti-Corruption Act, 2011.



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List of Abbreviations and Acronyms

| | | | |
|---------------|---|----------------|--|
| AAACA | Africa Association of Anti-Corruption Authorities | KEPSHA | Kenya Primary School Head Teachers Association |
| ACECA | Anti-Corruption and Economic Crimes Act | KETRACO | Kenya Electricity Transmission Company Limited |
| AIDS | Acquired Immuno Deficiency Syndrome | KICD | Kenya Institute of Curriculum Development |
| CBAM | Community Based Anti-Corruption Monitor | KNEC | Kenya National Examinations Council |
| CDE | County Director of Education | KNH | Kenyatta National Hospital |
| CDF | Community Development Fund | KTRF | Kenya Tea Research Foundation |
| CIC | Commission for the Implementation of the Constitution | MOA | Matatu Owners Association |
| CMA | Capital Markets Authority | MOE | Ministry of Education Science and Technology |
| CPC | Corruption Prevention Committee | NACADA | National Campaign Against Drug Abuse Authority |
| CRA | Corruption Risk Assessment | NACOSTI | National Commission for Science, Technology and Innovation |
| DFID | Department for International Development | NDMA | National Drought Management Authority |
| DVD | Digital Video Disc | NIB | National Irrigation Board |
| EACC | Ethics and Anti-Corruption Commission | NGO | Non-Governmental Organization |
| EEAACA | East African Association of Anti-Corruption Authorities | OCPD | Officer Commanding Police in a Division Cooperation |
| ECJP | Ecumenical Centre for Justice and Peace | OCS | Officer Commanding Police in a Station |
| ETPA | Education, Training and Public Awareness | POEA | Public Officers Ethics Act |
| FIDA | Federation of Women Lawyers | RRI | Rapid Results Initiative |
| GDC | Geothermal Development Company | RUC | Rongo University College |
| GIZ | German Agency for International Cooperation | SDA | Seventh Day Adventist |
| GSU | General Service Unit | SEKU | South Eastern Kenya University |
| IAO | Integrity Assurance Officer | SRC | Salaries and Remuneration Commission |
| ICPSK | Institute of Certified Public Secretaries of Kenya | TI | Transparency International |
| IEC | Information and Education Materials | UNDAF | United Nations Development Assistance Framework |
| JKUAT | Jomo Kenyatta University of Agriculture and Technology | UNDP | United Nations Development Program |
| KBC | Kenya Broadcasting Corporation | USIU | United States International University |
| KEPHIS | Kenya Plant Health Inspectorate Service | | |



Mission Statement

Our Mandate

To combat and prevent corruption and economic crime in Kenya through law enforcement, preventive measures, public education and promotion of standards and practices of integrity, ethics and anti-corruption

Vision

A Corruption free Kenyan society that upholds integrity and the rule of law

Mission

To promote integrity and combat corruption through law enforcement, prevention and education

Core Values

Integrity
Professionalism
Fidelity to the law
Courage
Teamwork
Innovation

Members of the Ethics and Anti-Corruption Commission



Mr. Mumo Matemu, MBS
Commission Chairperson



Commissioner Irene C. Keino, MBS
Vice Chairperson,



Jane K. Onsongo, PhD
Commissioner (Prof.)



Mr. Halakhe D. Waqo, ACI Arb
**Commission Secretary/Chief
Executive Officer**



Message from the Chairperson

I am glad to present the Ethics & Anti-Corruption Commission (EACC) Annual Report for the financial year 2013/2014. This Report is prepared pursuant to Section 27 of the Ethics and Anti-Corruption Act, 2011.

Corruption poses serious challenges to the attainment of the Kenya Vision 2030. To this end, Kenya has put in place measures to combat and prevent corruption and unethical practices. The Commission formulated and launched its strategic plan 2013-2018 to guide anti-corruption efforts in the country. The Plan outlines measures to ensure an effective, efficient and ethical public service. The Plan also provides measures to address corruption and unethical practices associated with devolved system of governance in Kenya.

During the financial year, in order to attain its strategic goals and objectives, the Commission continued to build its capacity in terms of human resources and regional presence. At the regional and international level, the Commission strengthened partnerships and coalitions to enhance the fight against corruption. The Chairperson of the Commission was elected to serve as the President of East Africa Association of Anti-Corruption Authorities (EAAACA) for a period of 2 years.

Going forward, the Commission will work closely with relevant public institutions to fast-track the development of the national ethics and anti-corruption policy, strengthening of the anti-corruption legal and institutional framework and expand its services across the country.

I call upon all Kenyans and stakeholders to individually and collectively make a conscious decision not to participate in, or tolerate corruption in any of its facets and spheres.

Tukomeshe Ufisadi, Tuijenge Kenya!

Thank you

**MUMO MATEMU, MBS
CHAIRPERSON**



Message from the Secretary/Chief Executive Officer

In the financial year 2013/2014, the Commission made remarkable strides in implementing its mandate to combat and prevent corruption and unethical practices as provided in the Ethics and Anti-Corruption Commission Act, 2011. Highlights of key achievements are presented hereunder.

Law Enforcement Mandate

The Commission investigated and completed 68 reports and forwarded investigation files to the Director of Public Prosecutions with various recommendations. A total of 22 Asset-Tracing investigations of illegally acquired assets estimated at Kshs 7.214 Billion were undertaken. Assets valued at Kshs.2.068 Billion were recovered through court proceedings and out of court settlements. Proactive investigations leading to 16 disruption of corruption networks were undertaken averting loss of public resources valued at Kshs. 5.6 billion.

Corruption Prevention

The Commission conducted examinations into policies and procedures and practices of work in 2 public institutions to identify corruption loopholes and recommend measures to seal loopholes. One follow-up on the status of implementation of recommendations on a previous examination was carried out. Additionally, 84 Corruption Risk Assessments were carried out to map out corruption prone areas at the national and county government levels. Under the performance contracting framework, the Commission advised 258 public institutions on the implementation of the corruption eradication indicator.

Public Education

The Commission trained 90 Integrity Assurance Officers and 499 members of Corruption Prevention Committees within the framework of performance contracting in the public service. Under the Public Outreach Programme, the Commission sensitized over 600,000 people. Additionally, 72,078 pupils and students from 101 primary and secondary schools in 9 counties were sensitized on formation of Integrity Clubs and value-based character. The Commission also trained 451 managers in the education sector. To support the anti-corruption sensitization and awareness programme, the Commission developed and disseminated over 100,000 IEC materials. Besides, the Commission sponsored the anti-corruption category for the 2013 Drama Festival held in Nyeri.

Ethics and Leadership

The Commission developed draft Leadership and Integrity Regulations and submitted to Parliament for consideration and approval. In addition, the Commission reviewed codes of conduct for 25 public institutions within the framework of performance contracting in the public service. Various notices were also issued to responsible Commissions, independent offices and county governments on their responsibility to implement the provisions of the leadership and integrity act 2012. On enforcement of codes of conduct, a total of 75 reports on violation of codes of ethics were received and processed. Further, the Commission received and processed requests for background checks on integrity for applicants seeking various appointive positions in the public service.



Institutional Capacity

In the 2013/2014, the Commission was allocated Kenya Shillings 1,245,066,500 in the Printed Estimates to finance its operations. In the same period, the Commission recruited an additional 59 staff members to its establishment stand at 264 by the end of the year. The Commission undertook a Job Evaluation to guide its capacity development. Further, the Commission continued to modernize its operational environment through automation.

Challenges

The Commission faced a number of challenges in the implementation of its mandate. These included human resource constraints, inadequate policy and legal framework, slow judicial processes and limited reach across the country for anti-corruption services. To surmount these challenges, we look forward to working closely with our stakeholders and Kenyans in general to make Kenya a corruption free society that upholds integrity and the rule of law.

Finally, I wish to thank all Kenyans for their support and involvement in the fight against corruption. Further, I appreciate the support, dedication and commitment of the EACC staff in discharging the Commission's mandate.

HALAKHE D. WAQO, ACI Arb
SECRETARY/CHIEF EXECUTIVE OFFICER



Chapter 1:

Background

1.1 Introduction

The Ethics and Anti-Corruption Commission (EACC) is a statutory body established under the Ethics and Anti-Corruption Act, 2011. Its mandate is to combat and prevent corruption and economic crime in Kenya through law enforcement, preventive measures, public education and promotion of standards and practices of integrity, ethics and anti-corruption. The mandate is implemented through its Strategic Plan (2013-2018).

The Strategic Plan, launched by H.E. Uhuru Kenyatta, the President of the Republic of Kenya and Commander in Chief of the Kenya Defense Forces on 18th March 2014, outlines the strategic goals, objectives, strategies and activities of the Commission to combat and prevent corruption in Kenya over the next five years.

This Annual Report is prepared pursuant to the provisions of Section 27 of the Ethics and Anti-Corruption Act, 2011. The Report contains the financial statement of the Commission; details of activities undertaken and achievements realized; requisite statistical information; and challenges encountered in the review period.

1.2 Functions and Structure of EACC

1.2.1 Functions

The Commission derives its mandate from Article 79 and 252 of the Constitution of Kenya 2010, the Ethics and Anti-Corruption Commission Act, 2011, the Anti-Corruption and Economic Crimes Act, 2003 and the Leadership and Integrity Act, 2012. The functions of the Commission are:

- a) To investigate and recommend to the Director of Public Prosecutions the prosecution of any acts of corruption;
- b) Tracing of public assets and instituting court action towards recovery and/or protection of such assets;
- c) Court proceedings towards freezing or confiscation of proceeds of corruption or related to corruption, payment of compensation, or other punitive or disciplinary measures, and for forfeiture of unexplained asset;
- d) Prevention, public education and public awareness;
- e) Conciliation, mediation and negotiation;
- f) Advisory services to other institutions on matters within its mandate;
- g) Enforcement of ethics and integrity laws under Chapter Six of the Constitution;
- h) Partnerships with state and public officers to promote ethics and integrity;
- i) Developing and promoting standards and best practices in integrity;
- j) Developing codes of conduct;
- k) Overseeing enforcement of codes of ethics for public officers;
- l) Investigating and recommending prosecution for violation of codes of ethics; and
- m) Monitoring the practices and procedures of public bodies to detect corruption and secure revision of methods of work.





Chapter 2:

Investigations

2.1 Introduction

The Commission is mandated to investigate acts of corruption and violation of codes of ethics and make recommendations to the Director of Public Prosecutions (DPP). It is also mandated to trace illegally acquired public assets. This function involves receiving reports, investigating acts of corruption and violation of codes of ethics, tracing illegally acquired public assets and disrupting corruption networks.

2.2 Reports Received

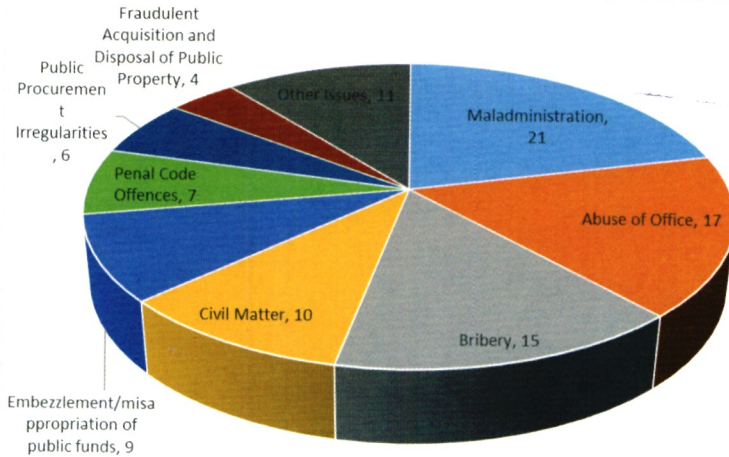
In the year under review, the Commission received a total of 4,006 reports representing an increment of 19 percent from 3,355 in the previous year. Table 1 provides a breakdown of the reports by office.

Table 1: Number of Reports Received

| S/No. | Office | No. of Reports |
|--------------|-------------------------------------|----------------|
| 1 | Nairobi | 2,379 |
| 2 | Kisumu | 526 |
| 3 | Mombasa | 358 |
| 4 | Eldoret | 246 |
| 5 | Nyeri | 79 |
| 6 | Garissa | 88 |
| 7 | Mobile Office (Outreach activities) | 101 |
| 8 | Huduma Centre – GPO, Nairobi | 229 |
| Total | | 4,006 |

Of the 4,006 reports received: 1,950 were found to be within the Commission's mandate; 1,132 were not within the mandate of the Commission and the complainants were advised on where to report; 681 were referred to relevant agencies for action; 178 were marked for no further action since they were found to be under action by relevant agencies and 65 were incomplete and the complainants advised to provide additional information. The reports within the Commission's mandate were categorized as shown in figure 2.

Figure 2: Categorization of Reports within the mandate of the Commission



2.3 Investigation of acts of corruption

Investigating acts of corruption involves preliminary inquiries, forensic investigations, asset-tracing and proactive investigations.

2.3.1 Preliminary Inquiries

A total of 71 preliminary inquiries (PIs) were undertaken to determine whether the reports could be pursued through forensic investigations. Out of these, only 14 inquiries were progressed to forensic investigations while 25 are ongoing and the rest were recommended for closure. Some of the preliminary inquiries completed are provided in Table 2.

Table 2: Some of the Preliminary Inquiries Completed

| S/No. | Summary | Institution | Alleged Value (Ksh) |
|-------|--|-----------------------------------|---------------------|
| 1 | EACC/PI/INQ/29/13 – Allegations of irregularities in the process of recruitment of Principal Secretaries by the Public Service Commission. | Public Service Commission | Not applicable |
| 2 | EACC/PI/INQ/41/13 – Irregular award of tender for design, supply, installation and commissioning of command and control system in the National Police Service. | National Police Service | 17 billionw |
| 3 | EACC/PI/INQ/38/13 – Irregular acquisition of the official residence of the Chief Justice. | Judiciary | 310 million |
| 4 | EACC/PI/INQ/01/14 – Irregular award of tender for construction of standard gauge railway to China Road and Bridge Construction. | Kenya Railways | 327 billion |
| 5 | EACC/PI/INQ/11/14 – Fraudulent transfer of Youth Enterprise Development Funds to Indo Africa Finance | Youth Enterprise Development Fund | 150 million |



2.3.2 Forensics Investigations

A total of 68 forensic investigations were completed while 144 are ongoing. The rest of the reported cases were pending investigations. In addition, the Commission supported prosecution and court processes in 118 cases pending before court. Table 3 provides highlights of some of the major ongoing forensic investigations while Table 4 provides all completed forensic investigations.

Table 3: Some of the Ongoing Forensic Investigations

| S/No. | Inquiry No. | Nature of Inquiry / Allegation | Institution | Amount Involved (Ksh) |
|-------|---------------------|---|--|-----------------------|
| 1. | EACC/FI/INQ/48/2014 | Procurement irregularities in the tender in respect of Standard gauge Railway | Kenya Railways and Ministry of Transport | 327 Billion |
| 2. | EACC/FI/INQ/66/2014 | Allegations of irregular procurement of laptops at the MOE | Ministry of Education | 26 Billion |
| 3. | EACC/FI/INQ/70/2014 | Allegations of corruption in the procurement of rigs in Geo-thermal Development Corporation (GDC) | Geo-thermal Development Corporation | 5.6 Billion |
| 4. | EACC/FI/INQ/57/2013 | Allegation of irregularities in the Administration and funds transfers between KEMRI's accounts at two local banks. | KEMRI & two local banks | 250 Million |
| 5. | EACC/FI/INQ/27/2013 | Allegations of questionable expenditures amounting to Kshs. 4,476,331,237 by the Kenya National Bureau of Statistics (KNBS) during the 2009 Population and Housing Census | Kenya National Bureau of Statistics | 4.4 Billion |
| 6. | EACC/FI/INQ/65/2013 | Allegations of corrupt conduct in Kiambu County by senior officials in a tender for supply of drugs. | Kiambu County | 100 Million |
| 7. | EACC/FI/INQ/66/2013 | Allegations of corruption in currency printing contracts between Central Bank of Kenya and De La Rue Company. | Central Bank of Kenya | 1.83 Billion |
| 8. | EACC/FI/INQ/18/2014 | Allegations that unauthorized rents for January-June were paid by the Judiciary contrary to terms of lease agreement and in excess of agreed rent in the Elgon Place | Judiciary | 169 Million |



| S/No. | Inquiry No. | Nature of Inquiry / Allegation | Institution | Amount Involved (Ksh) |
|-------|----------------------------|---|------------------------------------|-----------------------|
| 9. | EACC/FI/ INQ/01/2013 | Allegation of embezzlement of funds by a construction company and public servants in the ongoing construction of Kamukuywa - Kaptama – Kapsokwony – Kimilili Road. | Ministry of Public Works and Roads | 300 Million |
| 10. | EACC/FI/ INQ.43/2013 | An inquiry into allegations that independent Electoral and Boundaries Commission IEBC irregularly awarded tender for supply of Results Transmission system Accessories during the 2012/2013 financial year. | IEBC | 1.397 Billion |
| 11. | EACC/FI/ INQ/57/2014 | Alleged Conflict of Interest by Kenya Pipeline Company Engineering Manager in Engineering procurements | Kenya Pipeline Company | 100 Million |
| 12. | EACC/FI/ INQ/78/2014 | Allegation of bribery and abuse of office against Officers of the Department of Immigration in processing work permit. | Department of Immigration | - |
| 13. | EACC/NYR/ FI/ INQ/ 04/2014 | Allegation of abuse of office by MCAs Meru county government by irregular awarding themselves construction contracts. | Meru County Government | 200 Million |
| 14. | EACC/GSA/FI/ INQ/1/2013 | Falsely overstating the number of pupils to gain from the FPE irregularly. | Education Ministry | Not known |
| 15. | EACC/GSA/ INQ/6/2013 | Allegations of grabbing of Garissa primary school land by an influential businessman based in Garissa | Garissa Primary | Approx. 1 Billion |
| 16 | EACC/ GSA/INQ/ FI/11/2013 | Inquiry into allegations of procurement malpractices in the tender for the construction of hostels for the Garissa University College. | Garrisa University collage | 430 Million |
| 17. | EACC/ MSA/FI/ INQ/03/2014 | Inquiry into allegation that the Kilifi County Government irregularly procured Governors house at a sum of Kshs.140 million. | Kilifi County Government | 140 million |

