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**ON**

**ETHICS AND ANTI-CORRUPTION  
COMMISSION**

**FOR THE YEAR ENDED  
30 JUNE, 2021**

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**ETHICS AND ANTI - CORRUPTION COMMISSION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
30<sup>TH</sup> JUNE 2021**

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

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# Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

## I. 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 Commission Act, 2011. EACC is domiciled in Kenya and has its head office in Nairobi. The Commission has eleven (11) regional offices situated in various parts of the Country. Its mandate is to combat and prevent corruption, economic crime and unethical conduct in Kenya through law enforcement prevention, public education, promotion of standards and practices of integrity, ethics and anti-corruption. The Commission is comprised of the Chairperson, Commissioners and the Secretary/Chief Executive Officer.

### (b) Principal Activities

The principal activities of the Commission include: Investigation of corruption and economic crimes, tracing and recovery of corruptly acquired public property, forfeiture of unexplained wealth, corruption prevention, public education and promotion of ethics and integrity.

### (c) Key Management

The Commission's day-to-day management is under the following key organs:

1. The Secretary/ Chief Executive Officer
2. The Deputy Chief Executive Officer
3. Directorate of Investigation
4. Directorate of Preventive Services
5. Directorate of Legal Services & Asset Recovery
6. Directorate of Ethics and Leadership
7. Directorate of Field Services & Coordination
8. Directorate of Finance and Planning
9. Directorate of Corporate Support Services
10. Department of Supply Chain Management

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021.

| <b>Designation</b>                       | <b>Name</b>              |
|--|--------------------------|
| 1. Secretary / Chief Executive Officer   | Mr. Twalib Mbarak, CBS   |
| 2. Deputy Chief Executive Officer        | Mr. Abdi A. Mohamud, MBS |
| 3. Directorate of Preventive Services    | Mr. Vincent Okong'o      |
| 4. Directorate of Legal Services         | Mr. David Too, OGW       |
| 5. Directorate of Ethics and Leadership  | Ms. Lucy Kinuthia, MBS   |
| 6. Directorate of Field Services         | Mr. Jackson Mue          |
| 7. Directorate of Finance and Planning   | Mr. Joel Mukumu          |
| 8. Department of Human Resource          | Ms. Ellyjoy Bundi        |
| 9. Department of Supply Chain Management | Mr. Robert Kanyi         |

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**(e) Fiduciary Oversight Arrangements**

| <b>Commission Committees</b>                           | <b>Members</b>  |
|--|---|
| Enforcement  | Commissioner Paul Mwaniki Gachoka, EBS - Chairperson<br>Commissioner Sophia Lepuchirit, EBS   |
| Corruption Prevention, Education and Public Engagement | Commissioner Dr. Dabar Maalim - Chairperson<br>Commissioner Rose Mghoi Macharia   |
| Support Services                                       | Commissioner Rose Mghoi Macharia - Chairperson<br>Commissioner Dr. Dabar Maalim   |
| Risk & Audit   | Lawrence Nyalle (Independent Chairperson)<br>Jane Micheni (Representative – National Treasury)<br>Commissioner Dr. Dabar Maalim<br>Commissioner Rose Mghoi Macharia<br>Commissioner Paul Mwaniki Gachoka, EBS |
| Finance, Planning and Supply Chain Management          | Commissioner Sophia Lepuchirit, EBS - Chairperson<br>Commissioner Paul Mwaniki Gachoka, EBS   |

**(f) Entity Headquarters**

Integrity Centre  
Jakaya Kikwete/Valley Road Junction  
P.O. Box 61130-00200  
Nairobi, Kenya

**(g) Entity Contacts**

Headquarters, Nairobi  
Integrity Centre  
Jakaya Kikwete /Valley Road Junction  
P. O. Box 61130-00200, Nairobi  
Tel: (254) (020) 4997000  
Mobile: 0709 781000; 0730 997000  
Fax: (020) 2240954  
Email address: eacc@integrity.go.ke

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**(h) Entity Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000 - 00200  
Nairobi, Kenya

Kenya Commercial Bank  
Milimani Branch  
P.O. Box 69695-00400  
Nairobi, Kenya

**(i) Independent Auditors**

The Auditor General  
Anniversary Towers, University Way  
P. O. Box 30084  
GPO 00100  
Nairobi, Kenya



**(j) Principal Legal Adviser**

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



II. THE COMMISSION

| COMMISSION MEMBERS  |   |
|---|---|
|  <p><b>Archbishop (Emeritus) Dr. Eliud Wabukala, EBS - Chairperson</b></p> | <p>Archbishop (Emeritus) Dr. Eliud Wabukala, EBS was appointed the Chairperson of the Ethics and Anti-Corruption Commission (EACC), in January 2017. He is a retired Archbishop of the Anglican Church of Kenya.</p> <p>Archbishop (Emeritus) Dr. Wabukala, EBS was awarded Doctor of Divinity (Hon) and holds a Master Degree in Religion from Wycliffe College, University of Toronto – Canada. He also holds a Bachelor Degree in Divinity from St. Paul’s University – Limuru. He was born in the year 1951.</p> <p>Previously, he served as the Chairperson of the National Anti-Corruption Campaign Steering Committee (NACCSC), The Global Future Anglican Conference and the National Council of Churches of Kenya. Archbishop (Emeritus) Dr. Wabukala, EBS is a professional teacher with many years of teaching experience and previously served; as the Academic Dean at St. Paul’s University, as a lecturer and as Chairperson of the University Council.</p> <p>He has been involved in many peace mitigations and reconciliation including the 2007 post-election violence in Kenya. Archbishop (Emeritus) Dr. Wabukala, EBS was also involved in the reform process in South Sudan.</p> |
|  <p><b>Commissioner Sophia Lepuchirit, EBS - Vice-Chairperson</b></p>    | <p>Commissioner Sophia Lepuchirit, EBS was appointed a Commissioner in January 2016. She is the Vice Chairperson of the Ethics and Anti-Corruption Commission.</p> <p>She holds a Bachelor of Arts Degree in Public Administration and International Relations from the University of Nairobi and currently pursuing a Master Degree in Business Administration (MBA) at the African Nazarene University. She was born in the year 1959.</p> <p>Prior to her appointment, she held prominent administrative positions in several State Organizations including Jomo Kenyatta Foundation (JKF) where she served as a Director, and Kerio Valley Development Authority where she served as Chairperson. She also served as a member at the National Anti-Corruption Campaign Steering Committee.</p> <p>Commissioner Sophia Lepuchirit, EBS is an anti-corruption crusader, community mobilizer, gender activist, a promoter of affirmative action for the marginalized categories and communities. She is a member of the Minority Rights Groups, London (MRG), International Working Group on Indigenous Issues (IGWIA) – Denmark, and Kenya Pastoralist Forum.</p>                                     |