**Table 4: Completed Forensic Investigations**

| S/No. | Case/Inquiry No. | Nature of Inquiry | Institution | Amount Involved (Ksh) |
|-------|-----------------------|---|---|-----------------------|
| 1. | EACC/FI/ INQ/25/2012 | Misappropriation of an imprest by an official of Youth Enterprise Development Fund | The Youth Fund | 3,176,000 |
| 2. | EACC/FI/ INQ/63/2013 | Irregularities in the procurement of Hatcheries estimated at Kshs.200 million by Youth Enterprise Development Fund | Youth Enterprise Development Fund | 200 Million |
| 3. | KACC/FI/ INQ/33/11 | Inquiry into allegations of cash withdrawals by Ministry of Education science and technology which were not accounted for. | Ministry of Education science and technology | 17.8 Million |
| 4. | KACC/FI/ INQ/51/2011 | Alleged irregular variation of contract from 42 million to 77 million in the Ministry of Local Government | wMinistry of Local Government | 77 Million |
| 5. | EACC/FI/ INQ/03/2013 | Alleged Embezzlement of CDF funds by a former MP. | Tigania West Water Project | 20 Million |
| 6. | EACC/FI/ INQ/29(B)/13 | That PSC Chairperson failed to comply with a notice to provide information | PSC | N/A |
| 7. | KACC/FI/ INQ/32/13 | Allegations of procurements irregularities at the Independent Electoral and Boundaries Commission | Independent Electoral and Boundaries Commission | 1.397 billion |
| 8. | KACC/ INQ/54/2003 | Allegations of irregular procurement in the tender for insurance services by the City Council of Nairobi, year 2003-2004 | City Council of Nairobi | - |
| 9. | EACC/FI/ INQ/47/2013 | Allegations of procurement irregularities at Kenya Tourism Board | Kenya Tourism Board | N/A |
| 10. | EACC/FI/ INQ/35/13 | Alleged failure to follow procurement procedures in the disposal of Mercedes Benz E200 by the Insurance Regulatory Authority (IRA) in 2012. | Insurance Regulatory Authority | - |



| S/No. | Case/Inquiry No. | Nature of Inquiry | Institution | Amount Involved (Ksh) |
|-------|-----------------------|--|---|-----------------------|
| 11. | EACC/FI/ INQ/55/13 | Alleged failure to follow procurement procedures by IRA Officials in the procurement of tribe hotel for a Board Christmas luncheon in the year 2011 | IRA | - |
| 12. | EACC/FI/ INQ/164/2010 | Allegations that NWSC had overpaid debt collectors | NWSC | N/A |
| 13. | KACC/FI/ INQ/023/2011 | Allegations that Hon. Richard Momoima Onyonka, MP Kitutu Chache purchased sugar worth Kshs 137 million from Chemelil Sugar Company. using CDF funds and failed to remit the requisite VAT | CDF | 137 million |
| 14. | KACC/FI/ INQ/40/13 | Misappropriation of public funds by an official of youth enterprise Development fund | Youth enterprise Development | 800,000 |
| 15. | EACC/FI/ INQ/13/2013 | Kenya Rural Roads Authority case; Inquiry into allegations of electronic fund transfers of kshs 89,543,270 to a wrong account at KERRA. | Kenya Rural Roads Authority case | 89,543,270 |
| 16. | EACC/FI/ INQ/51/2013 | An inquiry into allegation that Eldoret South Constituency Development Fund Tender Committee irregularly awarded M/s Point One International Limited Tender for the construction of Kamuyu- Ndungulu road project at Kshs. 2,500,000 during financial year 2010/2011 | Eldoret South Constituency Development Fund | 2.5 Million |
| 17. | EACC/FI/ INQ/52/2013 | An inquiry into allegations that Eldoret South Constituency Development Fund Tender Committee irregularly awarded M/s Betaland Enterprises a tender for the Construction of Kapkagaron Nganiat road project for Kshs. 2,500,000 during the financial year 2010/2011 | Eldoret South Constituency Development Fund | 2.5 Million |



| S/No. | Case/Inquiry No. | Nature of Inquiry | Institution | Amount Involved (Ksh) |
|-------|----------------------|--|-----------------------------------|-----------------------|
| 18. | EACC/FI/INQ/56/13 | Alleged irregular procurement of supply and delivery of Electronic Fiscal Devices Management System (EFDMS) Software and associated services in tender no. KRA/HQS/ICB-039/2012-13 by KRA | KRA | - |
| 19. | KACC/FI/INQ/177/2010 | The Ministry of Local Government received information that the County Council of Turkana was purchasing large amounts of construction goods from Apex Steel Ltd and yet the Council did not have any projects requiring such large volumes. The Ministry then sent a letter to this Commission to undertake investigation. | Turkana County Council | 7 million |
| 20. | EACC/FI/INQ/04/2012 | Allegation of diversion of neutral spirit purchased from Agrochemical and food Company Ltd meant for export by one Rinesh to Rwanda occasioning a loss of Ksh 5,363,400 | Agrochemical and food Company Ltd | 5,363,400 |
| 21. | KACC/FI/INQ/44/07 | Inquiry into allegations of misappropriation of Kshs 200,000 meant for National Aids Control Council by officials of World Changers Self Help Group (WCSHG) of Eldoret North. | National Aids Control Council | 200,000 |
| 22. | KACC/FI/IN/21/2014 | An inquiry into allegations of irregular procurement of Meridian Medical Centre Limited by National Hospital Insurance Fund to provide outpatient Medical Services to members of NHIF under a pilot scheme. | NHIF | 116,935,500 |
| 23. | EACC/FI/INQ/24/2013 | Allegations of abuse of office and violations of the procurement laws by the director of KEWI | KEWI | - |



| S/No. | Case/Inquiry No. | Nature of Inquiry | Institution | Amount Involved (Ksh) |
|-------|---------------------|--|--|-----------------------|
| 24. | EACC/FI/INQ/48/2013 | An inquiry into allegation that Dalko Enterprises Ltd was irregularly awarded the construction of Sigilai- Tulwet Road project by Eldoret South Constituency in the Financial 2010/2011 | Eldoret South Constituency | - |
| 25. | EACC/FI/INQ/74/2013 | Alleged embezzlement of USD 410,222 by the Officials of Football Kenya Federation(FKF) | Football Kenya Federation | USD 410,222 |
| 26. | EACC/FI/INQ/61/2013 | Alleged Embezzlement by former PS of Ksh116M meant to buy housing units for prisons Officers and Ksh219 meant for construction of girls Borstal School at Kamae in Kamiti | Ministry of Home Affairs | 335 Million |
| 27. | EACC/FI/INQ/32/13 | The Independent Electoral and Boundaries Commission (IEBC) irregularly awarded the tender for supply of Biometric Voter Registration (BVR) Kits and Accessories to Safran Morpho vide the Canadian Commercial Corporate | Independent Electoral And Boundaries Commission (IEBC) | 7 Billion |
| 28. | EACC/FI/INQ/62/13 | A group called Ahero Disabled Group applied and received a grant of Shs.500,000 from National Council for Persons with Disabilities (NCPWD). It is alleged that the Group Chairman Mr. Jack Orem Migwala embezzled the whole grant | National Council For Persons With Disabilities (NCPWD) | 500,000 |
| 29. | EACC/FI/INQ/06/14 | Irregular procurement of CJ's residence by Senior Judiciary officers at Kshs 310 Million | Judiciary | 310 Million |





| S/No. | Case/Inquiry No. | Nature of Inquiry | Institution | Amount Involved (Ksh) |
|-------|---------------------|--|--------------------------------|-----------------------|
| 30. | KACC/FI/INQ/26/09 | Allegations that payments amounting to ksh.51,520,000 in respect of spares for mainland pumps supplied by ABC Metallurgical limited to Kenya Pipeline Company Ltd was supported by fake documents | Kenya Pipeline Company Ltd | 51 Million |
| 31. | KACC/FI/INQ/37/2009 | Inquiry into allegations by an MP that Councilors & Chief Officers at Maua Municipal Council allocated stalls at Maua Bus Park to themselves, friends and relatives & thereafter sold stalls at between Kshs. 50,000 and 150,000 | Maua Municipal Council | - |
| 32. | EACC/FI/INQ/58/2013 | Allegations that a Senior official at KMC irregularly withdrew funds from the accounts of KMC | Kenya Meat Commission | 11.5 Million |
| 33. | KACC/FI/INQ/107/09 | Allegations of misappropriations of 19% funds at County Council of Narok | Narok County | 3.151 Million |
| 34. | EACC/FI/INQ/10/2013 | Allegations of lack of accountability of Contractor's retention money covering the FY 2006/2007 to FY 2009/2010 in the Ministry of Roads | Ministry of Roads | 12 Million |
| 35. | EACC/FI/INQ53/2013 | Irregular award of tender to Yoga General Construction Of A104- CDF office road project at Kshs. 500,000 by Eldoret South Constituency Tender Committee during financial year 2010-2011. | CDF Eldoret South Constituency | 500, 000 |





| S/No. | Case/Inquiry No. | Nature of Inquiry | Institution | Amount Involved (Ksh) |
|-------|-------------------------|--|---|-----------------------|
| 36. | EACC/FI/ INQ/08/2014 | Inquiry into allegations that the Board of Trustees of NSSF irregularly approved a budget of Kshs. 5,053,520,321 for regularization and infrastructure development of Tassia II scheme and irregularly awarded the tender to China Jiangxi International (K) Limited | NSSF | 5. 053 Billion |
| 37. | EACC/FI/ INQ/01/12 | An inquiry into allegations of irregularly awarded the contract for renovation of communication laboratory building at a cost of Ksh 7,055,560 without following Public Procurement and Disposal Act 2005 and the 2006 Regulations. | Multi Media University | 7.055 Million |
| 38. | EACC/FI/ INQ/47/2014 | An inquiry that Machakos County Assembly purchased second hand laptops for County representatives through single sourcing | Machakos County | 4.5 Million |
| 39. | KACC/FI/ INQ31/2006 | Inquiry into allegation of irregular employment of teachers by TSC | TSC | Nil |
| 40. | EACC/FI/ INQ/49/2014 | Allegations of procurement irregularities and abuse of Office against a Principal of a Girls High School in Nairobi | A Principal of a Girls High School in Nairobi | 388,000 |
| 41. | EACC/FI/ INQ/45/2014 | Corruption and abuse of office by a senior official at Immigration Department | Immigration | N/A |
| 42. | EACC/FI/ INQ/1/2014 | Inquiry into irregular procurement in the tender for the construction of the Library and ICT Resource Centre at Kiambu Institute of Science and Technology (KIST) costing Kshs. 65 Million | KIST | 65 Million |





| S/No. | Case/Inquiry No. | Nature of Inquiry | Institution | Amount Involved (Ksh) |
|-------|--------------------------|--|--|-----------------------|
| 43. | EACC/FI/ INQ/85/2014 | Inquiry into alleged misappropriation of Public funds at Football Kenya Federation | Football Kenya Federation | 25 Million |
| 44. | EACC/FI/ INQ/53/2014 | Alleged misrepresentation of COTU on the Board of Trustees of NSSF by a representative whose nomination had been revoked. | NSSF | - |
| 45. | EACC/FI/ INQ/45/14 | Irregular issuing of Work permits at Immigration Department | Immigration | - |
| 46. | EACC/FI/ INQ/16/2013 | Allegations of fraudulent payment and embezzlement of funds under the world bank funded Arid Lands Resource Management Project 2 in Kajiado District | Ministry of State for Special Programmes | 26,470,332 |
| 47. | EACC/NYR/FI/ INQ/02/2011 | Abuse of office | Nyeri Lands Registry | 5 Million |
| 48. | EACC/NYR/FI/ INQ/01/2012 | Irregular procurement of goods | Kagumo Teachers College | 10 Million |
| 49. | EACC/NYR/FI/ INQ/07/2011 | Abuse of office/ Irregular procurement of goods and services | Nyambene County Council | 1.3 Million |
| 50. | EACC/NYR/FI/ INQ/07/2012 | Abuse of office | Chuka County Council | 4.7 Million |
| 51. | EACC/NYR/FI/ INQ/02/2012 | Breach of trust by persons employed in public service/ abuse of office | Laikipia Lands Registry, Nanyuki | 1.2 Million |
| 52. | EACC/GSA/FI/ INQ/3/2013 | Allegations of Fraudulent Acquisition of Council Land Gsa/Mun/Block III/59 | Housing Department | 7m |
| 53. | EACC/GSA/ PI/02/2012 | Alleged grabbing of land by chiefs and Chief Officers of Ijara County Council | Kenya Airports Authority | Not valued |



| S/No. | Case/Inquiry No. | Nature of Inquiry | Institution | Amount Involved (Ksh) |
|-------|--------------------------|---|--|-----------------------|
| 54, | EACC/GSA/INO/PI/8/2013 | Allegations of procurement irregularities during tendering of a contract to fence the county government compound | Tana River County Government | 17m |
| 55. | EACC/MSA/FI/INQI 05/2014 | Inquiry into allegation of irregular allocation of official Mombasa District Commissioner Residence house No. HG 199 built on plot No. 3074/I/MN to Lekyo Tours | Ministry of Lands | 36 million |
| 56. | EACC/MSA/FI/INQ/11/2013 | Inquiry into allegation that the Kilifi County Government irregularly awarded the tender for the upgrading and operation of county slaughterhouse at Uwanja wa Ndege in Rabai Sub-County to a company known as Tenacious Agencies. | Kilifi County Government | 350,000 per month |
| 57. | EACC/MSA/FI/INQ/14/13 | Allegation that Kenya Railway Corporation's land in Kizingo measuring 1.06 acres was fraudulently subdivided into two and title deeds issued to private firms. The title deeds numbers are Mombasa/Block XXVI/1137 and 687 in the names of Kizingo Condominiums Limited and Acop Limited respectively | Kenya Railway Corporation's | 35 million |
| 58. | EACC/MSA/FI/INQ/11/12 | Inquiry into allegation that the Treasurer of the Likoni Constituency Development Fund (CDF) Committee, Mr. Hamisi Mwalimu Masudi, the son to the area MP, has been allocating himself CDF funded projects, including the construction of administration block at Mrima Secondary School | Likoni Constituency Development Fund (CDF) Committee | 9 million |
| 59. | EACC/MSA/FI/INQ/06/2013 | Inquiry into allegations that Kshs 1.6 million meant for construction of a cattle dip by Lamu west CDF was irregularly withdrawn from the Project account at Kenya Commercial Bank Mpeketoni | Lamu West CDF | 1.6 million |





| S/No. | Case/Inquiry No. | Nature of Inquiry | Institution | Amount Involved (Ksh) |
|-------|--------------------------|--|---------------------------------------|-----------------------|
| 60. | EACC/MSA/PI/INQ/05/14 | Inquiry into allegation that the Kenya Ports Authority (KPA) irregularly awarded Tender No. KPA/055/2013-14/CCE: Design, Manufacture, Supply, Testing And Commissioning of One (1) Unit New Mobile Harbour Crane to the highest evaluated bidder, instead of the lowest evaluated bidder. | Kenya Ports Authority | 500 million |
| 61. | EACC/MSA/FI/INQ/10/14 | Inquiry into allegations that Kenya Ports Authority designed tender documents with very specific and limiting conditions designed to suit one single supplier. The supply and commissioning of one (1) Tug Boat - Tender No. KPA/057/2013-14/MO was reportedly designed in a manner that only one company, N/s Damen Shipyard can comply with all the requirements. In the tender document, data sheet clause 12 (xii), (xviii), (xx), (xxi) and (xxiii) combined with some technical specifications reportedly limit free competition for the tender. | Kenya Ports Authority | 850 million |
| 62. | EACC/MSA/FI/INQ 11/ 2013 | Inquiry into alleged failure by Visan Fright Agencies Limited to pay KEBS destination fees in respect to entry No. 2013 MSA 4332299. | Visan Fright Agencies Limited | 260,000 |
| 63. | EACC/MSA/FI/INQ/13/13 | Inquiry into allegation that the Magarini Constituency Development Fund (CDF) Manager abused his office by awarding bursaries to two students who are not from the constituency and who are alleged to be his relatives. | Constituency Development Fund Manager | 290,000 |
| 64. | EACC/MSA/FI/INQ/21/10 | Inquiry into allegations that the Agricultural Development Corporation (ADC) land in Malindi was alienate to private developers. | ADC | Not valued |



| S/No. | Case/Inquiry No. | Nature of Inquiry | Institution | Amount Involved (Ksh) |
|-------|-------------------------|---|-------------------------|-----------------------|
| 65. | EACC/MSA/FI/INQ/06/2014 | Inquiry into allegations that Mr. Stephen Kariuki Ikuu, County Commissioner Lamu was irregularly allocated parcel of land No. Lamu/Hindi Magogoni/598 on which Mr. Joseph Muchemi Njagi was squatting | County Commissioner | Not valued |
| 66. | 43954 | Abuse of office by the Principal by single sourcing and having ghost workers | Sigalagala Institute | Nil |
| 67. | 42155 | Irregularities in procurement and award of contracts for the renovation of Governor's office, County offices and supply of generators | Busia County Government | 60 Million |
| 68. | 45014 | Irregular purchase of furniture and equipment for the speaker's house | Kisumu County Assembly | 3.7 Million |

2.3.3 Proactive Investigations

i) Intelligence Probes

Proactive investigations, which involve intelligence probes, are intended to disrupt corruption networks. A total of 187 intelligence probes were conducted of which 60 were completed leading to 16 disruptions averting a loss estimated at Kshs. 5.6 billion. Table 5 highlights some of the disruptions.

Table 5: Major Disruptions

| S/No. | Brief details | Organization Involved | Amount Involved (Ksh) |
|-------|---|---------------------------|-----------------------|
| 1. | Case No. 42644: Two containers carrying 6,900 boxes of counterfeit ball point pens seized in Kilindini Port from China. | Kenya Bureau of Standards | 138 Million |
| 2. | Case No. 42993: Irregular tender for the construction of Multi-Media University Multi-Media Engineering Complex | Multi-Media University | 1.8 Billion |
| 3. | Case No. 43128: Irregular procurement of Public relations Services at the Multi-Media University | Multi-Media University | 7.1 Million |
| 4. | Case No. 42887: Irregular acquisition of land Property no LR 1810/IV/71 allocated to the Kuwaiti Embassy. | Ministry of Lands | 2 billion |
| 5. | EACC/MSA/PI/INQ/008/14: Irregular tender to renovate and extend Kilifi Deputy Governors' official residence. | Kilifi County government | 15 million |



| S/No. | Brief details | Organization Involved | Amount Involved (Ksh) |
|--------------------|--|-------------------------|-----------------------|
| 6. | EACC/MSA/PI/INQ/10/14: Allegations of bid rigging in the supply and commissioning of a tug boat for the Kenya Ports Authority | Kenya Ports Authority | 850 Million |
| 7. | EACC/MSA/PI/INQ/05/14: An allegation that the Kenya Ports Authority (KPA) had irregularly awarded tender for supply of a mobile crane tender to the highest evaluated bidder, instead of the lowest evaluated bidder | Kenya Ports Authority | 500 Million |
| 8. | EACC/MSA/PI/INQ/13/14: We seized 420 bags of counterfeit Mumias Brown sugar. | Anti-Counterfeit Agency | 160 Million |
| 9. | EACC/MSA/PI/INQ/12/14: An attempted tax evasion of Kshs 85 million by a contractor contracted to supply various items to the Kenya Police and Administration Police. | Kenya Revenue Authority | 85 million |
| Grand Total | | | 5.6 Billion |

ii) Integrity Tests

In addition, a total of 367 integrity tests were conducted. Table 6 provides a breakdown of the results of the integrity tests.

Table 6: Results of the Integrity Tests

| S/No. | Institution | Pass | Fail |
|-------|----------------------------------|------|------|
| 1. | Nairobi City County Government | 4 | 14 |
| 2. | Ministry of Housing | 1 | 1 |
| 3. | National Museum of Kenya | 3 | 1 |
| 4. | Ministry of Health | 21 | 36 |
| 5. | National Police Service | 31 | 135 |
| 6. | Ministry of Interior-Provincial | 3 | 5 |
| 7. | Law Society of Kenya | 0 | 2 |
| 8. | Judiciary | 3 | 3 |
| 9. | Ministry of Labor | 0 | 4 |
| 10. | Department of Civil registration | 5 | 7 |
| 11. | Ministry of Lands | 5 | 8 |
| 12. | Fisheries department | 1 | 0 |
| 13. | County Government of Uasin Gishu | 0 | 3 |
| 14. | Kenya Forest Service | 4 | 3 |
| 15. | National Registration Bureau | 4 | 0 |
| 16. | Kenya Defense Forces | 0 | 1 |
| 17. | Office of the President | 3 | 3 |
| 18. | Kenya Prisons Department | 2 | 2 |



| S/No. | Institution | Pass | Fail |
|--------------|---|------------|------------|
| 19. | Department of Immigration | 0 | 8 |
| 20. | Ministry of Agriculture | 1 | 0 |
| 21. | Kenya National Library | 2 | 0 |
| 22. | Huduma Centre Kenya | 8 | 9 |
| 23. | Kenya Revenue Authority | 0 | 5 |
| 24. | National Youth Service- NYS | 2 | 0 |
| 25. | State Law Office- Registrar of Companies | 0 | 1 |
| 26. | National Transport & Safety Authority- NTSA | 0 | 9 |
| 27. | County Government of Homa Bay | 1 | 0 |
| 28. | County Government of Embu | 0 | 1 |
| 29. | County Government of Bungoma | 0 | 1 |
| 30. | Motor Vehicle Inspection Unit | 0 | 1 |
| Total | | 104 | 263 |

From Table 6, it can be noted that there were 263 failures from the integrity tests conducted. In such cases, the relevant institutions were informed of the results so as to institute further action. The integrity tests contributed to the deterrence of corrupt practices and reduction in corruption incidences by creating commission omnipresence in public institutions.

iii) Sting Operations

A total of 97 operations were carried out of which 29 are pending before court while 68 are pending under investigation for additional evidence to be collected to support prosecution. Of the cases in court, there were 2 convictions, 5 acquittals and 2 discharges. Table 7 provides highlights of sting operation cases in court.

Table 7: Highlights of some of the Sting Operations Cases before Court

| S/No. | Case Number | Offence | Parties Charged | Amount (Ksh) |
|-------|-------------|--|--|--------------|
| 1. | CF. 5/2013 | Corruptly soliciting and receiving a benefit of Kshs. 100,000 contrary to section 39(3)(a) as read with section 48(1) of ACECA. | John Njoroge (MP Kasarani) | 100,000 |
| 2. | CF. 5/2014 | Corruptly soliciting and receiving a benefit of Kshs. 15 million contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Maina Ngumi-Manager in Domestic Taxes Department – KRA | 15 Million |



| S/No. | Case Number | Offence | Parties Charged | Amount (Ksh) |
|-------|----------------|---|---|--------------|
| 3. | CF. 2/2013 | Corruptly soliciting and receiving a benefit of Ksh 80,000 contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Dr. Arthur Kiprono Korir (District Health Officer), Eng. Jeff Ocharo Ogutta, (Dist. Works Officer –Sotik) | 80,000 |
| 4. | CF. 10/2013 | Corruptly soliciting and receiving a benefit of Ksh 4 million contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Richard Njoroge Kimani. | 4 million |
| 5. | CF. 4/2013 | Corruptly soliciting for a benefit of Ksh 150,000 contrary to section 39(3)(a) as read with section 48(1) of ACECA. The complainant who applied for a loan of Kshs.14, 000,000 from Kenya Industrial Estate (KIE), reported that the operations manager KIE, demanded for a bribe of Kshs 150,000 as an inducement to facilitate the processing of the said loan. | Tom Odeny, an operations manager KIE | 150,000 |
| 6. | CF. 1/2014 | Corruptly soliciting and receiving a benefit of Ksh 10,000 contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Paul Sira Ndive, the Principal; Wakaela Secondary School | 10,000 |
| 7. | ACC 4/2013 MSA | Corruptly soliciting and receiving a benefit of Ksh 100,000 contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Vincent Alusi Opiyo of Kenya Power Limited | 100,000 |
| 8. | ACC 4/2014 MSA | Corruptly soliciting for a benefit of Ksh 18,000 contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Victor Abuga and 4 others of Kenya National Highways Authority and National Police Service | 18,000 |
| 9. | ACC 5/2014 MSA | Corruptly soliciting for a benefit of Ksh 300,000 contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Aaron Kili Ngea of KRA | 300,000 |
| 10. | ACC 6/14 | Corruptly soliciting and receiving a benefit of Kshs. 10,000 contrary to section 39 (3) (a) as read with sec 48 (1) of the ACECA. | Dan Mbuvi Ndonge Kalamba of Land Adjudication & Settlement | 10,000 |



| S/No. | Case Number | Offence | Parties Charged | Amount (Ksh) |
|-------|---------------|---|---|--------------|
| 11. | ACC. 1/2013 | Corruptly soliciting and receiving a benefit contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Malik Wanjala Barasa- Kenya Forest service as an inspector | 20,000 |
| 12. | ACC. 1/2014 | Corruptly soliciting and receiving a benefit contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Maggassan Gwiyo & another of National Police Service attached to Kenya power. | 40,000 |
| 13. | ACC.813/14 | Corruptly soliciting and receiving a benefit of Kshs. 13,000 contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Gabriel Ouma Ngira | 13,000 |
| 14. | ACC. 6/2013 | Corruptly soliciting and receiving a benefit of Kshs. 50,000 contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Paul Fredrick Abade | 50,000 |
| 15. | ACC. 3/2014 | Corruptly soliciting and receiving a benefit of Kshs. 3,000 contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Stephen Omoro Ouna | 3,000 |
| 16. | CR.831/871/13 | Corruptly soliciting for a benefit of Kshs. 1,000 contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Walter Ochieng Sirama a clerical officer with Uasin Gishu Government | 1,000 |
| 17. | CR.713/49/14 | Corruptly soliciting for a benefit of Kshs. 5,000 contrary to section 39(3)(a) as read with section 48(1) of ACECA. | Police Constable Abdi Jama | 5,000 |
| 18. | ACC. 1719/13 | Corruptly soliciting for a benefit of Kshs. 500 C/sec.39(3) as read with Section 48(1) of the Anti-corruption and Economic Crimes Act, No.3 of 2003 | Samwel Gichamu Odongo | 500 |

2.3.4 Asset Tracing Investigations

A total of 22 Asset-Tracing investigations were undertaken involving assets estimated at **Kshs 7.214 Billion**. These included public land, government houses and cash. Table 8 provides the details of assets traced.

**Table 8: Highlights of Some of the Properties Traced**

| S/No. | Particulars | Estimated Value (Kshs) |
|-------|---|------------------------|
| 1. | LR NO. 26700/1 belonging to Numerical Machining Complex Limited | 1.438 Billion |
| 2. | LR No. 26700/2 belonging to Numerical Machining Complex Limited | 3.868 Billion |
| 3. | LR No. 25433 belonging to Ngong Road Forest | 10 Million |
| 4. | LR No. LR No. Kisumu Municipality Block 12/124 and a High Grade house No 80 No HG valued at Kshs. 0.018 Billion and belonging to Nyanza Provincial Hospital | 18 Million |
| 5. | LR No. 25428 - IR 88425 belonging to Ngong Road Forest | 10 Million |
| 6. | LR No. 25435 - IR 86611 belonging to Ngong Road Forest; | 10 Million |
| 7. | LR. No. 25436 belonging to Ngong Road Forest; | 10 Million |
| 8. | LR. No. 25439 belonging to Ngong Road Forest; | 10 Million |
| 9. | LR No. Kisumu Municipality/Block 11/90 valued at belonging to Kisumu Sunset Hotel | 75 Million |
| 10. | LR No. 209/2501, IR 2044 belonging to the City County of Nairobi | 38 Million |
| 11. | LR No. Nairobi Block104/520 belonging to Juja Road Estate | 180 Million |
| 12. | LR. No 36/VII/254 belonging to Pumwani Maternity Hospital | 30 Million |
| 13. | LR. No 36/VII/255 belonging to Pumwani Maternity Hospital | 30 Million |
| 14. | LR No 36/VII/257 belonging to Pumwani Maternity Hospital | 31 Million |
| 15. | LR No 36/VII/258 belonging to Pumwani Maternity Hospital | 31 Million |
| 16. | LR No 36/VII/259 belonging to Pumwani Maternity Hospital | 31 Million |
| 17. | LR No 36/VII/260 belonging to Pumwani Maternity Hospital | 45 Million |
| 18. | LR No 37/272/5 belonging to Postal Corporation of Kenya | 15 Million |
| 19. | L.R. No. 37/386 belonging to City County of Nairobi | 30 Million |
| 20. | Cash belonging to the County Government of Meruw | 429,000 |
| 21. | Cash belonging to the County Government of Samburu | 25 Million |
| 22. | Government House No. HG 199 on plot No. 3074/I/MN belonging to District Commissioner- Mombasa | 36 Million |
| 23. | Parcels of land LR No Mombasa/Block XXVI/1137 and 687 measuring 1.06 acres belonging to Kenya Railway Corporation's land in Kizingo | 35 Million |
| 24. | Assorted parcels of land, LR Nos Laikipia/Daiga Umande/Block 4 (Nyariginu)/495, 499, 499, and 811 | 900,000 |
| 25. | Assorted government houses within Eldoret Municipality, LR No. Eldoret Municipality Block 5/465 – 485 all. | 460 Million |



2.3.5 Reports to the Director of Public Prosecutions

A total of 68 investigation reports were forwarded to the DPP in line with section 35 of the ACECA and section 11(1) (d) of the Ethics and Anti-Corruption Commission Act, 2011. This represents an increase of 23.6 percent from 55 reports in the previous year. Of these reports, 44 were recommended for prosecution, 7 for administrative action and 17 for closure due to lack of evidence. Table 9 provides the details of the quarterly reports forwarded to the DPP.

Table 9: Action taken by the Director of Public Prosecutions

| Action | 1 st Quarter | 2 nd Quarter | 3 rd Quarter | 4 th Quarter | Total |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------|
| Recommendation to prosecute | | | | | |
| Accepted | 10 | 11 | 9 | 11 | 43 |
| Not accepted | 0 | 1 | 0 | 0 | 1 |
| Recommendation for administrative action | | | | | |
| Accepted | 2 | 1 | 1 | 3 | 7 |
| Not accepted | 1 | 0 | 0 | 0 | 2 |
| Recommendation for closure | | | | | |
| Accepted | 2 | 4 | 5 | 3 | 14 |
| Not accepted | 1 | 0 | 0 | 2 | 3 |
| Files returned for further investigations | 1 | 1 | 2 | 2 | 6 |

2.4 Criminal cases presented before court

A total of **58** criminal cases were presented before court as shown in Table 10.

Table 10: Criminal cases presented before court

| Particulars of charge | No. of cases |
|--|--------------|
| Soliciting, receiving, offering/giving of a benefit | 30 |
| Abuse of office | 9 |
| Misappropriation of public funds | 2 |
| Unlawful/fraudulent acquisition/disposal of public properties | 3 |
| Willful/careless failure to comply with procurement procedures | 5 |
| Conspiracy to defraud/commit an offence of corruption | 4 |
| False accounting by a public officer/Deceiving principal | - |
| Others; forgery, uttering false documents, attempts | 5 |
| Total | 58 |





Chapter 3:

Litigation and Recovery of Illegally Acquired Public and Unexplained Assets

3.1 Introduction

This section covers particulars of civil proceedings instituted by the Commission for preservation and recovery of illegally acquired public assets, unexplained assets, restored assets and cases filed against the Commission.

3.2 Recovery of illegally acquired public assets

Assets valued at approximately Kshs.2.068 Billion were recovered through court proceedings and out of court settlements as shown in the Table 11.

Table 11: Recovered Public Assets

| S/No. | Asset | Institution recovered for | Recovered from | Estimated value (Kshs) |
|-------|--------------------------------|---------------------------------|---------------------------------------|------------------------|
| 1. | Mombasa Island/ Block V/3893 | Changamwe school land | Crescent property Development Limited | 90,000,000 |
| 2. | Mombasa Island/Block XV/699 | Registrar of persons office | Crescent property Development Limited | 27,000,000 |
| 3. | Mombasa Island/Block XV/702 | Mvita boys school | Crescent property Development Limited | 5,000,000 |
| 4. | Mombasa Island/Block XV/704 | Mvita boys school | Crescent property Development Limited | 8,000,000 |
| 5. | Mombasa Island/ Block XV/ 707 | Mvita clinic | Sajun Limited | 17,000,000 |
| 6. | Mombasa Island/ Block XIX/299 | Uhuru gardens | Comen limited | 620,000,000 |
| 7. | Mombasa Island/ Block XXV/ 165 | Municipal offices | Sajun limited | 85,000,000 |
| 8. | Mombasa Island/Block XXV/184 | Front of Education office | Samu limited | 10,000,000 |
| 9. | Mombasa Island/ Block XXVI/907 | Part of KWS office | Jusan limited | 35,000,000 |
| 10. | Mombasa Island/ Block XXVI/955 | Old KWS offices | Sajun limited | 10,000,000 |
| 11. | Mombasa Island/ Block XXI/601 | Ganjoni clinic | Comen limited | 22,000,000 |
| 12. | Mombasa Island/ Block XXVI/972 | Kenya Ferry services | Comen limited | 80,000,000 |
| 13. | Mombasa Island/ Block XXVI/973 | Vacant plot near Mbaraki school | Samu limited | 45,000,000 |



| S/No. | Asset | Institution recovered for | Recovered from | Estimated value (Kshs) |
|--------------|---|---|--|------------------------|
| 14. | Mainland North/1/9916 | Jomo Kenyatta public beach | Samu limited | 250,000,000 |
| 15. | Mainland North/ I/ 9355 | Plot within Shimo la Tewa prison | Rashid Sajjad | 55,000,000 |
| 16. | Mombasa Island/ Block XXIV/100 | Jamhuri Park | Rashid Sajjad | 107,000,000 |
| 17. | Mombasa Island/ Block X/ 414 | Malindi bus park | Jusan limited | 95,000,000 |
| 18. | Milimani Court Land | Judiciary | Kenya RTF | 400,000,000. |
| 19. | Cash | Ministry of medical services | Ruth Muganda | 22,000,000 |
| 20. | Cash | School equipment production unit(SEPU) | Vulcan Lab Equipments Limited | 70,000,000 |
| 21. | Cash | National museums | Abdirazak Abdille | 1,000,000 |
| 22. | Cash | Kemri | Davy Kiprotich Koech (Banked thru' the law firm of Chege Wainaina advocates on 14/05/2014) | 4,000,000 |
| 23. | Nbi LR. Number 22008/5- KARI- National Potato Research Centre in Tigoni Limuru. | Agricultural Development Corporation(lands limited) | Reneg project, Geoffrey Kuria Muriuki & others | 10,000,000 |
| 24. | Cash | National museums | Abdirazak Abdille | 250,000 |
| Total | | | | 2,068,250,000 |



Mr. Sajjad Rashid (R) banding over 17 titles over prime public land in Mombasa to Mr. Mumo Matemu, Chairperson EACC (L) and Mr. Halakhe Waqo, Secretary/CEO, EACC in the presence of H.E. Hassan Jobo, Governor, Mombasa County on 13th March 2014 in Mombasa. The surrendered tiles were for land which was reserved for public recreation (Uburu Gardens and Jomo Kenyatta Public Beach); public schools land; Bus Park; public health centers, prison, council parking and other public purposes. The prime land will be for the use and benefit of all the residents of Mombasa.

3.3 Suits and Preservation Applications Filed

A total of 9 suits were filed for recovery of illegally acquired public assets and 3 applications for preservation of property and obtained preservation orders to secure the assets. The details of the suits and applications filed are presented in Table 12.

Table 12: Recovery Suits and Preservation Applications Filedw

| S/No. | Case Number | Parties | Nature of Claim | Current Status |
|-------|------------------------------------|---------------------------------|---|---|
| 1. | Nairobi ELC MISCL. 116/ 2013 | EACC –VS- Udbi Yehey Hajji | Application seeking preservation of Nairobi Block 104/520 situated within Juja Road Estate reserved for public utility comprising open space for recreational use with an access to the public. | Preservation orders obtained pending filing of recovery suit |
| 2. | Nakuru MISCL. APPL. NO. 408 / 2013 | EACC –VS- Julius Maiyo & Others | Application seeking preservation of Nakuru Municipality Block 4/232. | Obtained preservation orders. Pending full investigation and filing of recovery suit. |



| S/No. | Case Number | Parties | Nature of Claim | Current Status |
|-------|--------------------------|---|--|---|
| 3. | Nairobi HC MISCL. 42/14 | EACC –VS- Seyani Brothers | Application seeking preservation of LR No. 209/13559 reserved for Meteorological Department. | Obtained preservation orders. Pending full investigation and filing of recovery suit. |
| 4. | Nairobi HCCC 332/2014 | EACC =V= Justus Ogutu Arodi | Recovery of LR No. 25433 wrongfully excised from Ngong Road Forest. | Pending Service of Summons |
| 5. | Nairobi HCC ELC 310/2014 | EACC VS Njuguna Macharia | Recovery of LR No. 209/14712 situated along Waiyaki Way, Nairobi which was hived off from Plot No. 209/9323 which constitutes Government Land reserved for the establishment of an Orthopaedic Clinic. | Pending hearing |
| 6. | Mombasa ELC 218/2013 | EACC –v- Boniface Katana Kilaveri & Another | Suit for recovery of KPA land within port MI/XLVIII/145 & 146 | Notice of appeal filed by 1st Defendant in respect of Ruling Challenging EACC locus. |
| 7. | Mombasa ELC 97/2014 | EACC –v- Lekyo Tours & Another | Suit for recovery of government house in Bamburi | Pending hearing |
| 8. | Nyeri ELC NO. 133/2013 | Robert K. Wachira –VS- EACC | Counterclaim of Suit challenging the restriction placed on parcel of land No. Nyeri/ Municipality Block 1/1152 | Pending hearing |
| 9. | Nyeri ELC NO. 200/2013 | EACC –VS- Leah Cherotich & Justus Wangombe | Suit filed in recovery of Laikipia/ DaigaUmande/ Block 4 (Nyariginu)/811, was reserved for a Water Point | Pending hearing |
| 10. | Nyeri ELC NO. 202/2013 | EACC –VS- Julius N. Gatamu & Stephen Mburu | Suit filed for recovery of Laikipia/ DaigaUmande/ Block 4 (Nyariginu)/498, was reserved for Tree nursery | Matter concluded |



| S/No. | Case Number | Parties | Nature of Claim | Current Status |
|-------|------------------------|--|--|-----------------|
| 11. | Nyeri ELC NO. 201/2013 | EACC –VS- Samuel W. Gituku & Justus Wangombe | Suit filed for recovery of Laikipia/ DaigaUmande/ Block 4 (Nyariginu)/499, was reserved for a Dispensary | Pending hearing |
| 12. | Nyeri ELC NO. 31/2014 | EACC -VS- Wellington Weru & Lawrence Warachi | Suit for recovery of 1. Laikipia/ DaigaUmande/ Block 4 (Nyariginu)/495 which had been reserved for a polytechnic | Pending hearing |

3.4 Constitutional References, Judicial Review Applications and Other Cases filed against the Commission

The Commission defended constitutional references, judicial review applications and other civil cases filed against it. Some of the cases are highlighted Table 13.