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| COMMISSION MEMBERS   |   |
|--|---|
|  <p data-bbox="151 842 577 909"><b>Commissioner Dr. Dabar Abdi Maalim</b></p>         | <p data-bbox="635 297 1517 365">Commissioner Dr. Dabar Abdi Maalim was appointed a Commissioner in January 2016.</p> <p data-bbox="635 405 1517 517">He holds a PhD in Community Health from University of Reading (UK) and Master Degree from Wales College of Medicine, Cardiff (UK). He was born in the year 1957.</p> <p data-bbox="635 555 1517 667">He has over 12 years of experience as a university academician having attained the rank of Assistant Professor at Aga Khan University, East Africa.</p> <p data-bbox="635 705 1517 996">Commissioner Dr. Maalim has also consulted for various national and international institutions including the Government of Kenya, DANIDA, UNICEF-Ethiopia, and World Health Organisation (WHO) both in Kenya and Eritrea, Islamic Development Bank among others. He was the Team Leader/ Coordinator of the Millennium Villages Project (Kenya) and Associate Research Scientist – Earth Institute, Columbia University USA between November 2010 and January 2012.</p> |
|  <p data-bbox="164 1543 568 1610"><b>Commissioner Paul Mwaniki Gachoka, EBS</b></p> | <p data-bbox="635 1030 1517 1097">Commissioner Paul Mwaniki Gachoka was appointed a Commissioner in January 2016.</p> <p data-bbox="635 1137 1517 1328">He is an Advocate of the High Court of Kenya. He is a holder of a Bachelor of Laws Degree from the University of Nairobi and holds a Master of Arts in Philosophy and Ethics from Strathmore University. He was born in the year 1965. He is a fellow of Chartered Institute of Arbitrators and Accredited Mediator</p> <p data-bbox="635 1366 1517 1512">Commissioner Gachoka has in-depth legal experience in Kenya and is the Principal Partner at Mwaniki Gachoka and Co. Advocates, representing clients in multi-disciplinary commercial, conveyancing services and civil cases.</p> <p data-bbox="635 1550 1517 1662">He has served as a Director of several private Companies; Further, he has served as a Council Member of the Law Society of Kenya (2003 to 2006).</p>   |

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| COMMISSION MEMBERS  |   |
|---|---|
|  <p data-bbox="177 786 547 853"><b>Commissioner Rose Mghoi Macharia</b></p>                                | <p data-bbox="632 293 1511 360">Commissioner Rose Mghoi Macharia was appointed a Commissioner in January 2016.</p> <p data-bbox="632 405 1511 539">She holds a Master Degree in Human Resource Development from the Institute for Development Policy and Management (IDPM) of the University of Manchester and a Bachelor Degree in Education from University of Nairobi. She was born in the year 1958.</p> <p data-bbox="632 584 1511 719">She is a seasoned Human Resource professional and has a wealth of experience in public sector management, education, people development and strategy. She has worked in the Education Sector as a Graduate Teacher, Lecturer and Senior Education Officer.</p> <p data-bbox="632 763 1511 898">She also has valuable experience in developing human capital in various State Corporations such as Higher Education Loans Board, Nyayo Tea Zones Development Corporation and Information Communication and Technology Authority.</p>  |
|  <p data-bbox="129 1451 595 1518"><b>Mr. Twalib Mbarak, CBS<br/>Secretary/Chief Executive Officer</b></p> | <p data-bbox="632 987 1511 1088">Mr. Twalib Mbarak, CBS was appointed Secretary/Chief Executive Officer of the Ethics and Anti-Corruption Commission in January 2019.</p> <p data-bbox="632 1133 1511 1234">He is a holder of Master of Arts Degree in Armed Conflict and Peace Studies and Bachelor of Arts degree from the University of Nairobi. He was born in 1965.</p> <p data-bbox="632 1279 1511 1458">Mr. Twalib Mbarak, CBS joined the Kenya Armed Forces in 1984 where he rose through the ranks and retired as a Major in 1999. He has also served with the National Intelligence Service (NIS), Kenya Anti-Corruption Commission (KACC) and Kenya Electricity Generating Company (KenGen).</p> <p data-bbox="632 1503 1511 1715">Mr. Twalib Mbarak, CBS has extensive experience in Security, Intelligence and Investigation Management. He is a Certified Security Management Professional from the International Security Management Institute, UK. In Kenya, he founded the Association of Corporate and Industrial Security Professionals (ACISMP) an association directing the corporate security in Kenya.</p> |

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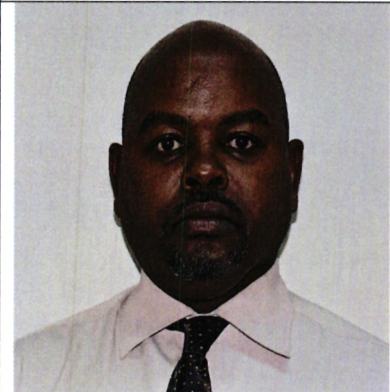

III. MANAGEMENT TEAM

| MANAGEMENT TEAM   |   |   |
|---|---|---|
|  <p><b>Mr. Twalib Mbarak, CBS - Secretary/Chief Executive Officer</b></p>              | <p>Master of Arts in Armed Conflict &amp; Peace Studies</p> <p>Bachelor of Arts (Political Science and Sociology)</p> <p>Diploma in Armed conflict and Peace Studies</p> <p>Diploma Advanced Intelligence Course</p> <p>Diploma, Private Investigations</p> <p>Advanced Intelligence Course</p> <p>FBI undercover Certification Course</p> <p>Strategic Intelligence Course</p> | <p>Chief Executive Officer and Accounting Officer responsible for the day-to-day management of the Commission</p> |
|  <p><b>Mr. Abdi A. Mohamud, MBS – Ag. Deputy Chief Executive Officer</b></p>         | <p>Master of Science (Security and Risk Management)</p> <p>Bachelor of Laws (LLB)</p> <p>Strategic Leadership Development Programme</p> <p>Senior Leadership and Management Course</p> <p>Corporate Governance Course</p> <p>Local and International Fraud Investigation courses</p>  | <p>He is Ag. Deputy Chief Executive Officer and Head of the Investigation Directorate</p>                         |
|  <p><b>Mr. David K. Too, OGW - Director, Legal Services &amp; Asset Recovery</b></p> | <p>Master of Business Administration</p> <p>Bachelor of Laws (LLB)</p> <p>Diploma in Law</p> <p>Strategic Leadership Development Programme Course</p> <p>Senior Management Course;</p> <p>Corporate Governance Training Course;</p>   | <p>Head of Legal Services &amp; Asset Recovery Directorate</p>  |

Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

| <b>MANAGEMENT TEAM</b>   |   |  |
|--|---|--|
|   | <p>Master of Social Science (Development Administration)</p> <p>Bachelor of Arts (Political Science)</p> <p>Strategic Leadership Development Programme Course</p> <p>Certification in Governance Ethics and Anti - Corruption Reforms</p>                           | <p>Head of Ethics and Leadership Directorate</p> |
|    | <p>Master of Arts (Economics &amp; Social Studies)</p> <p>Master of Arts in Economic Policy Management</p> <p>Bachelor of Arts (Economics)</p> <p>Strategic Leadership Development Programme Course</p> <p>Corporate Governance Course</p>                          | <p>Head of Preventive Services Directorate</p>   |
|   | <p>Master of Business Administration (Finance)</p> <p>Bachelor of Commerce -Accounting Option.</p> <p>Certified Public Accountant-K</p> <p>Strategic Leadership Development Programme Course</p> <p>Corporate Governance Course</p> <p>Senior Management Course</p> | <p>Head of Finance and Planning Directorate</p>  |
| <p><b>Ms. Lucy W. Kinuthia, MBS - Director, Ethics &amp; Leadership</b></p> <p><b>Mr. Vincent O. Okong'o - Director, Preventive Services</b></p> <p><b>Mr. Joel I. Mukumu - Director, Finance and Planning</b></p> |   |  |

Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

| <b>MANAGEMENT TEAM</b>  |   |  |
|---|---|--|
|    | <p>Master of Science in ICT Policy and Regulation</p> <p>Bachelor of Science (Mathematics &amp; Computer Science)</p> <p>Post Graduate Diploma in Computer Science, Strategic Leadership Development Programme Course</p> <p>Certificate Course in Governance, Ethics and Economic Crimes</p> <p>Economic Crime Intelligence Course</p> <p>Corporate Governance Course</p> <p><b>Mr. Jackson K. Mue - Director, Field Services &amp; Coordination</b></p> | <p>Head of Field Services &amp; Coordination Directorate</p> |
|   | <p>Master of Science (Procurement &amp; Logistics)</p> <p>Bachelor of Science (Mathematics &amp; Physics)</p> <p>Diploma in Purchasing &amp; Supplies Management</p> <p>Strategic Leadership Development Programme Course</p> <p>Senior Management Course</p> <p>Corporate Governance Course</p> <p><b>Mr. Robert K. Wachira- Deputy Director, Supply Chain Management</b></p>  | <p>Head of Supply Chain Management</p>                       |
|  | <p>Master of Business Administration (HRM)</p> <p>Bachelor of Education</p> <p>Diploma in Human Resources Management</p> <p>Strategic Leadership Development Programme Course</p> <p>Corporate Governance Course</p> <p>Senior Management Course</p> <p><b>Ms. Ellyjoy G. Bundi- Assistant Director, Human Resource Management</b></p>  | <p>Head of Human Resource Management</p>                     |

#### IV. STATEMENT OF THE CHAIRPERSON

The Ethics and Anti-Corruption Commission (EACC) has continued to discharge mandate to support the national aspirations under the Vision 2030 through priority interventions to safeguard public resources to enable the government realize its development agenda.

In order for the above aspirations to be realised, corruption and unethical conduct must be effectively dealt with. Notably, the Commission, under its Strategic Plan for the period 2018-2023, has identified and amplified four (4) key pragmatic strategies focusing on high impact investigations, asset recovery, corruption prevention and partnerships.

The EACC strategies are aimed at creating deterrence, extinguishing benefits accrued from corrupt conduct, creating public awareness towards corruption prevention, enlisting and fostering support from all stakeholders in the fight against corruption and unethical conduct. The strategies are geared towards entrenching probity and accountability in the management of public resources.

The Commission continues to receive support from the government through budgetary allocation to facilitate effective implementation of its mandate. As a result, the Commission has been able to strengthen its institutional capacity and enhanced its structures to deliver timely and effective services to the citizens.

The Commission as required under the EACC Act No.22 of 2011 and the Public Finance Management Act, 2012, has put in place adequate accountability models on the management of its resources. The focus of the Commission remains; consolidating the gains made in the management of its financial resources, mobilization of adequate resources to effectively discharge its mandate.

During the COVID-19 pandemic period, the Commission acknowledges the support received from its key stakeholders to ensure business continuity. Through collaboration with development partners such as the European Union in Kenya, US Embassy, United Nations Development Programme (UNDP), National Crime Agency, Turkish Cooperation and Coordination Agency (TIKA) among others, the Commission has been able to discharge its mandate.

The Commission will continue to ensure prudent utilization of the resources appropriated for the discharge of its mandate.

God bless Kenya.

  
**ARCHBISHOP (EMERITUS) DR. ELIUD WABUKALA, EBS**  
**CHAIRPERSON**

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

## V. REPORT OF THE SECRETARY/CHIEF EXECUTIVE OFFICER

Ethics and Anti-Corruption Commission (EACC) prepares its financial statements on an annual basis, as required under the Public Finance Management Act, 2012 and the attendant Regulations. In this regard, the Commission in compliance with the law has prepared and hereby presents its financial statements for the Financial Year 2020/2021.

The Financial Statements of the Commission presents the Financial Performance, Statement of the Financial Position, Statement of Changes in Net Assets and Statement of Cash Flows. The Statements have been prepared in compliance with the Public Finance Management Act, 2012 and the attendant Regulations, as well as, in consonance to the obtaining International Public Sector Accounting Standards (IPSAS) on prudent financial management and reporting.

During the period under review, the total budgetary allocation to the Commission by the Government was Kes. 3,313,000,000.00. The allocation comprised of recurrent budget of Kes. 3,272,200,000.00, which is inclusive of Kes. 200,000,000.00 allocated during Supplementary I, and development budget amounting to Kes. 40,800,000.00. The budgetary allocation was applied to finance programmes and activities of the Commission aimed at reducing the prevalence of corruption, economic crimes and unethical conduct in Kenya.

The financial resources allocated to the Commission has enabled it to continue to discharge its mandate. During the period under review, the Commission, enhanced its anti-corruption interventions by increasing the number of high impact investigations concluded, corruptly acquired assets recovered, disruption of corruption networks, advisories provided, codes of ethics reviewed and approved among others.

In addition, the Commission has continued to enhance its institutional capacity through recruitment of additional technical staff, and providing continuous training to enhance skills and competencies. Further, the Commission expanded its investigation infrastructure through acquisition of additional specialised equipment and tools.

Despite scaling-down the operations of the Commission as a result of the challenges arising from COVID-19 pandemic, the Commission realigned its financial resources by embracing innovative strategies to implement its programmes and activities. The resources were realigned towards; acquisition of ICT equipment, video conferencing facilities, procuring media platforms among others to facilitate discharge of the Commission's mandate.

The Commission will continue to ensure compliance with the applicable laws in the management of public funds entrusted for the discharge of its programmes and activities.