Table 13: Constitutional References, Judicial Review Applications and Other Cases

| S/No. | Case Number | Parties | Relief Sought | Status |
|----------------------------------|---|--|--|---------------------|
| Constitutional References | | | | |
| 1. | Nyeri Constitutional Petition No. 1 of 2014 | Michael Gitahi =vs=Eacc & 2 others | An order to restrain EACC and other defendants from prosecuting the Applicant. | Pending hearing |
| 2. | Nairobi Petition No. 73/ 14 | Prof. Njuguna Ndungu=v= EACC, DPP & 2 others | Petition and notice of motion application filed under certificate of urgency seeking to restrain EACC from charging the Petitioner in court. | Pending hearing. |
| 3. | Nairobi HC. Petition 177 of 2014 | The County Government of Meru =v= EACC | Petition seeking to bar EACC from conducting investigations. | Petition dismissed. |
| 4. | Nairobi High Court Petition no, 230/2014 | Justus Ateri Malunda & another=vs=Eacc & DPP | Petition seeking stay of summons issued to the 1st Petitioner to take plea and answer to the charges | Pending hearing. |
| 5. | Nairobi Industrial Petition 33 of 2014 | Okiya Omtata & another=v=Kemri Board of Management , Eacc & others | Application seeking conservatory orders restraining the respondent from dismissing the 1st& 2nd respondent | Pending hearing. |



| S/No. | Case Number | Parties | Relief Sought | Status |
|-------|--|---|---|---|
| 6. | Nairobi Petition No. 409 of 2013 | James Oswago =v= EACC | Petition seeking to bar EACC from investigating the petitioners actions & impropriety at IEBC | Petition dismissed |
| 7. | Nairobi Petition 495/2013 | Clinix healthcare limited & 2 others=vs=EACC & DPP | Petition seeking to Bar EACC from charging the directors of Clinix Healthcare on account of loss of funds at NHIF | Petition dismissed |
| 8. | Nairobi Petition 375/2013 | David Kipruto Chingi & another=vs=DPP , EACC & another | Petition seeking to EACC from charging the directors of Meridian Medical Center on account of loss of funds at NHIF | Petition dismissed |
| 9. | Nairobi Petition 539/2013 | Kelvin Mureithi=vs=Multimedia university of kenya ,Eacc & others | A Petition seeking to restrain Multimedia University College from recommending the appointment of Prof Walter Odhiambo as the vice chair | Concluded. |
| 10. | Nairobi Petition No. 200 of 2014 | Okiya Omtatah Okoiti= vs= The Speaker Nairobi City County Assembly & others | Petition seeking to prohibit Members of the Nairobi City County Assembly from introducing into the County Assembly the motion to censure the Executive Committee Member, Roads, Public Works and Transport for Nairobi City County. | Concluded. Orders sought by the Petitioner were spent. EACC ordered to investigate the allegations of bribery with a view of taking appropriate action. |
| 11. | Nairobi High Court Petition No.66 of 2012, | Joshua Kulei vs.DPP & Others. | Petition sought to have the Petitioner's prosecution in Nairobi Anti-Corruption Court Criminal Case No.5 of 2010 declared unconstitutional | The petition was dismissed |
| 12. | Mombasa Misc. Appl. no. 43/2013 | Hadija Mlao Mlingo -v- EACC & DPP | Stay and/or termination of prosecution in AC 10/2011 | Matter Dismissed |
| 13. | Mombasa Hc. 28/2014 | Bruce Joseph Bockle -v- Coquero Ltd & Others | Declaration that MN/ IV/491 & 492 allocated to Respondents unconstitutionally | Pending hearing. |





| S/No. | Case Number | Parties | Relief Sought | Status |
|-------------------------------------|---|--|---|------------------------------|
| 14. | Nyeri HC Const. Petition No. 5 of 2013 | Susan Mbogo Nganga –VS- EACC | Suit challenging the institution of Nyeri CMC Anti-Corruption Case No. 13 of 2009 | Pending hearing. |
| 15. | Nyeri Const. Petition No. 1 of 2014 | Michael Gitahi –VS- EACC, DPP & SPM, Mukurwe-Ini Court | Suit filed challenging Criminal charges against applicant at Mukurwe-ini | Pending hearing. |
| Judicial Review Applications | | | | |
| 1. | Nairobi JR Misc. Application No. 17 of 2014 | Margaret L. Kariuki =v=The speaker county assembly of Embu & 3 others | Judicial Review application for orders of certiorari quashing the decision of the Embu County assembly | Pending hearing. |
| 2. | Nairobi JR. No. 87 of 2014 | Horsebridge Networks Limited =v= Central Bank of Kenya & EACC | EACC Enjoined as interested party in the suit to safeguard the Interest of central bank | Pending hearing. |
| 3. | Nairobi JR Misc. Appl. No 192 of 2014 | Erastus Gatebe=vs=Kenya industrial development research institute, AG & others | Judicial Review application seeking orders of certiorari & prohibition | Pending hearing |
| 4. | Nairobi JR. Misc. 255 of 2014 | Midlands limited & another =V= DPP, EACC & Another | Judicial Review application seeking to stop proceedings in the lower court against the Applicant Amos Kimunya. | Pending hearing. |
| 5. | Mombasa JR Misc. Appl. No 8 of 2014 | R –v- KEBS & Others ex parte car Importers Association | Prohibition/Quashing of decision to crush over age vehicles | Pending Ruling on 29.8.2014. |
| 6. | Mombasa JR Misc. Appl. No 8 53 of 2013 | R –v- DPP & EACC ex parte Daniel Masake Kitui | Stay and/or termination of prosecution in AC 8/2011 | Pending hearing. |
| Other Cases | | | | |
| 1. | Nairobi Private Prosecution Case No 3 of 2014 | Leonard Gethoi Kamweti=vs=Mohammed Hassan & Munir Sheikh Ahmed | Application seeking leave to institute a private prosecution against Mohamed. Abdurahiman Hassan & Munir Sheikh Ahmed | Pending hearing. |
| 2. | Nairobi Industrial Court Cause No. 2 of 2014 | Kenya Council of Employment& Migration Agency=vs=National Police service commission & 9 others | Claim to restrain the Respondents from interfering with matters filed. | Pending hearing |



| S/No. | Case Number | Parties | Relief Sought | Status |
|-------|--------------------------------------|--|---|------------------|
| 3. | Nairobi High Court ELC. No. 481/2014 | Garissa County=vs=The postal corporation of Kenya ,Eacc & others | Suit seeking preservatory orders against Garissa Mun, Block i/95 | Pending hearing |
| 4. | Nairobi High Court Elc No. 49/2014 | Paul Kioi Pulei & 5 others =vs= James Ongera Bwatati , Eacc & others | Notice of motion application filed under certificate of urgency for an order of mandamus to compel the Chief Land Registrar and/or the National Land Commission to release to the Plaintiff's their withheld certificates of Lease. | Pending hearing |
| 5. | Nyeri ELC NO. 133/2013 | Robert K. Wachira –VS- EACC | Suit challenging the restriction placed on parcel of land No. Nyeri/ Municipality Block 1/1152 | Pending hearing. |
| 6. | Nyeri HC Misc. App. No. 337/13 | Peterson Murage –VS- EACC, District Land Registrar & AG | Application for orders for removal of restriction on Nyeri Municipality/ Block II/ 643 | Matter concluded |

3.5 Investigatory Applications

The Commission filed applications and obtained warrants to investigate **49** bank accounts in respect of persons or associates of persons suspected of engaging in corruption, economic crime or related offences

3.6 Recommendations for Legislative Reform

The Commission made proposals for amendments to various anti-corruption laws, towards strengthening the anti-corruption legal framework. The proposed amendments are intended to be implemented under the Statute Law (Miscellaneous Amendments) Act, 2014. The laws on which proposals were made include the following;-

i) Ethics and Anti-Corruption Commission Act, No 22 of 2011

The proposals were towards strengthening of the Act focused on among other issues, ensuring clarity on the mandate of the Commission as provided for under section 11.

ii) Anti-Corruption and Economic Crimes Act, No. 3 of 2003

The proposed amendments mainly focused on harmonizing its provisions with the changes introduced by the Constitution 2010, especially to take into account the structure of the Commission compared to the defunct KACC.

iii) Leadership and Integrity Act, 2012

This Act was enacted in 2012 to establish procedures and mechanisms for effective administration of chapter six of the Constitution, among other objectives set out in Article 80 of the Constitution. As the principal agency mandated to ensure compliance with the requirements under chapter six, the Commission identified several weaknesses inherent in the Act, notably on overlap of enforcement jurisdiction.





iv) Public Officer Ethics Act, No.4 of 2003

The Act mainly provides for matters relating to ethics in public service. With effect from 2010, issues of ethics and integrity were vested in the EACC, hence the need to align the Act with the constitutional provisions. The Act also establishes responsible commissions to be responsible for various classes of public and state officers for purposes of enforcement of the requirements under the Act, but it had not factored the public offices established under the Constitution 2010 especially under the devolved government structure.

v) Recommendations to strengthen the Public Procurement and Disposal System

Under section 134 of the Public Procurement and Disposal Act, 2005, the Public Procurement Oversight Authority (PPOA) is mandated to convene consultative fora with stakeholders in the public procurement system, with a view to making recommendations on improvement of the public procurement and disposal system in the country. As one of the major stakeholders in the procurement and disposal process, the Commission participated and made recommendations on how the current public procurement and disposal system can be improved, through amendment of the Public Procurement and Disposal Act, the Public Procurement and Disposal Regulations among other measures.



Chapter 4:

Corruption Prevention

4.1 Introduction

The Commission is mandated to implement corruption prevention measures through systems review, public education, advisory services, promotion of standards and best practices and forging partnerships and coalitions.

4.2 Systems Review

The commission conducted 2 systems review and a follow up to establish the status of implementation of a previous systems review.

i) Examination into Kenya Institute of Curriculum Development (KICD)

The Commission finalized an examination into the systems, policies, procedures and practices of the KICD focusing on financial management, supply chain and human resources at the Institute. Table 14 provides a summary of findings and recommendations from the examination.

Table 14: Summary of Examination Findings and Recommendations

| S/No. | Finding | Recommendation |
|-------|---|---|
| 1. | The Institute did not have job descriptions for staff leading to lack of clarity of roles and responsibilities. | Ensure that all employees are issued with written job descriptions. |
| 2. | The institute did not have a scheme of service for its various cadres of staff leading to unspecified career progression on the job. | Ensure that an appropriate scheme of service for staff is operational. |
| 3. | The Institute did not have structured procedure for recruitment of casual employees leading to contravention of the employment Act which provides for continuous employment of casuals for a period of 3 months only. | Develop and incorporate casuals' recruitment procedures into the HR policies and procedures of the Institute. |
| 4. | The institute did not have proper policy guidelines on engagement of interns leading to irregularities in the attachment process. | Develop and implement a written policy on engagement of interns. |
| 5. | The Institute uses draft financial management manual which have not been approved by the Council. | The draft financial management manual should be approved by the Council and staff sensitized on it provisions |
| 6. | The Institute budgetary control procedures were not adhered to leading to over expenditure. | Ensure budget control procedures at adhered to. |



| S/No. | Finding | Recommendation |
|-------|--|---|
| 7. | The Institute did not have a consolidated fixed assets register. | Develop and maintain a consolidated fixed assets register. |
| 8. | The Institutes' supply chain management manual was inconsistent with the PPDA 2005 and Regulations 2006. | Review the Procurement and Disposal Procedures manual to ensure that it is consistent with the PPDA, PPD Regulations and other General manuals and guidelines issued from time to time by the PPOA. |

i) Examination of National Cereals and Produce Board (NCPB)

The Commission finalized an examination into the systems, policies and procedures of work and submitted the Report to the Board. In addition, a follow up was undertaken to review the extent of implementation of the recommendations.

ii) Assessment of implementation of Systems Review Recommendations to Nairobi Water and Sewerage Company

The Commission assessed progress of implementation of the recommendations provided to the Nairobi Water and Sewerage Company following an examination of systems, policies, procedures and practices carried out at the Company in the period September to December 2010. The progress made include:

- Proposals to the Commission on Implementation of the Constitution (CIC) on areas of strengthening the Water bill, 2013;
- Piloting an automated system of capturing coordinates for new meters by use of smart phones to address the historical problem of data cleaning, accounting and revenue collection;
- Appointment of the Company Board in March 2011 thus enhancing corporate governance;
- Service Provision Agreement with Athi Water Services Board (AWSB) in place; and
- Enhanced human resources management - a policy on movement of staff personal files to the next station upon transfer was introduced.

4.3 Advisory Services

The Commission provided advisories to public institutions under the performance contracting framework, county governments, corruption risk assessment and on Government Payment System (G-pay) and Integrated Financial Management Information System (IFMIS) to the National Treasury.

i) Corruption Prevention Advisory programme for Counties

The Commission launched a corruption prevention advisory programme for County Governments to support the establishment of laws, policies, systems and procedures of work that are intolerant to corrupt practices. A total 14 counties were covered in the advisory programme as indicated in Table 15. The advisories focused on:

- Mapping out corruption prone areas in operational systems and procedures;
- Developing strategies and measures to address corruption and unethical practices in operational systems and procedures; and
- Developing and enforcing codes of conduct, anti-corruption policy and anti-corruption action plan.



At the end of advisory programme, respective county governments signed an action plan for implementation of anti-corruption measures. By the end of the reporting year, Uasin Gishu and Bungoma counties had developed and submitted their respective Anti-Corruption Policies to the Commission for review.

Table 15: Counties covered in Advisory Programme

| S/No. | County | Date of Advisory |
|-------|-----------------|----------------------------|
| 1. | Bungoma | 27th – 28th January, 2014 |
| 2. | Uasin Gishu | 30th – 31st January, 2014 |
| 3. | Meru | 3rd – 4th February, 2014 |
| 4. | Narok | 6th – 7th February, 2014 |
| 5. | Kakamega | 10th – 11th February 2014 |
| 6. | Nairobi | 12th - 13th February, 2014 |
| 7. | Machakos | 3rd – 4th March, 2014 |
| 8. | Taita Taveta | 13th – 14th March, 2014 |
| 9. | Kiambu | 20th – 21st March, 2014 |
| 10. | Nyandarua | 26th – 27th March, 2014 |
| 11. | Elgeyo Marakwet | 16th – 17th April, 2014 |
| 12. | Lamu | 22nd - 23rd April, 2014 |
| 13. | Nyamira | 21st – 22nd May, 2014 |
| 14. | West Pokot | 11th – 12th June, 2014 |

The Advisory noted a number of challenges faced by county governments in implementing their programmes and mainstreaming anti-corruption, ethics and integrity. These include:

- a) Threats of impeachment of the executive by Members of County Assembly (MCAs);
- b) Lack of county specific anti-corruption legislation, unethical practices occasioned by inheriting staff of the former local authorities;
- c) Lack of county assets register;
- d) The issue of ghost workers and ghost projects; and
- e) Lack of capacity for planning, budgeting, implementation and monitoring and evaluation of programmes and activities.





The EACC Chairperson, Mr. Mumo Matemu, MBS with Governor of Uasin Gishu County, Mr. Jackson Mandago during the Uasin Gishu County Prevention Advisory programme held at the County from 30th – 31st January 2014.



Commissioner Professor Jane Onsongo (standing) with Machakos County Deputy Governor Mr. Bernard Kiala (seated) during the Machakos County Advisory programme held at Machakos Garden Hotel, Machakos from 3rd – 4th March 2014.

ii) G-Pay and Integrated Financial Management System (IFMIS)

The Commission provided an advisory to the National Treasury on G-Pay and IFMIS with the aim to enhance public financial management as it relates to the payment systems being used by the National Treasury in the disbursement of funds to public institutions. During the advisory, the following issues and malpractices were identified for action:

- a) Irregular withdrawals through the G-Pay system facilitated by weak internal control systems and lack of effective supervision; and
- b) Complexity of IFMIS and limited understating of the system by many users across the public service. Only a few officials of the National Treasury understood the system well and were able to use it effectively;

iii) Corruption Risk Assessment (CRAs)

The Commission undertook 84 CRAs in various institutions focusing on the provisions of the corruption eradication indicator for the 10th Cycle of the performance contracting framework in the public service. The CRAs identified and mapped out corruption prone areas which informed the development of strategies to mitigate the identified risks. In addition, the Commission developed CRA guidelines to support institutions undertake CRAs on their own.



KenTrade management team led by the CEO Alex Kabuga (seated middle) with EACC Prevention team led by Susan Kinyeki (seated left) at a Corruption Risk Assessment Advisory for KenTrade held at Utalii Hotel, Nairobi from 26th -27th November 2013.

iv) Advisory to the Mombasa Law Courts

An advisory was provided to the Mombasa Law Courts on addressing corruption and unethical practices within its operations. The advisory also entailed an assessment of the court's systems to identify corruption prone areas. A report containing recommendations on addressing corrupt practices at the Mombasa Law Courts was developed and submitted to the Judiciary for implementation.

v) Monitoring of the Corruption Eradication Indicator in the Performance Contracts of Public Institutions

A total of 258 Public Institutions submitted their Corruption Eradication Indicator returns to the Commission for review, analysis and feedback. Majority of the Institutions were advised on how to develop various anti-corruption and governance instruments and enhancing implementation of the actions under the indicator. In addition, the Commission participated in the development of the 11th cycle guidelines for the implementation of the anti-corruption indicator for the financial year 2014/2015.

4.4 Education, Training and Public Awareness

Under public education, the Commission carried out: county based outreach clinics; training of public officers within the framework of performance contracting; development and dissemination of IEC materials; mainstreaming anti-corruption content in formal education system; promotion of integrity clubs in schools; and training of various interest groups in the education sector and civil society among others.

i) County Anti-Corruption Outreach Programme

The Commission undertook public outreach programme in Lamu, Nyamira and West Pokot Counties. The purpose of this programme was to educate the public on the dangers of corruption and enlist their support in the fight against corruption and unethical practice.

Through this programme, the Commission reached over **600,000** people directly and through media. In addition, 55 corruption reports were received and 100,000 IEC materials disseminated. The outreach programme culminated in a public baraza where the county governments committed to and signed an Anti-Corruption Action Plan for implementation.



Commissioner Prof. Jane Onsongo and H.E. Simon Kachapin Governor West Pokot County flagging off the procession to mark the Anti-Corruption Week in West Pokot County and EACC officers sensitizing the public at one of the stopovers in West Pokot

ii) Education Sector Outreach and Training Programme

The Commission sensitized 72,078 pupils and students from 101 primary and secondary schools in 9 counties to promote formation of Integrity Clubs and value-based character in schools. Table 16 provides a total number of students and schools covered in the programme per county.

Table 16: Sensitization Programs Undertaken in Schools by County

| County | No. of Schools | No. of students sensitized |
|--------------|----------------|----------------------------|
| Uasin-Gishu | 13 | 7,300 |
| Kericho | 14 | 9,596 |
| Busia | 13 | 11,596 |
| Bungoma | 11 | 10,500 |
| Nyamira | 9 | 4,385 |
| West Pokot | 10 | 6,824 |
| Machakos | 5 | 2,708 |
| Embu | 4 | 2,200 |
| Garissa | 22 | 16,969 |
| Total | 101 | 72,078 |

In addition, the Commission trained 451 managers in the education sector. This comprised County Directors of Education (CDE) and heads of schools as shown in Table 17.

Table 17: Sensitization of Education Managers by Sub-Sector

| Category | Target group | No. trained |
|-------------------|--------------|-------------|
| Primary Schools | School Heads | 172 |
| Secondary Schools | School Heads | 132 |
| CDE | CDE | 45 |
| Primary Schools | KEPSHA | 102 |
| Total | | 451 |



EACC Officers sensitizing students from St. Anne Kisoko Girls School in Busia County and pupils from Bungoma DEB Primary School in Bungoma County.

iii) Training of University Students and their Leaders

Through this programme, over 300 students and staff from the University of Nairobi were trained on corruption prevention and anti-corruption legal framework; 250 student leaders from 10 private and public universities trained on ethical leadership; 76 students from Garissa University sensitized on ethics and integrity; and approximately 1,000 students and 50 staff from Rongo University trained on anti-corruption and ethics.

iv) Training of Integrity Club Leaders and Hosting Integrity Club Forums

The Commission trained 45 Integrity Club Patrons from Kericho, Uasin Gishu, Busia and Bungoma Counties. Similarly, the Commission hosted two regional forums for Integrity Club Leaders in Machakos and Embu Counties involving two hundred and four (204) leaders during the reporting period.



Integrity Club Patrons posing for a photo and an EACC Officer making a presentation during the Integrity Club Patrons training held in Kisumu.

v) Formal and Non-Formal Curriculum Initiatives

The Commission co-sponsored and participated the Curriculum Review Conference from 28th – 31st January 2014. The participation was geared towards lobbying stakeholders in the curriculum review process to consider mainstreaming anti-corruption content into the formal education system.

In addition, the Commission sponsored the anti-corruption category of 2013 Drama Festival with the aim of propagating anti-corruption messages and content through drama. Towards this end, 250 adjudicators were trained. At the festival, 7,500 IEC materials were disseminated, over 1000 members of the public and 422 school representatives were sensitized during the festival held on 16th-17th April, 2014 in Nyeri.



Some of the pupils performing during the 2014 Kenya National Drama Festivals which was held in Nyeri County.

vi) Training of Community Based Anti-Corruption Monitors

A total of 425 members of Ecumenical Centre for Justice and Peace (ECJP) from 17 counties were trained as part of the Community Based Anti-Corruption Monitors programme. The purpose is to empower them with skills to participate in the fight against corruption and unethical practices at the County levels.

vii) Training of Integrity Assurance Officers and CPCs

The Commission trained **90** Integrity Assurance Officers (IAOs) and **499** members of Corruption Prevention Committees (CPCs) as indicated in Table 18 and 19 respectively. The objective of the two trainings was to build capacity of public institutions to prevent corruption and enhance service delivery as well as organizational performance. The IAOs were drawn from 32 public institutions at national and county levels while the CPC members were drawn from 5 national government ministries, 13 state corporations, 4 tertiary institutions and 1 independent commission.

Table 18: Training of Integrity Assurance Officers by Institution

| S/No. | Institution | No. of participants |
|-------|--|---------------------|
| 1. | National Authority for Campaign against Alcohol and Drug Abuse | 2 |
| 2. | Jomo Kenyatta Foundation | 2 |
| 3. | Brand Kenya | 2 |
| 4. | Competition Authority of Kenya | 2 |
| 5. | Postal corporation | 2 |
| 6. | National Oil Corporation | 2 |
| 7. | TARDA | 2 |
| 8. | Kenya School of Government | 2 |
| 9. | Biosafety of Kenya | 2 |
| 10. | Egerton University | 2 |
| 11. | Privatization Commission | 2 |
| 12. | Bukura College | 2 |
| 13. | Kenya Forest Research Institute | 2 |
| 14. | The County Government of Turkana | 2 |
| 15. | Kenya National Highways Authority | 2 |
| 16. | Kenya Literature Bureau | 2 |



| S/No. | Institution | No. of participants |
|--------------|--|---------------------|
| 17. | Ministry of Interior and National Coordination | 2 |
| 18. | Kenya Medical Research Institute | 2 |
| 19. | Kenya Water Institute | 1 |
| 20. | Ministry of Transport | 11 |
| 21. | Agricultural Development Corporation | 4 |
| 22. | Anti-Counterfeit Agency | 2 |
| 23. | Embu University | 3 |
| 24. | Karatina University | 3 |
| 25. | Kenya Vision 2030 | 1 |
| 26. | Kenya Wine Agency | 2 |
| 27. | KETRACO | 4 |
| 28. | Kenya National Bureau of Standards | 8 |
| 29. | Kenyatta National Hospital | 5 |
| 30. | Rongo University | 5 |
| 31. | NACOSTI | 3 |
| 32. | Women Enterprise Fund | 2 |
| Total | | 90 |

Table 19: Number of Corruption Prevention Committee (CPC) Training

| S/No. | Public Institution | No. of Officers Trained |
|---------------------------|--|-------------------------|
| Ministries | | |
| 1. | Ministry of Agriculture, Fisheries and Livestock Development | 38 |
| 2. | Ministry of Education, Science and Technology | 40 |
| 3. | Ministry of Industrialization | 13 |
| 4. | Ministry of Devolution | 26 |
| 5. | Ministry of Defence | 23 |
| Total | | 140 |
| State Corporations | | |
| 1. | Kenya Tea Research Foundation | 20 |
| 2. | National Housing Corporation | 15 |
| 3. | KETRACO | 15 |
| 4. | KEPHIS | 35 |
| 5. | Competition Authority of Kenya | 15 |
| 6. | Privatization Commission | 12 |
| 7. | National AIDS Control Council | 15 |
| 8. | Kenya Pipeline Company Ltd | 20 |
| 9. | Capital Markets Authority | 10 |
| 10. | National Industrial Training Authority | 33 |
| 11. | Geothermal Development Corporation | 16 |



| S/No. | Public Institution | No. of Officers Trained |
|--------------------------------|--|-------------------------|
| 12. | Kenyatta National Hospital | 18 |
| 13. | Brand Kenya Board | 14 |
| Total | | 238 |
| Tertiary institutions | | |
| 1. | Michuki Technical Institute | 25 |
| 2. | Meru Teachers Training College | 28 |
| 3. | Machakos Technical Institute for the Blind | 18 |
| 4. | Meru University of Science and Technology | 35 |
| Total | | 106 |
| Independent Commissions | | |
| 1. | Salaries and Remuneration Commission | 15 |
| Overall Total | | 499 |

viii) Development and Dissemination of Information, Education and Communication (IEC) Materials

Over 90,000 IEC materials made up of simplified anti-corruption laws, anti-corruption religious materials, posters, polo shirts and banners were produced. Out of these, 15,000 IEC materials were disseminated. The Commission also launched the *Manual on the Establishment of Integrity Clubs in Institutions of Learning* on 6th September, 2013 at the Kenya Institute of Curriculum Development. The manual guides schools on setting-up and running of integrity clubs. The overall goal is to inculcate ethics and integrity and catalyze character development among learners in schools. Table 20 provides the number of IEC materials produced by type.

Table 20: IEC Materials Developed

| IEC Material Type | No. Developed |
|---|---------------|
| Simplified ACECA | 10,000 |
| Simplified EACC Act | 10,000 |
| Simplified POEA | 7,000 |
| Simplified Leadership and Integrity Act | 10,000 |
| Anti-Corruption Study Guides | 10,000 |
| Ten Assorted Posters | 50,000 |
| Polo-Shirts | 1000 |
| T-Shirts | 700 |
| Banners | 5 |



EACC Officers disseminating assorted IEC materials during the West Pokot public outreach and Thogoto TTC students display some of the IEC materials disseminated to them.

ix) Sensitization and Awareness

The Commission sensitized and created awareness to 9,490 people drawn from the private, public, faiths and civic society sectors as shown in Table 21. The programme equipped participants with knowledge on anti-corruption, ethics, integrity and good governance issues. The groups covered included the Federation of Women Lawyers (FIDA), Seventh Day Adventist Church (SDA) elders, Anglican Youth leaders and Clergy.

Table 21: General Sensitization on Issues of Anti-Corruption by Sector

| Type of institution | No. of institutions | No. of participants |
|--------------------------|---------------------|---------------------|
| Public | 67 | 6, 340 |
| Private | 3 | 310 |
| Civil society and faiths | - | 2,840 |
| Total | 70 | 9,490 |

The Commission convened a one day Consultative Workshop with the Matatu Owners Association (MOA) and stakeholders of the transport sector on 26th June, 2014 at the Kenyatta Convention Center (KICC). They included the Traffic Police Department and the National Transport Safety Authority. The workshop discussed strategies to address corruption and unethical practices in the sector.

In collaboration with the United Nations Development Programme (UNDP) and UN Office on Drugs and Crime under the United Nations Development Assistance Framework (UNDAF), the Commission trained County Executive Committee members from Migori, Homa Bay, Kisumu, Siaya, Vihiga, Kakamega, Busia, Bungoma, Trans Nzoia and Pokot, Kisii, Nyamira, Bomet, Kericho, Nakuru, Nyandarua, Baringo, Nandi, Nairobi, Machakos, Kajiado, Kiambu, Kitui, Embu, Murang'a Counties.

Chapter 5:

Ethics and Leadership

5.1 Introduction

The Commission is mandated to enforce the provisions of Chapter Six of the Constitution on leadership and integrity. To facilitate these, the Leadership and Integrity Act 2012 was enacted to provide mechanisms for enforcement of Chapter Six of the Constitution. In addition, the Commission is mandated to develop and promote standards and best practices in integrity and anti-corruption and develop and enforce codes of conduct.

5.2 Ethics and Leadership Development

The Ethics and leadership programmes encompassed development of policies and regulations to operationalize the Leadership and Integrity Act 2012, development and issuance of leadership and integrity registers, development and review of leadership and integrity codes and codes of conduct and ethics for state and public officers, advisories and notices, promotion of ethical standards and integrity and development and dissemination of LIA awareness information.

i) Development of policies and regulations

The Commission developed draft Leadership and Integrity Regulations and submitted to Parliament for consideration for approval.



Consultations with CIC on the Draft Leadership and Integrity Regulations 2014 held on 6 March 2014



The Highlights of the draft Regulations include the following:

- a) Prescribe the limitations on the types of gifts that a State Officer can receive (Section 14, LIA)
- b) Prescribe for the maximum value of gifts. (section 14)
- c) Prescribe mechanisms for the receipt, collection, storage & disposal (Section 14)
- d) Provide a mechanism & procedure for the opening, maintaining & publicizing of registers of conflict of interest (Section 16)
- e) Prescribe the grounds & conditions for opening, registering, maintaining, controlling & closing bank accounts outside Kenya (Section 19)
- f) Provide for the regulation on lodging of complaints, investigation & disciplinary processes and mechanisms on the enforcement of the Code under (Section 42)

ii) Development of Leadership and Integrity registers

To enable enforcement of LIA provisions, the following 12 registers were developed as specified in the Regulations;

- a) Gift declaration form.
- b) Register of gifts received.
- c) Register of gifts given.
- d) Declaration of Conflict of Interest form.
- e) Register of Conflict of interest.
- f) Declaration of conflict of interest by members of Senate, National and County Assemblies form.
- g) Register of conflict of interest for Senate, National and County Assemblies.
- h) Application form for inspection of the Register of Conflict of Interest
- i) Application form for approval to open and operate a Bank account outside Kenya
- j) Authority to verify Bank account details form.
- k) Commitment to the General Leadership and Integrity Code form.
- l) Commitment to the Specific Leadership and Integrity Code form.

iii) Review of Specific Leadership and Integrity Codes

The Commission reviewed 2 specific leadership and integrity codes for state officers in the Ministry of Devolution and Planning and the Registrar of Political Parties. In addition, the Commission also reviewed its own code to be in line with the provisions of LIA. In addition, the Commission reviewed codes of conduct for 25 public institutions within the framework of performance contracting in the public service. Table 22 provides a list of public institutions advised.

Table 22: Public Institutions support in the development and review of Codes

| S/No. | Public Entities |
|-------|---|
| 1. | KICC |
| 2. | Department of Immigration |
| 3. | Competition Authority of Kenya |
| 4. | East Africa Portland Company Ltd |
| 5. | Tea Board of Kenya |
| 6. | NGO Council |
| 7. | Women Enterprise Fund- Advisory board |
| 8. | IDB Capital Limited |
| 9. | KETRACO |
| 10. | Ministry of Labour & Social Services |
| 11. | Ministry of Agriculture Livestock and Fisheries |



| S/No. | Public Entities |
|-------|--|
| 12. | Tea Research Foundation of Kenya |
| 13. | Geothermal Development Company |
| 14. | Numerical Machining Complex Limited |
| 15. | Mandera County Government |
| 16. | Nairobi Technical Training Institute |
| 17. | Ministry of Energy and Petroleum |
| 18. | Ministry of Transport and Infrastructure |
| 19. | Kitui Teachers Training College |
| 20. | Teachers Service Commission |
| 21. | Kenya Maritime Authority |
| 22. | Privatization Commission |
| 23. | Ministry of Education Science and Technology |
| 24. | Ministry of Education Science and Technology |
| 25. | Kenya Airports Authority |

vi) Notices on Implementation of LIA

The Commission issued notices to various Commissions, independent offices and county government on their responsibility to implement the provisions of the leadership and integrity act 2012 with specific focus on the following areas:

- (i) Opening and operating bank accounts outside Kenya for state and public officers to the following public entities:
 - Public officers in Kenya's foreign mission through the Principal Secretary, Ministry of Foreign Affairs; and
 - All state and public officers through the Chief of Staff and Head of Public Service (other than the Diplomatic staff)
 - Forty seven (47) County Governments
 - Commissions and two independent offices
- (ii) Aligning codes of conduct with provisions of part II of LIA 2012.
- (iii) Adherence to the provisions of the Public Finance Management Act 2012
- (iv) Provisions of Section 26 of LIA on gainful employment.
- (v) The legal requirement for declaration of income, assets and liabilities for public officers.

In addition, the Commission provided technical support to 7 public institutions and 3 private institutions on the development and management of conflict of interests and gift registers. The Commission also processed 6 applications for operating bank accounts outside Kenya. The Commission also provided technical support for development of employee suitability assessment tools for the Kenya Revenue Authority and the NGO Council.



5.3 Ethics Monitoring and Compliance

Ethics monitoring and compliance deals with enforcement of ethical standards set out in the leadership and integrity Act 2012 as well as processing request for background checks on integrity for persons seeking appointive positions in the public service.

i) Reports on Violation of Codes of Ethics

A total of 75 reports on violation of codes of ethics were received. Of these, 10 cautions were issued to public entities in regard to various ethical breaches and misconduct, 12 were referred to other public entities for action, 5 are undergoing investigations, 3 were recommended for no further action while the rest are pending.

ii) Background Checks

The Commission received and processed requests for background checks on integrity for applicants seeking various appointive positions in the public service. The requests were from: the Public Service Commission; Public Procurement Oversight Authority; Various County Governments; the National Police Service Commission; the Judicial Service Commission; the Office of the Director of Public Prosecutions and the Teachers Service Commission.



Chapter 6:

Partnerships, Networks and Coalitions Against Corruption

6.1 Introduction

The Commission is mandated to forge partnerships, networks and coalitions in the fight against corruption and promotion of ethics and integrity. The Commission forged strategic partnerships with a number of institutions as stated below.

6.2 Kenya Leadership and Integrity Forum

The Commission supported the Kenya Leadership and Integrity Forum (KLIF) in the implementation of National Anti-Corruption Plan (NACP). The Key activities included:

i) Development of the Kenya Integrity Plan

The process of developing the Kenya Integrity Plan (KIP) which is a successor to the National Anti-Corruption Plan (NACP) commenced during the year under review.



KLIF stakeholders pay a courtesy call to the West Pokot Governor



Participants at the County Leadership and Integrity Forum in West Pokot County

ii) Commemoration of the International Anti-Corruption Day

The International Anti-Corruption Day was commemorated on 9th December 2013 in six counties with the main event being held Nakuru County. The other counties were Mombasa, Kisumu, Nyeri, Garrisa and Uasin Gishu. The twin themes of the day were “*Integrity my responsibility*” and “*Uadilifu ni maendeleo*”. The main event Nakuru attracted over 3,500 participants while the other venues attracted almost a similar number of participants. During the commemoration and the build-up activities towards the main event, the Commission was able to raise public awareness and understanding of corruption; unite efforts of stakeholders as government, business, civil society and the public in the fight against corruption; and voice out the message of “NO TO CORRUPTION” in all the spheres of the Country. Key activities marking the week included:

- i) Live television interviews featuring EACC management and other stakeholders. On 3rd December, the Kenya Television Network (KTN) breakfast show featured the Chief Executive officer and Secretary of EACC; on 4th December Nation Television (NTV) Morning Show featured the Ag. Director of the National Anti-Corruption Campaign Steering Committee (NACCSC); on 6th December Citizen Breakfast Show featured the Chairman EACC, Chief Executive Officer Transparency International Kenya Chapter; and on 7th December Citizen Television evening weekend News featured the Nakuru County Governor on the Governor’s Seat section.
- ii) Radio interviews conducted in various media houses. On the 6th December Citizen Kiswahili Radio featured Commissioner Professor Onsongo of EACC, Bakari Chemaswet of SUPKEM and a representative of Transparency International. On the same day, Radio Amani Nakuru and Radio Victoria in Kisumu hosted interactive sessions with EACC staff. In Nyeri, Rware FM conducted a radio talk on the morning of 9th December where the importance of the event stressed and people were invited to attend.

- iii) An outreach programme was carried out in Nakuru from 3rd to 8th December. During the outreach the EACC Mobile office received about 22 corruption reports and complaints and members of the public took the opportunity to submit Vetting and Clearance Forms. These forms were downloaded from the Commission Website, duly filled and stamped as per the procedure.
- iv) A newspaper supplement featuring EACC, KLIF, TI, Attorney Generals and Department of Justice, Kenya Private Sector Alliance, NACCSC and the message from the United Nations Secretary General was placed in the Nation and East African Standard Newspapers. The Agencies urged Kenyans to take a collective stand against corruption and to foster a culture of integrity and good governance in order to accelerate economic growth.



Nakuru County Governor Kinuthia Mbugua addressing the participants



Mr. Mumo Matemu, MBS, Chairperson of the Ethics and Anti-Corruption Commission addressing participants

6.3 Other forms of Partnerships

i) Memoranda of Understanding (MOUs)

The Commission entered into Memorandum of Understanding with 3 institutions as indicated in Table 23. The MOUs are aimed at enhancing collaborations and partnership on combating and preventing corruption in specific institutions and sectors.

Table 23: Memorandum of Understanding between EACC and Other Institutions

| S/No. | Institution(s) | Date signed |
|-------|--|-------------|
| 1. | Kenya Revenue Authority (KRA) | 01/11/ 2013 |
| 2. | The Association of Professional Societies in East Africa (APSEA) | 19/11/2013 |
| 3. | Nairobi City County Government | 16/12/2013 |

ii) Partnerships

The Commission partnered with various public and private institutions in the fight against corruption. Table 24 highlights the partnership forged.

**Table 24: Partnerships**

| Nature of partnership | Stakeholder | Implementation status | Output |
|--|--|---|--|
| Mainstreaming integrity in national Strategy for Reducing Emission from Deforestation and Forest degradation (REDD+) | Ministry of Environment, Water & Natural Resources | Publishing of 'A Corruption Risk Assessment report for REDD+ | Harmonization of corruption reporting mechanisms, formation of a taskforce on grievance and redress, and development of a code of ethics for REDD+ implementers. |
| Enhancement of integrity and ethics in public sector institutions | Ministry of Devolution and Planning | Developed 2014/2015 11th Cycle guidelines on corruption eradication indicator | <ul style="list-style-type: none"> • Guidelines development • Feedback reports provided • Institutions assessed and advised |
| | Other Public Institutions | Facilitated the development of anticorruption policies in: Ministry of Agriculture, Livestock and Fisheries; Kenya Ports Authority; Numerical Machine Complex; Ministry of Energy and Petroleum; Ministry of Industrialization and Enterprise Development; and KenGen | Anti-corruption polices developedw |

Chapter 7:

Institutional Capacity Building

7.1 Introduction

The Commission continued to efficiently utilize its financial human and physical resources in implementing its mandate. This section outlines activities undertaken in the reporting period.