**TWALIB MBARAK, CBS**  
**SECRETARY/CHIEF EXECUTIVE OFFICER**

**VI. STATEMENT OF ETHICS AND ANTI-CORRUPTION PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021**

The Commission has four strategic themes/issues and objectives within the current Strategic Plan for the FY2018- FY 2023. These strategic pillars/ themes/ issues are as follows:

Pillar /Theme/Issue 1: Policy, Legal and Regulatory Framework

Pillar/Theme/Issue 2: Enforcement

Pillar/Theme/Issue 3: Prevention and Public Awareness

Pillar/Theme/Issue 4: Institutional Capacity

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

| Strategic Pillar/Theme/ Issues | Objective  | Key Performance Indicators  | Activities  | Achievements   |
|--------------------------------|--|---|---|--|
| Pillar/ theme/ issue 1:        | Strengthening policy, legal and regulatory framework | 1.No. of Laws reviewed and amendment proposed<br>2.Effective policy, legal and regulatory framework<br>3.No. of regulations reviewed and amendment proposed<br>4.No. of new laws proposed<br>5.No. of new Laws and amendments<br>6.Country review report on review of Chapter 2 and (UNCAC and AUCPCC<br>7.National ethics and anti-corruption policy gazzetted | <ul style="list-style-type: none"> <li>• Propose new amendments on the law</li> <li>• Finalize National Ethics and Anti-Corruption Policy</li> <li>• Undertakes UNCAC and AUPCC review</li> </ul> | 1. Lifestyle Audit Bill, 2021.<br>2. Conflict of interest bill, 2020<br>3. Development of the Regulatory Framework under the Bribery Act, 2016<br>4. Amendment of the Ethics and Anti-Corruption Commission Act, 2011<br>5. Seized Assets Management Policy and Guidelines |

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|                                    |  |   |  |   |
|------------------------------------|--|---|--|---|
| <p>Pillar/ theme/<br/>issue 2:</p> | <p>Enhancing law enforcement in the fight against corruption and unethical conduct</p> | <p>1.No. of reports analyzed<br/>2.No. of referrals<br/>3.No. of files Completed<br/>4.No. of petitions initiated for removal under Chapter<br/>4.No. of sting Operations<br/>5.No. of legal opinions<br/>6.No. of suits, petitions and judicial review applications defended<br/>7.No. of surveillance operation executed<br/>8.No. of disruptions executed<br/>9.No. of files reviewed and forwarded to ODPP<br/>10.Value of assets in KES traced and suits filed<br/>11.No. of preservation applications filed<br/>12. Value of assets recovered</p> | <p>1.Reports received and analysed<br/>2.Investigation completed on corruption and economic crimes<br/>3.Ethical breaches investigations completed<br/>4. Preservation suits filed in the Court<br/>5. Files forwarded to ODPP for determination<br/>6. Tracing of assets investigations<br/>7. Sting operations undertaken<br/>8. Value of assets recovered</p> | <p>1. 4,894 reports on corruption, economic crime and unethical conduct were received and analyzed out of which 2,025 reports received were relevant to the Commission’s mandate.<br/>2. 104 cases files on corruption and economic crime were finalized and submitted to the Office of the Director of Public Prosecution (ODPP) for action. Out of these files, the Commission recommended 70 for prosecution, 15 for administrative action and 19 for closure.<br/>3. 83 case files on ethical breaches to the Office of the Director of Public Prosecution for action. Completed 25 Asset tracing inquiries in respect of public assets illegally acquired. These assets included land/immovable properties, and cash. The total estimated value of</p> |
|------------------------------------|--|---|--|---|

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|   |  |  |   |  |
|---|--|--|---|--|
|   |  |  |   | <p>the assets is Kes. <b>14</b> billion.</p> <p>4. Value of assets in KES <b>16.5</b> billion recovered</p> <p>5. 75 Petitions and Judicial Review Applications filed against the Commission</p> <p>6. 8 Proactive investigations which resulted in averting possible loss of public funds of approximate KES. 1.223 billion.</p>  |
| <p>Pillar/ theme/ issue 3:<br/><b>Prevention and Public Awareness</b></p> | <p>Enhancing public education, communication and awareness on corruption and unethical practices</p> | <ul style="list-style-type: none"> <li>• No. of print media, programmes conducted</li> <li>• No. of IEC materials developed and disseminated</li> <li>• No. of targeted spots reached</li> <li>• No. of networks Reached</li> <li>• Portable Adili (Integrity) content developed</li> <li>• No. of monitoring reports developed</li> </ul> | <ul style="list-style-type: none"> <li>• Civil society engagement</li> <li>• Media programmes undertaken</li> <li>• Information of education Communication materials developed</li> </ul> | <ul style="list-style-type: none"> <li>• Civil society engagements: 44 networks and 501,907 participants drawn from Human Rights network, Community Based Anti-Corruption Monitors among others</li> <li>• Media programmes: 71 Radio stations and 26 Television stations. A total of 58 print media articles featured in various print media outlets and the Commission's Website</li> <li>• Six (6) types of IEC were developed and</li> </ul> |

Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

|  |  |  |  |   |
|--|--|--|--|---|
|  |  |  |  | 42,000 disseminated<br><ul style="list-style-type: none"> <li>• 7 portable Adili lessons to KICD for approval.</li> </ul>   |
|  | Enhancing the prevention of corruption and unethical practices | <ul style="list-style-type: none"> <li>• No of advisories to MDAs</li> <li>• No. of System review reports</li> <li>• No of Corruption risks assessments</li> <li>• No. of Corruption Prevention Committees</li> <li>• Number of Integrity Assurance Officers Trained</li> <li>• No of system reviews monitored</li> <li>• Number of targeted research</li> <li>• Programme evaluation</li> </ul> | <ul style="list-style-type: none"> <li>• No of advisories to MDAs</li> <li>• System review reports undertaken</li> <li>• Corruption risks assessments undertaken</li> <li>• Corruption Prevention Committees instituted</li> <li>• Integrity Assurance Officers trained</li> <li>• System reviews reports monitored</li> <li>• Targeted research undertaken</li> <li>• Programme evaluation</li> </ul> | <ol style="list-style-type: none"> <li>1. Issued 1,517 advisories to MDAs under the Corruption Eradication Indicator in Performance Contracting.</li> <li>2. Finalized eleven (11) examination reports covering systems, policies, procedures and practices at the State Departments</li> <li>3. 402 Integrity Assurance Officers and Corruption Prevention Committees trained.</li> <li>4. 1,212 Corruption Prevention Committees (CPC) members from various institutions were trained.</li> <li>5. Four Reports on Corruption Risk Assessments (CRAs) conducted in two counties</li> <li>6. Seven public entities submitted their codes for review</li> <li>7. 134 specific leadership and integrity codes out of the 136 public entities with state officers in Kenya</li> </ol> |

Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

|  |   |   |   |   |
|--|---|---|---|---|
| <p>Pillar/ theme/ issue 4:<br/><b>Institutional Capacity</b></p> | <p>Enhancing institutional capacity of the Commission</p> | <ul style="list-style-type: none"> <li>• Revised organizational structure</li> <li>• Number of staff recruited and placed</li> <li>• Budget Estimates</li> <li>• Workplace audit</li> <li>• ICT Network audit report</li> </ul> | <ul style="list-style-type: none"> <li>• Revise organizational structure</li> <li>• Recruit staff</li> <li>• Approved budget estimates</li> <li>• Workplace audit report</li> <li>• Conduct Network audit report</li> </ul> | <ul style="list-style-type: none"> <li>• Revised Organizational structure approved by Public Service Commission</li> <li>• FY 2020/21 budget estimates</li> <li>• Network audit report</li> </ul> |
|--|---|---|---|---|

## VII. CORPORATE GOVERNANCE STATEMENT

The Ethics and Anti-Corruption Commission (EACC) is a Constitutional Commission created pursuant to Article 79 of the Constitution of Kenya 2010 and established under Section 3 of the Ethics and Anti-Corruption Commission Act No. 22 of 2011. The EACC Act details the functions and powers of the Commission, to provide for the qualifications and procedures for the appointment of the Chairperson and Members of the Commission, and for connected purposes.

Section 4 of the Act provides for the composition and appointment of the Commission which consist of a Chairperson and four other Members appointed in accordance with the provisions of the Constitution and the Act. The Chairperson and Members of the Commission are appointed for a single term of six (6) years and serve on a part-time basis. The functions of the Commissioners include; policy formulation, strategic direction, establishing and maintaining strategic linkages and partnerships with other stakeholders in the rule of law and other governance sector, among others.

The Secretary to the Commission is also the Chief Executive Officer and Accounting Officer. The Secretary is responsible for; carrying out of the decisions of the Commission; day-to-day administration and management of the affairs of the Secretariat and the performance of such other duties as may be assigned by the Commission.

The mandate of the Commission is to; educate and create awareness; undertake preventive measures against unethical and corrupt practices; conduct investigations on its own initiative or on a complaint made by any person; recovery corruptly acquired an unexplained asset. In performing its function, the commission may engage such experts as may be necessary for the performance of its functions. To ensure access to its services in all parts of the Republic in accordance with Article 6 (3) of the Constitution, the Commission has established 11 Regional Offices and has presence in 50 Huduma Centres across the Country.

In order to effectively undertake its functions, the Commission has established five (5) Committees. The Committees include; Risk and Audit Committee, Finance and Supply Chain Management, Law Enforcement, Support Services, and Corruption Prevention, Education and Public Engagements. The Committees are comprised of Commissioners and relevant heads of Directorates and Departments. The conduct of meetings is guided by the Second Schedule of the EACC Act.

The Commission is implementing its Strategic Plan, 2018-2023 which has provided strategic direction for the period under review. The Plan is implemented through annual budgets, procurement plan and work plans. The Commission reports on its programmes and activities to the National Assembly through quarterly and annual plans. The Commission also prepares annual financial statements in accordance with the law and is audited by the Office of the Auditor General.

## VIII. MANAGEMENT DISCUSSION AND ANALYSIS

### 8.1 Reports on Corruption Received by the Commission

The Commission received, analyzed and processed 4,894 reports on corruption and unethical conduct in Financial Year 2020/21, out of which 2,025 reports were within the Commissions mandate and therefore recommended for investigations. Figure1 illustrates the trend of reports within Commission mandate from Financial Years 2013/2014 to 2020/21.

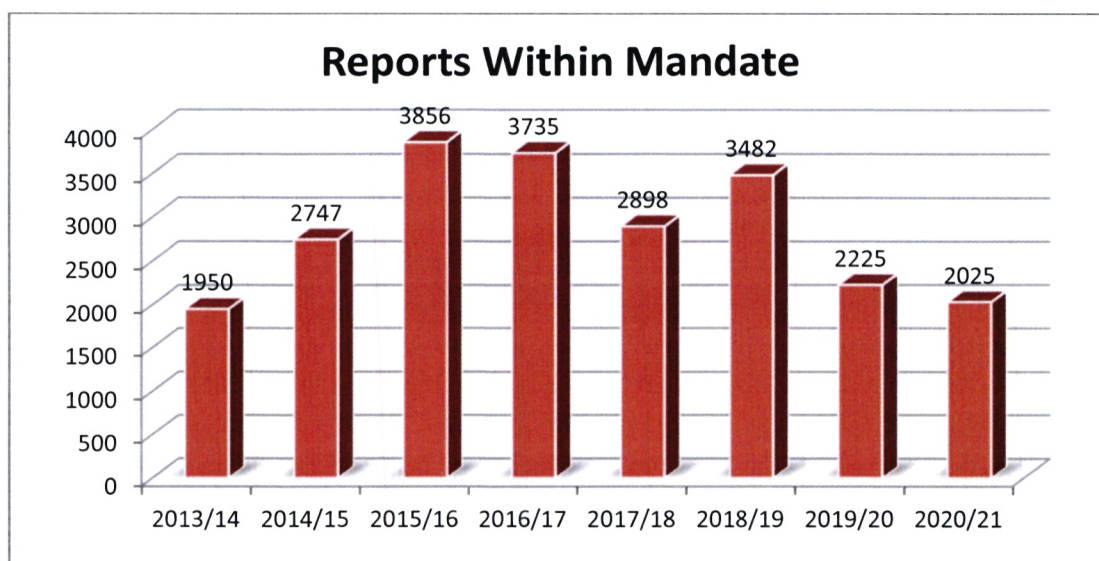


Figure 1: Summary of Reports within Commission Mandate

### 8.2 Cases Forwarded to the Office of the Director of Public Prosecutions

Upon satisfying threshold for investigation and relevant evidence obtained, the completed files are submitted to the prosecutor for determination. The independent review by prosecutor results in either concurrence with EACC recommendation, returned for further investigations, administration action and closure. Table 1 indicate cases forwarded to the Director of Public Prosecutions (DPP) with recommendation to prosecute

Table 1: Reports to ODPP with Recommendation to Prosecute

| Year         | No. of Reports | Accepted   | Not Accepted | Concurrence rate (%) |
|--------------|----------------|------------|--------------|----------------------|
| 2013/14      | 44             | 43         | 1            | 99                   |
| 2014/15      | 75             | 74         | 1            | 99                   |
| 2015/16      | 136            | 131        | 5            | 96                   |
| 2016/17      | 97             | 89         | 8            | 92                   |
| 2017/18      | 143            | 94         | 49           | 65                   |
| 2018/19      | 78             | 77         | 1            | 99                   |
| 2019/20      | 43             | 40         | 3            | 93                   |
| 2020/21      | 70             | 68         | 2            | 98                   |
| <b>Total</b> | <b>686</b>     | <b>616</b> | <b>70</b>    | <b>90</b>            |

## Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

The above Table shows the average concurrence rate to prosecute between EACC and DPP is 90 percent.

Table 2 presents the results of reports to DPP with recommendation for administrative action. On average, 86 percent concurrence rate is observed.