7.2 Financial Resources

During the reporting period, the Commission was allocated a total of Kenya Shillings 1,099,066,500 in the Printed Estimates to finance its operations. The allocation comprised Kenya Shillings 1,045,066,500 and Kenya Shillings 54,000,000, which were factored in the Budget Estimates as Recurrent and Development Votes respectively. These allocations were later increased in the Supplementary Estimates to Kenya Shillings 1,245,066,500 and factored in the Recurrent Vote. The Commission had no allocation under the Development Vote in the Supplementary Estimates.

a) GOK Recurrent Funds

All financial resources spent by the Commission over the reporting period were funded by the Government of Kenya. From an allocation of Kenya Shillings 1,245,066,500 in the Supplementary Estimates for 2013/14 Financial Year, the Commission spent a total of Kenya Shillings 1,164,960,661 hence leaving a balance of Kenya Shillings 80,105,839.

b) GOK Development Funds

The Commission had no allocation under the Development Vote in the Supplementary Estimates for 2013/14 Financial Year.

c) Donor Funds

The Commission was not able to secure Donor funding in 2013/14 Financial Year.

7.3 Human Resource Management

The Commission enhanced its human resource capacity through recruitment, training, and management of staff welfare.

7.3.1 Staff Complement

At the beginning of the reporting year, the Commission had a staff complement of 236. During the year 59 new members of staff joined the Commission while 34 exited. Staff complement stood at 264 at the end of the year.

7.3.2 Job Evaluation Report

The Commission through the Ministry of Devolution and Planning under the Department of Public Service undertook a job evaluation exercise. The Job Evaluation Report was adopted on 3rd September, 2013. The Report comprised a new organization structure, human resource manual and career progression guidelines.

7.3.3 Skills and Competency Development

The Commission trained staff locally and abroad in investigation, prevention, good governance, financial management and other competencies as shown in Tables 25 and 26 respectively.

**Table 25: Staff Training and Development Programs**

| S/No. | Broad Areas of Training/Development | No. of Participants |
|--------------|--|---------------------|
| 1. | Fraud Investigation and Prevention | 31 |
| 2. | Corporate Governance | 6 |
| 3. | Trial Advocacy in Complex Crimes (ToT) | 9 |
| 4. | Criminal Justice Response to Corruption | 3 |
| 5. | Whistle Blower Protection | 5 |
| 6. | Business Process Reengineering | 2 |
| 7. | Continuing Professional Development/Continuing Legal Education | 42 |
| 8. | General Management and Leadership | 50 |
| 9. | Meetings, Workshops and Seminars | 54 |
| 10. | Retirement Preparation | 6 |
| 11. | Foreign Study Visits/Benchmarking Tours | 7 |
| Total | | 215 |

Table 26: Staff Training Abroad

| Name | Date | Venue | Training/Conferences/Seminars/Meetings |
|------------------|---------------------------------|-----------------------|---|
| Abdi Mohamud | 23rd -29th November 2013 | Panama City, Panama | 5th Session of the Conference of Parties to the United Nations Convention Against Corruption |
| Abraham Kemboi | 6th October -13th November 2013 | Tokyo, Japan | Group Training Course –Criminal Justice Response to Corruption |
| Alfred Mwachugha | 18th -22nd November 2013 | Bujumbura, Burundi | Training in Whistle Blower Protection (EAAACA) |
| Antonina K. Bor | 1st – 9th July, 2013 | Bangkok, Thailand | 4th Global Focal Pont Conference on Asset Recovery and StAR Training Workshop |
| Antonina K. Bor | 4th -7th November 2013 | Kigali, Rwanda | 7th EAAACA Executive Meeting and Annual General Meeting |
| Antonina K. Bor | 7th – 11th April, 2014 | Dubai | Fourth Edition of the Annual Investment (AIM) |
| Antonina K. Bor | 24th -25th June 2014 | Hague, Netherlands | Meeting of the Regional Asset Recovery Inter-Agency Network Secretariats |
| Antonina K. Bor | 26th - 28th January 2014 | Laussane, Switzerland | 8th Lausanne Practioners' Workshop on return of Illicit Asset of Politically exposed persons. |
| Ben Murei | 6th -12th October 2014 | Abuja, Nigeria | 6th Interpol Global Programe On Anti-Corruption, Financial Crimes and Asset Recovery |



| Name | Date | Venue | Training/Conferences/ Seminars/Meetings |
|---|------------------------------------|-------------------------------|---|
| Comm. Irene Keino – Vice Chairperson | 1st – 9th July, 2013 | Bangkok, Thailand | 4th Global Focal Point Conference on Asset Recovery and StAR Training Workshop |
| Comm. Irene Keino – Vice Chairperson | 18th-21st February 2014 | Johannesburg, South Africa | The Audit Committees Training |
| Comm. Irene Keino – Vice Chairperson | 22nd - 29th June 2014 | USA | Study visit |
| Comm. Mumo Matemu- Chairperson | 4th -7th November 2013 | Kigali, Rwanda | 7th EAAACA Executive Meeting and Annual General Meeting |
| Comm. Mumo Matemu- Chairperson | 24th-26th February | Kampala, Uganda | East Africa Association of Anti-Corruption Authorities(EAAACA) Extra-Ordinary Meeting |
| Comm. Mumo Matemu- Chairperson | 7th – 11th April, 2014 | Dubai | Fourth Edition of the Annual Investment (AIM) |
| Comm. Mumo Matemu- Chairperson | 16th -17th June 2014 | Arusha, Tanzania | Meeting of the EAC Forum of Anti- corruption Agency |
| Comm. Mumo Matemu- Chairperson | 29th September -6th October 201 | Romania | Study Visit |
| Comm. Prof. Jane Onsongo | 8th – 11th April 2014 | Johannesburg, South Africa | Best Practices and Administration Committees |
| Comm. Prof. Jane Onsongo | 29th September -6th October 201 | Romania | Study Visit |
| David Kaboro | 16th – 20th December 2013 | Dar es Salaam, Tanzania | Meeting of Committee for Harmonization of Anti-Corruption Laws in Uganda |
| David Kaboro | 28th October -1st November 2013 | Dar-es-salaam, Tanzania | Meeting on Harmonisation of Laws Governing the Ant-Corruption Authorities. |
| David Kaboro | 26th – 21st May 2014 | Accra, Ghana | 4th Commonwealth Regional Conference |
| David Too | 16th -17th June 2014 | Arusha, Tanzania | Meeting of the EAC Forum of Anti- corruption Agency |
| David Too | 29th September -6th October 201 | Romania | Study Visit |
| Daniel K. Wamweru | 19th – 23rd August 2013 | Gaborone, Botswana | Tools and Instruments for Measurement and Monitoring Corruption and Anti- corruption |
| Eric Ngumbi | 16th -17th June 2014 | Arusha, Tanzania | Meeting of the EAC Forum of Anti- corruption Agency |



| Name | Date | Venue | Training/Conferences/Seminars/Meetings |
|---------------------------------------|--|-------------------------|--|
| Eva Thingini | 6th October -13th November 2013 | Tokyo, Japan | Group Training Course –Criminal Justice Response to Corruption |
| Godfrey Oyugi | 28th October -1st November 2013 | Dar-es-salaam, Tanzania | Meeting on Harmonisation of Laws Governing the Ant-Corruption Authorities. |
| Godfrey Oyugi | 16th – 20th December 2013 | Dar es Salaam, Tanzania | Meeting of Committee for Harmonization of Anti-Corruption Laws in Uganda |
| Halakhe Waqo – Sec/CEO | 10 th -14 th December 2013 | South Africa/ Botswana | 1st and 2nd Module of Senior Leadership and Management |
| Halakhe Waqo – Sec/CEO | 26th – 21st May 2014 | Accra, Ghana | 4th Commonwealth Regional Conference |
| Halakhe Waqo – Sec/CEO | 29th September -6th October 2013 | Romania | Study Visit |
| Ignatius Wekesa | 18th -22nd November 2013 | Bujumbura, Burundi | Training in Whistle Blower Protection (EAAACA) |
| Jacinta Njue | 18th -22nd November 2013 | Bujumbura, Burundi | Training in Whistle Blower Protection (EAAACA) |
| Jackson K. Mue | 3rd – 5th Dec 2013 | Kuala Lumpur, Malaysia | Conference on Tele-Strategies for proactive investigations |
| Judith Shamalla | 2nd -6th June 2014 | Vienna, Austria | 5th Session of the Meeting of the implementation Review Group of the UN Convention against Corruption. |
| Kipsang Sambai | 4th -7th November 2013 | Kigali, Rwanda | 7th EAAACA Executive Meeting and Annual General Meeting |
| Lucy Kinuthia | 29th September -6th October 2013 | Romania | Study Visit |
| Martin M. Ng'ati | 26th -28th August, 2013 | Vienna, Austria | Open Ended Inter-Governmental Working Group on Prevention of Corruption |
| Martin Obuo | 6th October -13th November 2013 | Tokyo, Japan | Group Training Course –Criminal Justice Response to Corruption |
| Meshack Aluda | 19th – 23rd August 2013 | Gaborone, Botswana | Tools and Instruments for Measurement and Monitoring Corruption and Anti-corruption |
| Michael Mubea – Deputy Secretary/ CEO | 1st – 9th July, 2013 | Bangkok, Thailand | 4th Global Focal Pont Conference on Asset Recovery and StAR Training Workshop |
| Michael Mubea – Deputy Secretary/ CEO | 14th -15th May 2014 | Rome, Italy | Meeting on Identification, Location and Seizure of Assets |



| Name | Date | Venue | Training/Conferences/Seminars/Meetings |
|---------------------------------------|---------------------------------|----------------------------------|---|
| Michael Mubea – Deputy Secretary/ CEO | 22nd - 29th June 2014 | USA | Study visit |
| Michael Nteere | 28th October-20th November 2013 | Beijing, China | Business Process Reengineering (Reconstructing Government Procedures) For Kenyan Civil Servants |
| Mutembe Nyagah | 18th -22nd November 2013 | Bujumbura, Burundi | Training in Whistle Blower Protection (EAAACA) |
| Patrick Owiny | 28th October-20th November 2013 | Beijing, China | Business Process Reengineering (Reconstructing Government Procedures) For Kenyan Civil Servants |
| Purity Gitonga | 18th -22nd November 2013 | Kigali, Rwanda | African Association For Public Administration And Management (AAPAM) 35th Roundtable Conference |
| Robert Bett | 18th-21st February 2014 | Johannesburg, South Africa | The Audit Committees Training |
| Rodgers Akaki | 3rd – 5th Dec 2013 | Kuala Lumpur, Malaysia | Conference on Tele-Strategies for proactive investigations |
| Sophia Muturi | 20th -22nd November 2013 | Kampala, Uganda | 6th East African Procurement Forum |
| Susan Kinyeki | 11th -18th September 2013 | Civil Service College, Singapore | Singapore Anti-Corruption Strategy- Sponsored by Government of Singapore |
| Tom Amoro | 18th -22nd November 2013 | Bujumbura, Burundi | Training in Whistle Blower Protection (EAAACA) |
| Vincent O. Okong’o | 19th – 23rd August 2013 | Gaborone, Botswana | Tools and Instruments for Measurement and Monitoring Corruption and Anti-corruption |
| Wilfred Gituma M’Mutiga | 26th - 28th January 2014 | Laussane, Switzerland | 8th Lausanne Practitioners’ Workshop on return of Illicit Asset of Politically exposed persons. |

7.4 Information Communication Technology

The Commission developed an ICT strategy to guide its automation programme. The strategy focuses on organizational efficiency, ICT infrastructure, information management systems, network communication services, ICT governance framework and business continuity/disaster management. In addition, a policy on Acquisition, allocation, use and Disposal of Personal Digital Assistants (PDA) was developed and operationalized.

The workstation environment was modernized through acquisition of high capacity servers, 190 new computers and peripherals, upgrade on the database management systems to cope with growing data and information needs and extended its network to all the commission offices and the Huduma Centre, GPO Nairobi.



The commission setup network infrastructure for implementation of the Integrated Financial Management Information System (IFMIS) and Government payment system (G-Pay) in compliance with requirement of the National Treasury.

7.5 Corporate Communications

7.5.1 Media relations

The Commission worked with the mass media publicizing its activities through press releases, press conferences; responding to media enquiries; media interviews; informal meetings with editors to keep them abreast and sustain relationships.

7.5.2 Website and Social Media

The Commission interacted with the public through its website and social media which support reporting of corruption and dissemination of information.

The Commission's website received a total of 364,159 hits at an average of 998 hits per day. The highest number of hits came from Kenya at 66.31% followed by United States at 21.97%, among others.

7.6 Research and Transformation

The Commission conducted one national survey on corruption and ethics and one thematic study. The Commission also developed and launched a Strategic Plan for 2013-2018.

7.6.1 Corruption and Ethics Survey 2014

The survey on Corruption and Ethics was conducted from April to June 2014. The main objective of the Survey was to map out service areas prone to corruption and unethical practices at the national and county levels. A total of 7,343 respondents were interviewed in all the 47 counties. Of these, 3,222 were service seekers, 2152 entrepreneurs, 1,072 national government employees and 897 county employees. Data analysis is ongoing.

7.6.2 An Evaluation of Corruption in Public Procurement: A Kenyan Experience

The Commission conducted a thematic Study on corruption focusing on public procurement in Kenya. The main objective of the study was to evaluate areas prone to corruption and assess transparency and accountability in public procurement process. A total of 573 private suppliers and 377 public procurement practitioners were randomly selected and interviewed in 13 sampled counties. In addition, a total of 369 public procurement files were perused in the 13 counties visited. The key findings of the study are:

- i) 50 percent of the respondents (public procurement practitioners) stated that corruption is fairly widespread in public procurement in the country.
- ii) 51 percent of suppliers were aware of PPDA and PPDR in Kenya.
- iii) The level of adherence to public procurement laws and regulations was rated as high among suppliers (43%).
- iv) 37 percent of public procurement officials irregularly provide procurement related information to suppliers.
- v) 46% of suppliers indicated that they know firms either owned directly or through proxy by public officers.
- vi) Most suppliers (76%) do not report corruption and other malpractices in procurement for fear of loss of business.



From these findings, it is recommended that:

- i) Intensify enforcement and compliance of procurement laws and regulations by PPOA and procuring entities
- ii) Enhance training, education and public awareness on public procurement related malpractices
- iii) Streamline access to procurement information
- iv) Address conflict of interest in public procurement

7.6.3 Strategic Plan 2013-2018

The Commission developed and launched the 2013-2018 Strategic Plan in a colorful ceremony presided over by His Excellency Hon. Uhuru Kenyatta, President of the Republic of Kenya and Commander in Chief of the Kenya Defence Forces in the presence of His Excellency Hon. William Ruto, Deputy President of the Republic of Kenya, Hon. Githu Muigai, Attorney General of the Republic of Kenya, Mr. Mumo Matemu, Chairperson of EACC, Members of the Commission among other dignitaries on Tuesday, 18th March 2014 at the Kenyatta International Convention Center (KICC).

The Strategic Plan, whose vision is 'A Corruption free Kenyan society that upholds integrity and the rule of law', is anchored on the Country's government development blue prints: the Kenya Vision 2030, the Constitution, the 2nd MTP (2013-2017), and sectoral and thematic blue prints geared towards promoting socio-economic and political development in the country. The Plan draws from the provisions of Chapter 6 of the Constitution which spell out the principles of leadership and integrity, the Ethics and Anti-Corruption Commission Act (EACCA), No. 22 of 2011, the Leadership and Integrity Act (LIA), No 19 of 2012 and other relevant laws related to anti-corruption, ethics and governance.

The strategic objectives that the Commission will pursue within the plan are:

- i) To reduce prevalence of corruption and unethical conduct;
- ii) To establish, maintain and strengthen partnerships and networks against corruption and unethical practices;
- iii) To promote ethics and good governance
- iv) To mobilize resources for effective and efficient service delivery; and,
- v) To strengthen the policy and legal framework.





His Excellency Hon. Uburu Kenyatta, President of the Republic of Kenya and Commander in Chief of the Kenya Defense Forces officially launches the EACC Strategic Plan (2013 – 2018) in the presence of His Excellency Hon. William Ruto, Deputy President of the Republic of Kenya, Hon. Gitbu Muigai, Attorney General of the Republic of Kenya, Mr. Mumo Matemu, Chairperson of EACC, Members of the Commission among other dignitaries on Tuesday, 18th March 2014 at the Kenyatta International Convention Center (KICC).

7.7 Supply Chain Management

The Commission adopted aggregation and standardization of common user items and use of term contracts for efficiency in the supply chain management. Further, the Commission complied with the provisions of the Public Procurement and Disposal (Amendment) Regulation, 2013 on preference and reservations.

Chapter 8:

National and International Engagements

8.1 Introduction

The Commission participated in national and international engagements. A highlight of the various engagements is discussed hereunder.

8.2 National Engagements

8.2.1 Engagements with Various Stakeholders

The Commission held consultative forums with public, private and civil society institutions to explore avenues for closer collaboration in the fight against corruption. These stakeholders included:

- i) The National Anti-Corruption Campaign Steering Committee (NACCSC);
- ii) The Transparency International (TI) Board of Directors Chairperson and Vice Chairperson;
- iii) The United Nations Development Programme (UNDP);
- iv) The Matatu Owners Association;
- v) County Governments;
- vi) The Commission for the Implementation of the Constitution (CIC);
- vii) The Institution of Engineers of Kenya;
- viii) The National Construction Authority;
- ix) The Media Owners Association; and
- x) The National Council of NGOs.



The Chairman NACCSC, Most Rev. Dr. Eliud Wabukala (seated third left), the Chairperson EACC, Mr. Mumo Matemu, MBS (seated third right) and officials from both institutions during the courtesy call.

8.2.2 Media Awards

The Commission sponsored the Good Governance category of the Media Owners' Association's in the 3rd Annual Journalism Excellence Award (AJEA) on 3rd May 2014.

8.2.3 Corporate Guests

The Commission hosted several delegations and visitors from various institutions. These included:

- i) The Inspector General of the State of Djibouti on 19th May 2014;
- ii) The National Integrity Agency of Romania;
- iii) The British High Commission in Nairobi;
- iv) The Royal Danish Embassy in Nairobi;
- v) The French Embassy in Nairobi;
- vi) The German Agency for International Cooperation (GIZ) Kenya;
- vii) The Department for International Development (DFID) Kenya;
- viii) The United States Embassy in Nairobi;
- ix) The Kenya Medical Training College;
- x) Students and teachers from Aga Khan Junior School who were researching the topic 'Corruption is not an Option' in preparation for an exhibition at their school;
- xi) Sixty five (65) Integrity Club Members from Egoji TTC;
- xii) 16 guests from Trees for Peace Network;
- xiii) 46 students from USIU-Africa; and
- xiv) Members of the Makueni Boys' Integrity Club.



Integrity Club Members from Egoji TTC and pupils and from Aga Khan Junior School visited the Commission.



Mr. Hassan Issa Sultan, Inspector General of the State of Djibouti (seated left), Mr. Mumo Matemu, MBS, Chairperson EACC (seated right) and officials from both the EACC and Inspectorate General of the State of Djibouti during the courtesy call.

8.2.4 Corporate Social Responsibility

The Commission supported the Kenya Red Cross Society in aid of victims of the Westgate Mall attack that occurred on 21st September 2013.



The EACC Chairperson Mr. Mumo Matemu presents a cheque for KShs. 500,000 to the Kenya Red Cross Society Governor Dr. Mahmud Said. Looking on are the KRCS Director - External Relations and Resource Mobilization Ms. Wariko Waita, EACC Commissioner Prof. Jane Onsongo, EACC Secretary/CEO Mr. Halakhe Waqo and EACC Ag. Director – Finance and Planning Mr. Ronald Wanyama.



8.3 International Engagements

8.3.1 Commonwealth Regional Conference for Heads of Anti-Corruption Agencies in Africa

The Commission participated in the 4th Regional Conference for Heads of Anti-Corruption Agencies in Africa was held in Accra, Ghana from 26th to 30th May 2014.