**Table: 2 Reports to DPP with Recommendation for Administrative Action**

| Year         | No. of Reports | Accepted  | Not Accepted | Concurrence rate(%) |
|--------------|----------------|-----------|--------------|---------------------|
| 2013/14      | 9              | 7         | 2            | 78                  |
| 2014/15      | 8              | 8         | 0            | 77                  |
| 2015/16      | 4              | 3         | 1            | 99                  |
| 2016/17      | 7              | 7         | 0            | 100                 |
| 2017/18      | 10             | 7         | 3            | 70                  |
| 2018/19      | 13             | 13        | 0            | 100                 |
| 2019/20      | 10             | 9         | 1            | 90                  |
| 2020/21      | 15             | 12        | 3            | 80                  |
| <b>Total</b> | <b>76</b>      | <b>66</b> | <b>10</b>    | <b>86</b>           |

Table 3. shows reports to DPP with recommendation for closure for the seven-year period. The Commission has achieved a concurrence rate of 89 percent

**Table 3: Reports to DPP with Recommendation for Closure**

| Year         | No. of Reports | Accepted   | Not Accepted | Concurrence rate (%) |
|--------------|----------------|------------|--------------|----------------------|
| 2013/14      | 17             | 14         | 3            | 82                   |
| 2014/15      | 22             | 19         | 3            | 86                   |
| 2015/16      | 27             | 25         | 2            | 92                   |
| 2016/17      | 26             | 25         | 1            | 99                   |
| 2017/18      | 27             | 21         | 6            | 78                   |
| 2018/19      | 33             | 31         | 2            | 94                   |
| 2019/20      | 19             | 17         | 2            | 89                   |
| 2020/21      | 19             | 18         | 1            | 95                   |
| <b>Total</b> | <b>190</b>     | <b>170</b> | <b>20</b>    | <b>89%</b>           |

### 8.3 Outcome of Cases Finalized in Court

The cases that are scrutinized by ODPP and seen fit for prosecution are taken to court and table 4 provides the results of 65 percent conviction rate.

**Table 4: Outcome of cases finalized in Court**

| Year         | No of cases finalized | Conviction | Acquittal | Discharge | Conviction rate (%) |
|--------------|-----------------------|------------|-----------|-----------|---------------------|
| 2013/14      | 2                     | 1          | -         | 1         | 50                  |
| 2014/15      | 1                     | 1          | -         | -         | 100                 |
| 2015/16      | 14                    | 11         | -         | 3         | 79                  |
| 2016/17      | 25                    | 18         | 7         | -         | 72                  |
| 2017/18      | 44                    | 35         | 9         | -         | 79                  |
| 2018/19      | 78                    | 51         | 23        | 4         | 65                  |
| 2019/20      | 55                    | 23         | 28        | 4         | 41                  |
| 2020/21      | 31                    | 23         | 5         | 3         | 74                  |
| <b>Total</b> | <b>250</b>            | <b>163</b> | <b>72</b> | <b>15</b> | <b>65</b>           |

The Commission recovers assets acquired out of corruption and economic crime as deterrent measure. Table 5 presents the estimated value of assets recovered in the last eight years period.

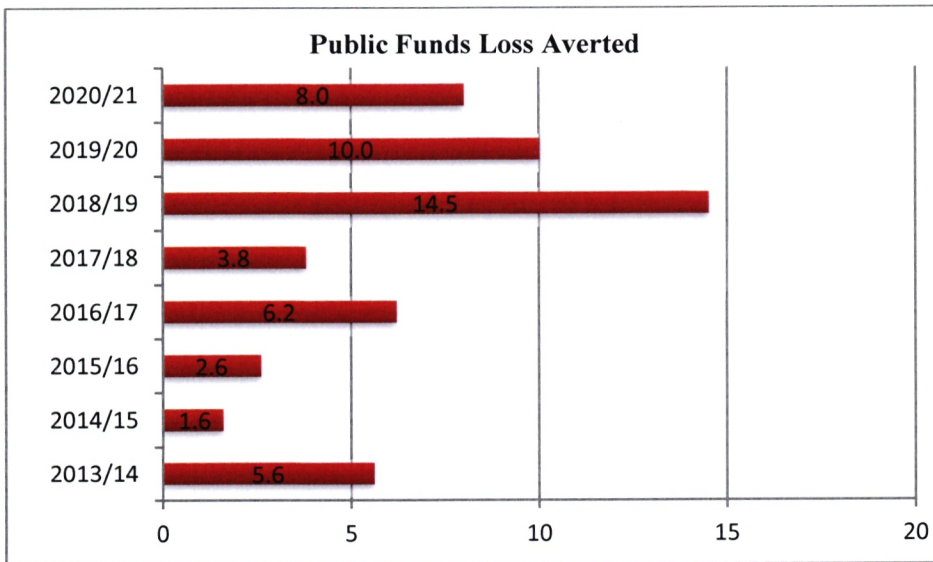
**Table 5: Assets Recovered**

| Year   | Assets Recovered from 2013-2021 |         |         |         |         |         |         |         |
|--|---------------------------------|---------|---------|---------|---------|---------|---------|---------|
|  | 2013/14                         | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| Value in (KES millions) of public assets recovered | 2,000                           | 140.3   | 700     | 256     | 352.2   | 4,500   | 12,120  | 16,500  |

#### 8.4 Loss averted through Disruption of Corruption Networks

The Commission averted possible loss of the public funds in intelligence gathering strategy. The results are shown in Figure 2.

**Figure 2: Loss averted through Disruption of Corruption Networks in Kes Billions**



**Figure 2: Loss averted through Disruption of Corruption Networks**

#### 8.5 Institutional Systems Reviews Reports

The commission has conducted examinations into the systems, policies, procedures and practices of operation in the various state entities, among them:

- 2013/14 Kenya Institute of Curriculum Development (KICD) and National Cereals and Produce Board
- 2014/15 Parliamentary Service Commission and Ports of entry in Kenya
- 2015/16 Ministry of Education (Free Primary Education programme)
- 2016/17 Ministry of Lands and Physical Planning and Pricing of pharmaceuticals and non-pharmaceutical Supplies in the Kenya Health Sector (pending official release)
- 2017/18 Examination into the systems, policies, procedures and practices of the Ministry of Lands, and Physical Planning.
- 2018/19 Examination into the systems, policies, procedures and practices of the Ministry of Environment and Forestry and Examination into the policies, procedures and practices in the centralized procurement of ICT equipment and services at the Ministry of Information, Communications and Technology

Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

- 2019/20 Examination into the systems, policies, procedures and practices of the Ministry of Environment, Sheikh Khalifa Bin Zayed Al-Nahyan Secondary and Technical School Mombasa, and in the centralized procurement of ICT items and services by the ministry of ICT
- 2020/21 During the year, the Commission reviewed the systems, policies, procedures and practices of operation in the various state entities, and Counties and completed reports. These are:
1. Corruption risks in County in the Nandi County Executive.
  2. Corruption Risk Assessment in the Nandi County Assembly.
  3. Corruption risks in County in the Nyamira County Executive.
  4. Corruption Risk Assessment in the Nyamira County Assembly.
  5. Systems review in the Department of Housing targeting affordable Housing, Estates Management and Slum Upgrading.
  6. Systems review in the National Hygiene Program-Kazi Mtaani.
  7. Systems review into the, policies, procedures and practices of work on the establishment of technical and vocational education and training institutions.
  8. Systems review into the Agricultural Settlement Fund Trustee.
  9. Systems audit into the national Youth service targeting various functional areas (eight reports completed).

### 8.6 Enforcement of Chapter Six and Leadership and Integrity Act

The Commission undertook integrity verification for compliance with the provisions of Chapter Six of the Constitution for **8,049** applicants seeking appointment to state and public offices. The Commission facilitated development of Specific Leadership and Integrity Codes for state officers in **9** public entities and monitored declarations of income, assets and liabilities by public officers.

**Table 6: Integrity verification statistics**

| S/No.            | Institution                     | No. of officers cleared | No. of officers not cleared | Total Received |
|------------------|---------------------------------|-------------------------|-----------------------------|----------------|
|                  | National Government             | 4,481                   | 20                          | <b>4,501</b>   |
|                  | County Governments              | 3,449                   | 5                           | <b>3454</b>    |
|                  | Private Institutions            | 94                      | 0                           | <b>94</b>      |
| <b>Sub-Total</b> |                                 | <b>8,024</b>            | <b>25</b>                   | <b>8,049</b>   |
| 1.               | Self-declaration forms received | <b>89,704</b>           |                             | <b>89,704</b>  |

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

## **1.3 Financial Performance**

The Commission is committed in carrying out financial management in line with Public Finance Management Act, 2012. The Commission is funded by the Government through The National Treasury. The Commission recorded budget absorption of 98 percent with approved budget of Kes **3,313,000,000** for FY 2020/2021.

## **IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

EACC exists to combat and prevent corruption and Economic crimes and unethical conduct in Kenya.

It's what guides us to deliver our strategy, which is founded on four pillars:

Below is a brief highlight of our achievements in each pillar

### **1. Ethics and Anti-Corruption Commission Sustainability**

Articles 79 and 252 that anchor the Commission in the Constitution of Kenya 2010, have been the greatest boon to the sustainability of the Commission and the war against corruption in Kenya. Correspondingly, the National Assembly has enacted and or amended several Statutes that enable the Commission to carry out its mandate, among which are, the Ethics and Anti-Corruption Act, 2011, the Leadership and Integrity Act, 2012 and the Anti-Corruption and Economic Crimes Act, 2003.

Moreover, there have been continuous and incremental disbursements from the exchequer to the Commission each year. The Commission's budget has increased from Kes. 2,957,220,000 to Kes. 3,313,000,000 between 2015 and 2021. This indicates government commitments in fight against corruption. Further, recent developments in the war against graft have sparked greater interest and commitment from partners and donors. Donors have been participating by offering both operational and technical support.

The establishment of the Anti-Corruption Division of the High Court that is premised on the fact that corruption matters are heard on a continuous basis has contributed to the sustainability of the war against graft.

### **2. Environmental Performance**

In order to embrace sustainable waste disposal, the Commission has installed waste bins in strategic locations and put in place Service Level Agreements for collection and disposal of the various categories of waste generated in its premises.

During the period under review, the management has issued various directives and made initiatives aimed at leveraging technology and embracing electronic communication as opposed to over-reliance on printed communication. This has effectively reduced consumption of paper by the Commission. The Commission has a Corporate Social Responsibility Programme whose objectives include conservation of the environment through improvement of forest cover by planting

### **3. Employee Welfare**

The Commission has a policy on recruitment, appointment and promotion which guides the recruitment process. The policy provides a requirement to ensure that the one (1/3) gender constitutional requirement is observed in employment. Further, the Commission's Shortlisting and Interview Guidelines are designed to promote regional and gender balance. The percentage gender distribution is 38.9% female and 61.1% male as at August 2021. A total of 31 ethnic communities are represented out the 46 existing communities as per 2019 census report. Commission policies are reviewed from time to time but within a period of three (3) years, the review takes into consideration views of stakeholder to ensure participation. For example, the Commission's Corporate Services and Procures Manual and the Organizational Structure were reviewed in 2020.

To manage and develop employee's knowledge, skills and attitudes, the Commission develops an Annual Training Plan which acts as a guideline for training staff each financial year. The training needs are delivered from gaps identified during performance appraisal, and skills gaps based on the Commission's strategic objectives and mandates. Further to ensure officers are in good professional standing with the various professional bodies, the Commission pays for Annual Subscription and Continuous Professional Development (CPD) courses for officers who are registered as professional within the various professions. The Career progression Guidelines specifies the growth of job holders and specifies the requirements of each position thus making officers aware of the requisite skills required to grow in their careers.

The Performance Management System in the Commission entails setting targets that are drawn from the Strategic Plan cascaded into departmental work plans. Performance appraisal is conducted at the end of the financial year based on the target sets at the beginning of the year between the appraisers and appraisee to ensure that the appraisal process is objective. In order to reward officers, Commission recommends officers for National honours and issues commendation letters in recognition of exemplary performance. The Commission has a Health and Safety Policy that is in compliance with the Occupational Safety and Health Act of 2007.

### **4. Market Place Practices**

Ethics and Anti-Corruption Commission operates in an environment with a wide range of risk profiles, making anti-bribery a central focus of our concern for compliance. Public Procurement Code of Ethics for Procuring Entities provides comprehensive coverage on anti-bribery and anti-corruption guidelines, addressing such issues as fraud, bribery, conflicts of interest, among others. Further, the Commission

## Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

has established guidelines on management of conflict of interest geared towards promoting ethics and integrity in the workplace. Together, these policies emphasize the fact that Ethics and Anti-Corruption Commission strictly prohibits bribery in any form, including but not limited to kickbacks, indirect bribery, unlawful political contributions, and improper charitable contributions.

The Commission has consistently applied the most competitive procurement methodology based on the prevailing procurement circumstances with emphasis on maximizing value for money. The Commission also conducts due diligence on third parties to ensure that it engages the right supplier in its procurement.

The Commission has established a responsible supplier relationship by strict compliance to the public procurement and asset disposal processes and principles as laid down in the public procurement and asset disposal legislative framework. Further, the Commission has enhanced its communication as a tool in bettering the management of the existing suppliers. The use of online procurement modules has further enhanced efficiency hence increased trust in our procurement process. This has made suppliers to have a better understanding of the Commission's business goals.

### **a) Responsible supply chain and supplier relations**

The Commission highly regards adherence to all statutory and best practices within its supply chain management as a fundamental factor in value creation and an important lever for minimizing risks. For this reason, The Commission considers economic, social, ethical, and environmental standards in all of its procurements and disposal processes. The aforementioned standards are also applied when selecting new suppliers and while relating with existing suppliers.

The Commission provides all the sufficient information to enhance supplier confidence and competition in all its bidding processes. Additionally, the use of online procurement modules and online contract publications has enhanced efficiency and increases trust in our procurement process. The Commission is committed to honour all suppliers demanded as stipulated in each contract.

### **b) Corporate Social Responsibility / Community Engagements**

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,

## Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

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 Corporate Social Responsibility, 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 in the best interest of the society.

During the year under review, the Commission organized a staff-led initiative where employees made donations to The Tree House Children's Home in Lucky Summer. Staff from the Headquarters and all the Regional Offices donated non-perishable food, toiletries, diapers, clothes, toys and books that were delivered to the Home on 27th March 2021. The Tree House Children's Home has been caring for and protecting orphaned, vulnerable and desperate children through provision of a secure, healthy and loving environment for more than 10 years. At the time of the visit, the Home was caring for 64 children ranging from 15 months to 20 years. This act of kindness by the EACC family will go a long way in making a positive difference in the lives of these little ones.