8.3.2 Participation on Conferences, Seminars and meetings

The Commission participated in conferences, seminars and meetings as follows:

- i) The 7th Executive Committee Meeting and 7th Annual General Meeting of the East African Association of Anti-Corruption Authorities (EAAACA) in Kigali Rwanda from 4th to 7th November 2013. The meeting was hosted by the Office of the Ombudsman, Rwanda and the theme was *“Strengthening Regional Cooperation against Corruption in East Africa”*.
- ii) The EAAACA Extra Ordinary Meeting in Kampala, Uganda from 24th to 26th February 2014. The meeting whose theme was *strengthening regional cooperation in the fight against corruption. The EACC Chairperson was elected the President of the association for a two-year term.*
- iii) The 2nd Africa Association of Anti-Corruption Authorities (AAACA) Conference in Accra, Ghana from 14th to 20th September 2013. The objective of the meeting was *strengthening regional cooperation in the fight against corruption.*

Chapter 9:

Challenges

9.1 Introduction

The Commission was faced with various challenges including constraints on policy and legal framework, inadequate human resource capacity, inadequate presence in all regions of Kenya and a slow adjudication of cases.

9.2 Policy and Legal Framework

The lack of a national ethics and anti-corruption policy to guide the fight against corruption affects the efficient and effective implementation of anti-corruption initiatives. The Government through the Attorney General and the Department of Justice, the national Treasury, the Commission and other key stakeholders, is spearheading the development of the National Ethics and Anticorruption Policy. In addition, proposals have been made to strengthen the anti-corruption legal framework.

9.3 Slow Judicial Process and Adverse Court Decisions

Slow adjudication of cases, characterized by frequent adjournments, numerous judicial review applications and constitutional references, affected execution of the Commission mandate on asset recovery. The Commission will continue to parent with the key institutions in the justice system to ensure that corruption cases are expedited.

9.4 Inadequate Capacity

Limited human resource capacity and forensic capabilities curtailed the Commission from fully discharging its mandate of fighting corruption and promoting ethics. The Commission will continue to development the requisite capacity to implement its mandate.

9.5 Demands of the Devolved System of Governance

Implementation of the devolved system of governance, introduced under the Kenya Constitution 2010, has been associated with massive resource flows to the grassroots with the aim of transforming the well-being of the local Kenyan communities. County governments are grappling with the challenges of establishing robust structures and systems to ensure transparency, accountability and good governance. The Commission embarked on advisory programmes to support the counties undertake corruption risk assessments and put in place systems that ensure corruption and unethical practices do not take root and thrive. The programme will continue to ensure county governments stem the challenges of resource management, corruption and unethical practices that are likely to undermine the very principal objects of devolution and attainment of the Vision 2030 priorities.



Chapter 10:

Report of the Auditor General on the Financial Statements for Ethics and Anti-Corruption Commission for the Year End 30th June 2014

10.1 Key Entity Information and Management

(a) Background information

The Ethics and Anti-Corruption Commission (EACC) is a statutory body established under the Ethics and Anti-Corruption Act, 2011. Its mandate is to combat corruption and economic crime through education, prevention, and law enforcement. Although, the Commission is empowered to conduct mediation, conciliation and negotiation, a distinction ought to be made between a power and a function. The commission is headed by a chairman and two members who are responsible for the general policy and strategic direction.

(b) Principal Activities

The principal activities of the Commission are to investigate corruption and economic crimes, recover lost public property and obtain compensation for damaged public property, prevent corruption, conduct public education on the dangers of corruption and promote ethics and integrity.

(c) Key Management

1. The Commission's day-to-day management is under the following key organs:
2. The Office of the Chief Executive Officer
3. Directorate of Investigations and Asset Tracing
4. Directorate of Preventive Services
5. Directorate of Legal Services
6. Directorate of Ethics and Leadership
7. Directorate of Finance and Planning
8. Directorate of Human Resources and Administration
9. The Department of Supply Chain Management

(d) Fiduciary Management

This is vested on the Chief Executive Officer who is the accounting officer and is managing the day to day operations of the commission.

| Designation | Name |
|--|---------------|
| 1. Secretary / Chief Executive Officer (CEO) | Halakhe Waqo |
| 2. Deputy Chief Executive Officer – Technical Services | Michael Mubea |



(e) Fiduciary Oversight Arrangements

1. Finance and Planning Committee
2. Risk and Audit Committee
3. Operations Committee
4. Human Resource and Training Committee

(f) Entity Headquarters

Integrity Center
Valley Road / Milimani Junction
P.O. Box 61130-00200
Nairobi, Kenya

(g) Entity Contacts

Headquarters ,Nairobi
Integrity Centre
Milimani/Valley Road Junction
Po Box 61130-00200, Nairobi
E-maileacc@Integrity.go.ke

(h) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200, Nairobi, Kenya
Kenya Commercial Bank
Milimani Branch
P.O. Box 69695-00400
Nairobi

(i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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





10.2 Commission Members



Mr. Mumo Matemu,
MBS
Chairman



Ms. Irene C. Keino,
MBS
Vice-Chairperson



Prof. Jane K.
Onsongo
Commissioner



Mr. Halakhe D. Waqo,
ACI Arb
Commission Secretary

10.3 Management Team



Mr. Halakhe D.
Waqo, ACI Arb
Chief Executive
Officer



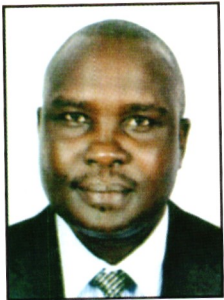
Mr. Michael K Mubea
Deputy Chief Executive
Officer



Mr. Abdi A. Mohamud
Director-
Investigations



Mr. Vincent O. Okong'o
Director – Preventive
Services



Mr. David K. Too
Director – Legal
Services



Ms. Lucy W. Kinuthia
Director – Ethics and
Leadership



Ms. Jennifer Kimani
Director – Finance
and Planning



Dr. Mary Kamaara
Ag. Director -
Human Resources
and Administration



10.4 Chairman's Statement

I welcome this opportunity to endorse another year of great strides by the Commission, as outlined in this report. In exercise of the mandate conferred to the Commission by the Constitution of the Republic of Kenya and the enabling statutes, the Commission has continued to discharge its mandate without relenting.

During this reporting period the Commission concluded the Job Evaluation exercise and implementation of the same is underway. The Commission also developed its first Strategic Plan for the period 2013-2018. The strategic goals during this period will be: To prevent and combat the occurrence of corruption, economic crime and unethical conduct; to trace, recover and reconstitute corruptly acquired assets; to foster a culture of intolerance to corruption and unethical practices

Under the auspices of the Kenya Leadership and Integrity Forum (KLIF) which brings together a total of fourteen (14) stakeholders from the public, private, civil society and religious sectors in Kenya, the Commission is involved in the development and implementation of the Kenya Integrity Plan (KIP). The Commission in conjunction with the Office of the Attorney General is also involved in the development of the National Anti-Corruption Policy.

The Commission is in the process of establishing additional offices across the country to enable citizens at the county level be involved in the fight against corruption. This is in line with the provisions of the Constitution regarding public participation. In addition, the Commission has entered into partnerships with a number of institutions through Memorandums of Understanding (MOUs) to strengthen the resolve to fight corruption. Within the East African region, the Commission is actively involved in the activities of the East African Association of Anti-Corruption Authorities (EAAACA). The association is important in enhancing cooperation, mutual assistance and information sharing aimed at combating corruption within the region.

On behalf of the Commission, I would like to thank the Management and all members of staff for yet another successful year. We appreciate the dedication, professionalism, integrity and the courage with which they perform their tasks. I would also like to thank my fellow Commissioners for their commitment to the work of the Commission. Our vision is a Corruption free Kenyan society that upholds integrity and the rule of law. I, therefore, call upon all Kenyans and stakeholders to individually and collectively make a conscious decision not to participate in or tolerate corruption in any of its manifestations. Let us partner with the Commission in its endeavor to prevent and combat corruption in the country.

Thank you

**MUMO MATEMU, MBS
CHAIRMAN**





10.5 Report of the Chief Executive Officer

The Commission has the pleasure to present this annual report for the financial year 2013/2014, which is the second report since it took over from the Kenya Anti-Corruption Commission following the changes in the anti-corruption institutional framework introduced by the promulgation of the Ethics and Anti-Corruption Commission Act in 2011. Those changes necessitated a transition process which the Commission was engaged in for the better part of the last reporting period. It is my pleasure to state that most of the transitional challenges that faced the Commission then have been addressed, and the Commission is now fully and firmly focused on delivering on its mandate as a fully established entity.

The Commission draws its mandate from a multitude of laws. Foremost in the legal framework is the Constitution of Kenya, especially Chapter six on leadership and integrity. Several laws have been enacted in implementing the requirements of the constitution, and these include the Ethics and Anti-Corruption Commission Act, 2011 and the Leadership and Integrity Act, 2012. The Commission also enforces the Anti-Corruption and Economic Crimes Act, which is the principle law that provides for the investigations, prosecution and adjudication of corruption and economic crime offences in Kenya. Over and above these laws, the Commission also derives partial mandate in other pieces of legislation such as the Public Officer Ethics Act, the Public Procurement and Disposal Act and regulations, among others. Apart from the hitherto known mandate of combating and preventing corruption, which is what most members of the public associate the Commission with, it was also endowed with the wider function of mainstreaming ethics and integrity in both the public and private sector, as required under chapter six of the Constitution.

This wide mandate ensured the need for scaling up of Commission programmes and activities, which is reflected in the contents of this report. Of essence was the need to ensure that the Commission services were scaled to the County governments following the adoption of the devolved system of government in 2013. The report is also issued in the backdrop of the just launched Commission's Strategic Plan 2013-2018, an ambitious and goal-oriented plan through which the Commission intends to steer its strategic direction and focus in the course of the next five years. Since the launch, the Commission has rolled out on a high scale programmes and activities towards implementation of the plan objectives, from which major achievements have been realized. These are provided in detail in this report.

The report period also coincided with another important activity in the country which is expected to have far reaching ramifications on anti-corruption initiatives, namely the review of Kenya on implementation of its obligations under the United Nation's Convention against Corruption. The UNCAC is the main international convention which addresses all matters to do with corruption and has the highest membership among states of any other convention on corruption. It is significant that Kenya was the first country to both sign and ratify the convention in 2003, hence the review is timely in order to identify measures which need to be taken at the country level in order to ensure full compliance with the Convention objectives.



I am happy to report that the Commission has continued to receive support from all our stakeholders, especially the government of the Republic of Kenya which has granted us immense support. The budgetary allocation to the Commission during the period; and the continued promise of support from the government in future is a clear indication that the government is firmly committed to the entrenchment of accountability and the fight against corruption. We have also witnessed increased collaboration and cooperation from our development partners who have continuously dedicated resources for some of the Commission's programmes and activities.

I wish to thank the Commission and all members of staff for their dedication and commitment towards achievements of the Commission goals and objectives during the period. Despite the occasional challenges that the Commission has had to grapple with over time, our staff have remained resilient and focused in the performance of their duties, no doubt guided by the Commission's core values of integrity, professionalism, fidelity to the law, courage, teamwork and innovation. As the Commission embarks on implementing programmes for the next reporting year, I encourage all of us to maintain that spirit. Together, we shall achieve more.

Thank you,

HALAKHE D. WAQO, ACI Arb
SECRETARY/CHIEF EXECUTIVE OFFICER



10.6 Corporate Governance Statement

The commission operations and financial responsibilities are overseen by the Chief Executive Officer. The operations are guided by an approved annual budget that is based on programs whose performance is monitored through outputs and outcomes. The budget is informed by detailed work plans that translate in to annual procurement plans.

The commission has put in place the following standing committees for oversight purposes; Finance and Planning Committee, Risk and Audit Committee, Operations Committee and Human Resource and Training Committee. These committees are comprised of the commissioners and independent representatives co-opted from various directorates. In addition an internal audit department charged with continuous review of systems of internal controls and overall risk management is in place.

Operational performance is monitored on a monthly basis through periodic financial reporting of actual expenditure versus budget performance which provides feedback to user departments on appropriate action plans. Quarterly financial statements are also produced to facilitate continuous evaluation of the overall financial performance of the commission. The commission prepares annual statutory financial statements which are audited by the Kenya National Audit Office (KENAO) who certifies them before inclusion in the annual report.

10.7 Corporate Social Responsibility Statement

The EACC's corporate social responsibility is based on the fact that, as part of the Kenyan society, we have responsibilities that go beyond our legal obligations for the benefit of the society at large. Our corporate social responsibility entails community engagement, supporting community activities, responding to emerging challenges, donating to charities, helping the needy and application of ethical conduct and participating in matters of topical national interest in Kenya. Our CSR strategy involves building relationships and partnerships and working together with organizations that we believe advance the wellbeing of Kenyans. The EACC's CSR decisions are made not only in the best interest of the Commission but also that of our society.

10.8 Report of the Commissioners

The commissioners submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of the Commission's affairs.

Principal activities

The principal activities of the Commission are to investigate corruption and economic crimes, recover lost public property and obtain compensation for damaged public property, prevent corruption, conduct public education on the dangers of corruption and promote ethics and integrity.

Results

The results of the entity for the year ended June 30, 2014 are set out on page 76 to 93.

Directors

The members of the Commission who served during the year are shown on page 67 in accordance with Ethics and Anti-Corruption Act, 2011.



Auditors

The Auditor General is responsible for the statutory audit of Ethics and Anti-corruption Commission in accordance Public Audit Act, 2003 and the Ethics and Anti-Corruption Commission Act, 2011.

10.9 Statement of Management Responsibilities

Section 164 of the Public Finance Management Act, 2012 and section 26 of the Ethics and Anticorruption Act, require the Management to prepare Financial Statements in respect of EACC, which give a true and fair view of the state of affairs of the Commission at the end of the financial year and the operating results of the Commission for the period 2013/2014. The Management are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Management are also responsible for safeguarding the assets of the Commission.

The management are responsible for the preparation and presentation of the Commission's Financial Statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2014. 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 entity; (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 Commission (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Management accept responsibility for the Commission's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Reporting Standards (IPSAS), and in the manner required by the PFM Act and the EACC Act. The management are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2014, and of the Commission's financial position as at that date. The Management further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Management to indicate that the Commission 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 Commissions Financial Statements were approved by the Management on 25th August 2014 and signed on its behalf by:

Mr. Mumo Matemu
Chairman

Mr. Halakhe D. Waqo
Secretary/Chief Executive Officer





10.10 Report of the Independent Auditors on the Commission

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
ETHICS AND ANTI-CORRUPTION COMMISSION
(EACC)**

**FOR THE YEAR ENDED
30 JUNE 2014**



REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON THE ETHICS AND ANTI-CORRUPTION COMMISSION (EACC) FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Ethics and Anti-Corruption Commission (EACC), which comprise the statement of financial position as at 30 June, 2014 and statement of financial performance, a statement of changes in net assets; a statement of cash flows; a statement of comparison of budget and actual amounts 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 14 of the Public Audit Act, 2003.

I have obtained all the information and explanation which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's responsibility for the financial statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (accrual basis), and for such 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.

The management is also responsible for the submission of the financial statement to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provision of Section 15 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected



depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commissions' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Ethics and Anti-Corruption Commission (EACC) as at 30 June, 2014 and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and Comply with the Ethics and Anti-Corruption Commission Act, 2011.

Edward R.O. Ouko, CBS
AUDITOR-GENERAL

15 October, 2014



10.11 Statement of Financial Performance

For the year ended 30 June 2014

| | Note | 2013-2014 Kshs | 2012-2013 Kshs |
|---|------|----------------------|----------------------|
| Revenue from exchange transactions | | | |
| Exchequer Receipts | 1 | 1,130,000,000 | 1,220,000,000 |
| Donor grants | 1 | 350,000 | 14,662,375 |
| Finance income - external investments | 2 | - | 1,353,945 |
| Other income | 3 | 34,000 | 1,453,838 |
| Total revenue | | 1,130,384,000 | 1,237,470,158 |
| Expenses | | | |
| Employee costs | 4 | 802,012,279 | 884,877,664 |
| Depreciation and amortization expense | 5 | 64,759,005 | 57,483,951 |
| Repairs and maintenance | 6 | 19,077,428 | 21,106,913 |
| General expenses | 8 | 272,294,560 | 282,181,131 |
| Total expenses | | 1,158,143,272 | 1,245,649,659 |
| Other gains/(losses) | | | |
| Gain on sale of assets | 9 | - | 2,250,027 |
| Surplus before tax | | (27,759,272) | (5,929,474) |
| Taxation | | - | - |
| Surplus for the period | | (27,759,272) | (5,929,474) |

The notes set out on pages 81 - 93 form an integral part of the Financial Statements





10.12 Statement of Financial Position

As at 30 June 2014

| | Note | 2013-2014 Kshs | 2012-2013 Kshs |
|--|------|--------------------|--------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 10 | 97,041,076 | 127,224,343 |
| Receivables from non-exchange transactions | 11 | 11,757,902 | 10,769,595 |
| Inventories | 12 | 15,457,105 | 15,204,367 |
| | | 124,256,083 | 153,198,304 |
| Non-current assets | | | |
| Property, plant and equipment | 13 | 281,628,273 | 301,696,457 |
| Investments(Asset recovery Account) | 19 | 42,154,240 | 94,096,958 |
| Intangible assets | 14 | 34,154,177 | 9,376,315 |
| Long term receivables from exchange transactions(Gratuity fund investment) | 20 | 133,884,050 | 131,965,661 |
| | | 491,820,740 | 537,135,391 |
| | | 616,076,822 | 690,333,695 |
| Total assets | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 16 | 20,731,232 | 16,614,321 |
| Current portion of borrowings(Accrued liabilities and charges) | 17 | 1,850,609 | 600,000 |
| | | 22,581,841 | 17,214,321 |
| Non-current liabilities | | | |
| Non-current employee benefit obligation(Gratuity fund) | 21 | 128,113,350 | 128,035,752 |
| Non-current provisions(Asset recovery account) | 39 | 42,154,239 | 94,096,958 |
| | | 170,267,589 | 222,132,710 |
| | | 192,849,430 | 239,347,031 |
| Total liabilities | | | |
| Net assets | | | |
| Reserves (Accumulated fund) | | 230,897,020 | 258,656,292 |
| Accumulated surplus | | 192,330,372 | 192,330,372 |
| | | 423,227,392 | 450,986,664 |
| | | 616,076,822 | 690,333,695 |
| Total net assets and liabilities | | | |

The Financial Statements set out on pages 76 - 93 were signed on behalf of the Commission by:

Mr. Halakhe D. Waqo
Secretary/Chief Executive Officer

Mr. Mumo Matemu
Chairman



10.13 Statement of Changes in Net Assets

For the year ended 30 June 2014

| | Accumulated Fund Kshs | Revenue Reserve Kshs | Total Kshs |
|---|-----------------------------|-------------------------|--------------------|
| Balance as at 30 June 2012 | 192,330,372 | 264,585,766 | 456,916,138 |
| Surplus/(deficit) for the period | - | (5,929,474) | (5,929,474) |
| Balance as at 30 June 2013 | 192,330,372 | 258,656,292 | 450,986,664 |
| Surplus for the period | - | (27,759,272) | (27,759,272) |
| Transfers to/from accumulated surplus/(Deficit) | - | - | - |
| Balance as at 30 June 2014 | 192,330,372 | 230,897,020 | 423,227,392 |





10.14 Statement of Cash Flows

For the year ended 30 June 2014

| | 2013-2014 Kshs | 2012-2013 Kshs |
|---|---------------------|---------------------|
| Cash flows From Operating Activities | | |
| Surplus/ (Loss) from operations | (27,759,272) | (5,929,474) |
| Add back non-cash payment (Depreciation) | 47,684,479 | 52,796,497 |
| Add back non-cash payment (Amortization) | 17,074,528 | 4,687,454 |
| Profit on disposal of Assets | - | (2,250,027) |
| | 36,999,735 | 49,304,450 |
| Income from Operations | | |
| (Increase)/Decrease in inventories | (252,737) | (2,036,354) |
| (Increase)/Decrease in receivables & Prepayments | (988,307) | (5,307,131) |
| Increase/(Decrease) in payables | 5,367,520 | 16,261,291 |
| Net cash flows from operating activities | 41,126,210 | 58,222,256 |
| Cash flows From Investing Activities | | |
| Purchase of property, plant and equipment | (27,616,293) | (100,000,276) |
| Gratuity fund Investment | (1,918,389) | |
| Purchase of Intangible Assets | (41,852,391) | |
| Proceeds from disposal of plant, property and equipment | - | 3,796,210 |
| Net cash utilized in investing activities | (71,387,073) | (96,204,066) |
| Cash flows From Financing Activities | | |
| Refund of Surplus to the Treasury | | (3,929,908) |
| Gratuity Fund | 77,598 | - |
| Net cash used in Financing activities | 77,598 | (3,929,908) |
| Net increase in cash and cash equivalents | (30,183,266) | (41,911,718) |
| Bank and Cash equivalents at beginning of year | 127,224,342 | 169,136,061 |
| Bank and cash equivalent at end of year | 97,041,076 | 127,224,343 |

10.15 Statement of Comparison of Budget and Actual Amounts

| | Original budget | | Adjustments | | Final budget | | Actual on comparable basis | | Performance difference | |
|--|----------------------|------|--------------------|------|----------------------|------|----------------------------|------|------------------------|------|
| | 2013-2014 | Kshs | 2013-2014 | Kshs | 2013-2014 | Kshs | 2013-2014 | Kshs | 2013-2014 | Kshs |
| Revenue | | | | | | | | | | |
| Public contributions and donations | - | | - | | - | | 350,000 | | 350,000 | |
| Government grants and subsidies | 1,088,066,500 | | 146,000,000 | | 1,234,066,500 | | 1,130,000,000 | | (104,066,500) | |
| Gains on disposal, rental income and agency fees | 11,000,000 | | - | | 11,000,000 | | 34,000 | | (10,966,000) | |
| Total income | 1,099,066,500 | | 146,000,000 | | 1,245,066,500 | | 1,130,384,000 | | (114,682,500) | |
| Expenses | | | | | | | | | | |
| Compensation of employees | 566,164,132 | | (9,156,579) | | 557,008,053 | | 556,797,154 | | 210,899 | |
| Goods and services | 452,859,395 | | 154,571,472 | | 607,430,867 | | 532,388,122 | | 75,042,745 | |
| Finance cost | 600,000 | | 200,000 | | 800,000 | | 768,870 | | 31,130 | |
| Rent paid | 79,442,473 | | (3,114,893) | | 76,327,580 | | 72,496,524 | | 3,831,056 | |
| Grants and subsidies paid | - | | 1,500,000 | | 1,500,000 | | 402,278 | | 1,097,722 | |
| Total expenditure | 1,099,066,500 | | 144,000,000 | | 1,243,066,500 | | 1,162,852,949 | | 80,213,551 | |
| Surplus for the period | - | | 2,000,000 | | 2,000,000 | | (32,468,949) | | (34,468,949) | |



10.16 Notes to the Financial Statements

1. Statement of compliance and basis of preparation – IPSAS 1

The Commission'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 entity. The accounting policies have been consistently applied to all the years presented.

The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The Cash Flow statement is prepared using the indirect method. The Financial Statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Income is recognized in the period in which it is received. Government and donor funding is only recognized on receipt. Income is not accrued if its recoverability is considered doubtful.

Interest income is recognized on a time proportion basis using the effective interest rate method.

ii) 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 entity and can be measured reliably.

iii) Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

iv) 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 each period.





b) Budget information – IPSAS 24

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 entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity 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) Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

d) Property, plant and equipment – IPSAS 17

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

e) Intangible assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful life of the intangible assets is assessed as either finite or indefinite.





f) Research and development costs

The Commission expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Commission can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

g) Inventories – IPSAS 12

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Provisions – IPSAS 19

Provisions are recognized when the Commission 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 Commission 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.





Contingent liabilities

The Commission 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.

i) Changes in accounting policies and estimates – IPSAS 3

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

j) 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year.

k) Comparative figures

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

m) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Commission'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 Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.





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 based on the assessment of experts employed by the Entity
- 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

n) Subsequent events

There have been no events subsequent to the financial year with significant impact in the financial statements for the year ended 30 June 2014.



1. Transfers from other governments – gifts and services-in-kind

| | 2014 | 2013 |
|--|----------------------|----------------------|
| | Shs | Shs |
| Unconditional grants | | |
| Operational grant | 1,130,000,000 | 1,210,000,000 |
| Other (development) | - | 10,000,000 |
| | 1,130,000,000 | 1,220,000,000 |
| Conditional grants | | |
| Other organizational grants | 350,000 | 14,662,375 |
| Total government grants and subsidies | 1,130,350,000 | 1,234,662,375 |

2. Finance income - external investments

| | 2014 | 2013 |
|--|-------------|------------------|
| | Shs | Shs |
| Cash investments and fixed deposits (interest) | - | 1,353,945 |
| Total finance income – external investments | - | 1,353,945 |

3. Other income

| | 2014 | 2013 |
|-------------------------------|---------------|------------------|
| | Shs | Shs |
| Other income (sale of tender) | 34,000 | 1,453,838 |
| Total other income | 34,000 | 1,453,838 |

4. Employee costs

| | 2014 | 2013 |
|---|--------------------|--------------------|
| | Shs | Shs |
| Employee related costs - salaries and wages | 379,633,642 | 435,233,782 |
| Employee related costs - contributions to pensions and medical aids | 180,353,387 | 201,811,462 |
| Travel, motor car, accommodation, subsistence and other allowances | 64,861,737 | 67,952,045 |
| Housing benefits and allowances | 177,163,513 | 179,880,374 |
| Total employee costs | 802,012,279 | 884,877,664 |

5. Depreciation and amortization expense

| | 2014 | 2013 |
|--|-------------------|-------------------|
| | Shs | Shs |
| Property, plant and equipment | 47,684,479 | 52,796,497 |
| Intangible assets | 17,074,528 | 4,687,454 |
| Total depreciation and amortization | 64,759,007 | 57,483,951 |



6. Repairs and maintenance

| | 2014 | 2013 |
|--------------------------------------|-------------------|-------------------|
| | Shs | Shs |
| Property | 610,658 | 478,753 |
| Equipment | 460,557 | 1,740,443 |
| Vehicles | 17,088,283 | 11,495,484 |
| Other | 917,930 | 7,392,234 |
| Total repairs and maintenance | 19,077,428 | 21,106,913 |

8. General expenses

| | 2014 | 2013 |
|--|--------------------|--------------------|
| | Shs | Shs |
| Advertising | 30,808,373 | 29,758,165 |
| Audit fees | 696,000 | 600,000 |
| Conferences and delegations | 19,253,364 | 20,085,412 |
| Consulting fees | 4,248,330 | 6,412,715 |
| Consumables | 6,103,965 | 7,189,940 |
| Electricity | 9,105,929 | 8,918,678 |
| Fuel and oil | 14,852,834 | 16,240,413 |
| Insurance | 1,190,037 | 3,865,024 |
| Legal expenses | 1,292,521 | 801,814 |
| Licenses and permits | 15,318,933 | 3,628,732 |
| Specialised materials | 3,939,699 | 3,699,177 |
| Postage | 855,179 | 555,415 |
| Rental | 72,496,524 | 75,569,820 |
| Security costs | 23,537,800 | 24,953,680 |
| Sewage and water costs | 862,028 | 672,214 |
| Research and development | 7,024,201 | 9,790,693 |
| Telecommunication | 12,885,449 | 10,353,370 |
| Training | 33,873,766 | 27,845,313 |
| Refurbishment of non-residential buildings | 6,022,237 | 4,757,608 |
| Bank charges | 768,870 | 711,923 |
| Wealth declaration system | | 20,457,206 |
| Other expenses | 7,158,522 | 5,313,821 |
| Total general expenses | 272,294,560 | 282,181,131 |

9. Gain on sale of assets

| | 2014 | 2013 |
|-------------------------------------|-------------|------------------|
| | Shs | Shs |
| Property, plant and equipment | | 2,250,027 |
| Other assets | - | - |
| Total gain on sale of assets | - | 2,250,027 |

**10. Cash and cash equivalents**

| | 2014 | 2013 |
|--|-------------------|--------------------|
| | Shs | Shs |
| Bank | 94,284,417 | 25,869,585 |
| Cash-on-hand and in transit | 2,756,659 | 1,354,758 |
| Short-term deposits | - | - |
| Total cash and cash equivalents | 97,041,076 | 127,224,343 |

11. Receivables from non-exchange contracts**Current receivables**

| | 2014 | 2013 |
|----------------------------------|-------------------|-------------------|
| | Shs | Shs |
| Staff imprest | 3,986,716 | 3,563,562 |
| Staff advances | 1,827,731 | 2,943,333 |
| Other receivables | 5,943,455 | 4,262,700 |
| Total current receivables | 11,757,902 | 10,769,595 |

12. Inventories

| | 2014 | 2013 |
|---------------------------------|-------------------|-------------------|
| | Shs | Shs |
| Consumable stores. | 9,264,508 | 9,011,771 |
| Provision for loss of inventory | (2,923,920) | (2,923,920) |
| Library books | 9,116,517 | 9,116,517 |
| Total | 15,457,105 | 15,204,367 |





13. Property, plant and equipment

| | Land | | Plant and Equipment | | Security Equipment | | Furniture, Fixtures & Fittings | | Motor Vehicles | | Computer Equipment | | Total | |
|------------------------------------|-------------|------------|---------------------|------------|--------------------|-------------|--------------------------------|-----|----------------|-----|--------------------|-----|-------|-----|
| | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs |
| Cost or Valuation: | | | | | | | | | | | | | | |
| As at 1st July, 2012 | 120,416,497 | 38,270,957 | 43,408,460 | 20,116,487 | 191,262,411 | 79,160,772 | 492,635,584 | | | | | | | |
| Additions during the year | - | 2,144,557 | - | 1,488,600 | 95,193,143 | 1,173,976 | 100,000,276 | | | | | | | |
| Disposal | - | (180,000) | - | (7,000) | (14,532,400) | (84,000) | (14,803,400) | | | | | | | |
| As at 30th June 2013 | 120,416,497 | 40,235,514 | 43,408,460 | 21,598,087 | 271,923,154 | 80,250,748 | 577,832,460 | | | | | | | |
| Additions during the year | - | 233,998 | 3,873,081 | 3,004,430 | - | 20,504,784 | 27,616,293 | | | | | | | |
| Disposal | - | - | - | - | - | - | - | | | | | | | |
| As at 30th June 2014 | 120,416,497 | 40,469,512 | 47,281,541 | 24,602,517 | 271,923,154 | 100,755,532 | 605,448,752 | | | | | | | |
| Depreciation and impairment | | | | | | | | | | | | | | |
| At 1 July 2012 | - | 17,621,232 | 19,642,228 | 8,804,608 | 130,453,575 | 60,075,079 | 236,596,722 | | | | | | | |
| Depreciation | - | 2,839,187 | 2,970,779 | 1,599,667 | 38,636,775 | 6,750,089 | 52,796,498 | | | | | | | |
| disposal | - | (99,217) | - | (3,858) | (13,077,519) | (76,623) | (13,257,217) | | | | | | | |
| At 30 June 2013 | - | 20,361,202 | 22,613,007 | 10,400,417 | 156,012,831 | 66,748,545 | 276,136,001 | | | | | | | |
| Depreciation | - | 2,513,539 | 3,083,567 | 1,775,263 | 28,977,581 | 11,334,529 | 47,684,479 | | | | | | | |
| Disposals | - | - | - | - | - | - | - | | | | | | | |
| At 30 June 2014 | - | 22,874,741 | 25,696,574 | 12,175,680 | 184,990,412 | 78,072,872 | 323,820,480 | | | | | | | |
| Net book values | | | | | | | | | | | | | | |
| At 30 June 2014 | 120,416,497 | 17,594,771 | 21,584,967 | 12,426,837 | 86,932,742 | 22,672,459 | 281,628,273 | | | | | | | |
| At 30 June 2013 | 120,416,497 | 19,874,312 | 20,795,453 | 11,197,670 | 115,910,323 | 13,502,203 | 301,696,459 | | | | | | | |

**14. Intangible assets - software**

| Cost | Shs |
|------------------------------------|--------------------|
| At 1 July 2012 | 97,649,415 |
| Additions | - |
| At 30 June 2013 | 97,649,415 |
| Additions – internal development | 41,852,391 |
| At 30 June 2014 | 139,501,806 |
| Amortization and impairment | |
| At 1 July 2012 | 83,585,646 |
| Amortization | 4,687,454 |
| At 30 June 2013 | 88,273,100 |
| Amortization | 17,074,528 |
| Impairment loss | - |
| At 30 June 2014 | 105,347,628 |
| Net book values | |
| At 30 June 2014 | 34,154,178 |
| At 30 June 2013 | 9,376,315 |

15. Investment property (land)

| | 2014 | 2013 |
|-----------------------------------|--------------------|--------------------|
| | Shs | Shs |
| Opening balance at 1 July | 120,416,497 | 120,416,497 |
| Additions | - | - |
| Depreciation | - | - |
| Closing balance at 30 June | 120,416,497 | 120,416,497 |





16. Trade and other payables from exchange transactions

| | 2014 | 2013 |
|---------------------------------------|-------------------|-------------------|
| | Shs | Shs |
| Other payables | 20,731,232 | 16,614,321 |
| Total trade and other payables | 20,731,232 | 16,614,321 |

17 Accrued liabilities and charges

| | 2014 | 2013 |
|------------------------------|------------------|----------------|
| | Shs | Shs |
| Accrued audit fees | 696,000 | 600,000 |
| Accrued expenses - utilities | 1,154,609 | - |
| | 1,850,609 | 600,000 |

18 Contingency Liabilities

The Commission has given no guarantees to third parties. In the ordinary course of business, the Commission has been sued in various cases with potential exposure estimated at Kshs. 349 million. The Commission is a defendant or co-defendant in various litigations and claims. The outcomes of these litigations and claims are yet to be determined; hence the Commission has not made any provisions in these accounts towards contingent liabilities.



19. Asset Recovery Account

| | 2014 | 2013 |
|-----------------------------|-------------------|-------------------|
| | Shs | Shs |
| Balance brought forward | 94,096,958 | 87,813,831 |
| Funds recovered in the year | 28,216,690 | 6,288,647 |
| Payments | (80,159,408) | (5,520) |
| Total | 42,154,240 | 94,096,958 |

20. Gratuity bank a/c balance

| | 2014 | 2013 |
|---------------|-------------|-------------|
| | Shs | Shs |
| Gratuity Fund | 128,113,350 | 128,035,752 |

21. Gratuity Fund Bank Account

| | 2014 | 2013 |
|-------------------------|--------------------|--------------------|
| | Shs | Shs |
| Balance brought forward | 131,965,661 | 177,779,913 |
| Additions | 119,595,865 | 139,682,537 |
| Payments | (117,677,476) | (185,496,789) |
| Total | 133,884,050 | 131,965,661 |



22 Accumulated Fund

| | 2014 | 2013 |
|-------------------------|--------------------|--------------------|
| | Shs | Shs |
| Balance brought forward | 192,330,372 | 192,330,372 |
| Total | 192,330,372 | 192,330,372 |

23. Revenue Reserve

| | 2014 | 2013 |
|-------------------------|--------------------|--------------------|
| | Shs | Shs |
| Balance brought forward | 258,656,292 | 264,585,766 |
| Refund of surplus | - | - |
| Surplus for the year | (27,759,272) | (5,929,474) |
| Total | 230,897,020 | 258,656,292 |

24. Gratuity Fund Investment Interest Erroneously Surrendered to Treasury

The commission erroneously paid Kshs 22,000,000 /- of Gratuity Fund Investment Interest to Treasury which is income to be credited back to the Gratuity Fund for the benefit of the staff members. The error has been noted and is being deliberated by the commission seeking ways on how to recover the same from the Treasury.





10.17 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.

| Ref. No. on the external audit Report | Issue/ Observations from Auditor | Management comments | Status: (Resolve/ Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---------------------------------------|--|--|---------------------------------|---|
| 1 | Excess acting allowance of Kshs.5,862,895/90 paid to immediate former Chief Executive Officer against provisions of circular No OP/CAB/55/1 | Details of evidence of overpayment have been provided to her lawyers | Not Resolved | The Commission is pursuing the individual. The timeframe is open as it may involve a court process. |
| 2 | Loss of 410 toners worth Kshs.2,923,920/- | Services of staff involved were terminated, file forwarded to Director of public prosecutions to institute prosecution. | Not Resolved | Open as it may involve court process. |
| 3 | Development of United Nations Development Programme (UNDP) funded wealth Declaration Management System. Kshs.20,457,206/- incurred without fully attaining the desired deliverables and goals spelt out in the project's financing agreement signed on 5 April 2011. | Fully fledged Directorate set up to look in to issues of leadership integrity including wealth declaration and conflict of interest. Time elapsed before full disbursement of funds. Only output 2 of the project is outstanding and acquisition of wealth management system is in the strategic plan of 2013-2018 | Resolved | The system implementation is ongoing. |

Mr. Mumo Matemu
Chairman

Mr. Halakhe D. Waqo
Secretary/Chief Executive Officer



EACC CONTACTS



EACC HEADQUARTERS, NAIROBI **Integrity Centre,**

Milimani/Valley Road Junction,
P.O. Box 61130 - 00200, Nairobi
Tel: (020) 2717318, 310722, 2100312/3, 4997000
Mobile: 0729 888881/2 Fax: (020) 2717473
Email: eacc@integrity.go.ke



EACC MOMBASA REGIONAL OFFICE

ACK Mombasa Memorial Cathedral Complex,
Nkrumah Road,
P.O. Box 82351 - 80100, Mombasa
Tel: (041) 2319081, 2319082
Mobile: 0710 768706 Fax: (041) 2319083
Email: eaccmombasa@integrity.go.ke



EACC ELDORET REGIONAL OFFICE

Imperial Court Building, Wing A
Uganda Road,
P.O. Box 9387-30100, Eldoret
Tel: (053) 2033630/3
Mobile: 0703 602727, 0789 776600
Email: eacceldoret@integrity.go.ke



EACC KISUMU REGIONAL OFFICE

3rd Floor, Jubilee Insurance House,
Ang'awa/Oginga Odinga Street Junction,
P.O. Box 438 - 40100, Kisumu
Tel: (057) 2023111
Mobile: 0715 408512 Fax: (057) 2023555
Email: eacckisumu@integrity.go.ke



EACC NYERI REGIONAL OFFICE

Advocates Plaza,
next to Law Courts and Lands Office,
P.O. Box 1724 - 10100, Nyeri
Tel: (061) 2030500, 2030941
Mobile: 0703 204580, 0789 665500
Email: eaccnyeri@integrity.go.ke



EACC GARISSA REGIONAL OFFICE

Province Road, next to Government Guest House,
opposite Almond Hotel,
P.O. Box 1510-70100, Garissa
Tel: (046) 2102100, 2102200
Mobile: 0729 480404, 0737 994444
Email: eaccgarissa@integrity.go.ke