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

## **X. REPORT OF THE COMMISSION**

The Commission submits its report together with the audited financial statements for the year ended June 30, 2021 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, 2021 are set out on page 1 to 22.

### **Commissioners**

The Commission members who served during the year under review, are shown on pages V to VII.

### **Surplus remission**

The entity did not make any surplus during the year 2020/2021 and hence no remittance to the consolidated fund.

### **Auditors**

The Auditor General is responsible for the statutory audit of Ethics and Anti-Corruption Commission for the year ended June 30, 2021 in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act, 2015 and the Ethics and Anti-Corruption Commission Act, 2011.

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

## XI. STATEMENT OF COMMISSION'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 26 of the Ethics and Anti-Corruption 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 EACC at the end of the financial year and the operating results of the EACC for the period 2020/2021. The EACC is also required to ensure that the EACC keeps proper accounting records which disclose with reasonable accuracy the financial position of the EACC. The Commission is also responsible for safeguarding the assets of the EACC.

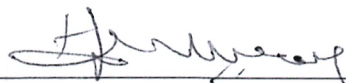
The Commission is responsible for the preparation and presentation of the EACC's Financial Statements, which give a true and fair view of the state of affairs of the EACC for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial 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 EACC; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Commission accepts responsibility for the EACC's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Reporting Standards (IPSAS), and in the manner required by the Public Finance Management Act and the Ethics and Anti-Corruption Act, 2011. The Commission is of the opinion that the EACC's financial statements give a true and fair view of the state of EACC's transactions during the financial year ended June 30, 2021 and of the EACC's financial position as at that date. The Commission further confirms the completeness of the accounting records maintained for EACC, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Commission to indicate that the EACC 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 EACC's Financial Statements were approved by the Commission on 7<sup>th</sup> September, 2021 and signed on its behalf by:



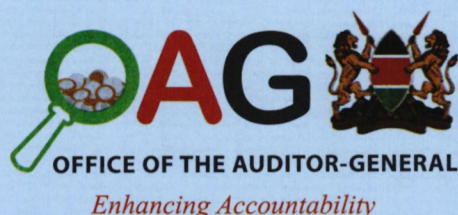
**Archbishop (Emeritus) Dr. Eliud Wabukala, EBS  
CHAIRPERSON**



**Twalib Mbarak, CBS  
SECRETARY/CHIEF EXECUTIVE OFFICER**

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## **REPORT OF THE AUDITOR-GENERAL ON ETHICS AND ANTI-CORRUPTION COMMISSION FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Ethics and Anti-Corruption Commission as set out on pages 1 to 22, which comprise the statement of financial

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*Report of the Auditor-General on Ethics and Anti-Corruption Commission for the year ended 30 June, 2021*

position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Ethics and Anti-Corruption Commission as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Ethics and Anti-Corruption Commission Act, 2011.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Financial Performance**

During the year under review, the Commission reported a deficit of Kshs.64,475,692 (2019/2020 - a deficit of Kshs.116,545,541). The Management has disclosed in Note 27 to the financial statements that the deficit arose mainly due to depreciation and accrued expenses resulting from unfunded exchequer. Although the Commission is dependent on exchequer releases from the national government, persistent under-funding is likely to lead to financial difficulties in future.

My opinion is not modified in respect of this matter

### **Key Audit Matters**

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

### **Other Information**

The Commissioners are responsible for the other information, which comprises the Chairman's report, Secretary/Chief Executive Officer's report, the statement of corporate governance, management discussions and responsibilities, statement of corporate social responsibility and the statement of commissioners' responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

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

### Conclusion

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

### Basis for Conclusion

#### 1. Staff on Acting Capacity

Examination of payroll and personnel records revealed that an officer was appointed as Acting Deputy Chief Executive Officer on 05 December, 2019 and was still acting in that capacity as at 30 June, 2021. In addition, another officer was appointed as Acting Assistant Director Supply Chain Management on 01 June, 2020 and was still acting in that capacity as at 30 June, 2021.

Information available indicates that the Commission had placed an internal advertisement for these vacancies among others, which closed on 07 July, 2020. According to the Management, a petition No. E040 of 2020 was filed at the Employment and Labour Relations Court, Nairobi in August, 2020 which is stalling the recruitment process.

#### 2. Valuation of Property, Plant and Equipment

As reported in the previous year, the Commission remitted Kshs.1,518,000,000 to the National Land Commission (NLC) for compulsory acquisition of the Integrity Centre Building which houses the Commission's offices. However, according to a letter reference B35/NB/9720B/VOL.2/67 dated 04 March, 2020 from the State Department for Public Works, copies of the development plans (architectural, structural, electrical, mechanical and civil works drawings) submitted to the EACC by the NLC in respect of the property were not acceptable on the basis that:

- (i) The drawings were copies of structural details and without calculations;
- (ii) Architectural drawings were not provided;
- (iii) Services drawings were not provided; and
- (iv) The structural drawings provided were not the approved ones as required by the Nairobi City County Government.

According to the Management, this has hampered effective planning for the maintenance of essential electro-mechanical services and possible refurbishment and redevelopment of the Integrity Centre building.

Consequently, it has not been possible to ascertain whether the Commission obtained value for money in the acquisition process of its Headquarters, the Integrity Centre building.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and Commissioners**

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

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

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Commission to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**09 November, 2021**

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*Report of the Auditor-General on Ethics and Anti-Corruption Commission for the year ended 30 June, 2021*

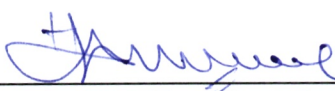
Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021

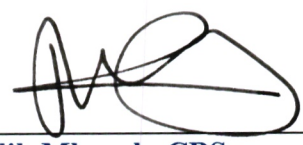
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

|   | Notes | 2020-2021<br>KES     | 2019-2020<br>KES     |
|---|-------|----------------------|----------------------|
| <b>Revenue from non-exchange transactions</b> |       |                      |                      |
| Transfers From Other Government Entity        | 3     | 3,216,723,284        | 2,993,167,811        |
| <b>Total Revenue</b>                          |       | <b>3,216,723,284</b> | <b>2,993,167,811</b> |
| <b>Expenses</b>                               |       |                      |                      |
| Employee costs                                | 4     | 2,284,843,826        | 2,194,867,605        |
| Commissioners Expenses                        | 5     | 24,045,700           | 26,442,573           |
| Depreciation and amortization expense         | 6     | 98,808,760           | 103,794,589          |
| Repairs and maintenance                       | 7     | 29,074,644           | 24,226,775           |
| Use of goods and services                     | 8     | 718,951,849          | 672,247,902          |
| Transfer to KCB Loan Scheme                   | 25    | 125,000,000          | 90,000,000           |
| <b>Total Expenses</b>                         |       | <b>3,280,724,779</b> | <b>3,111,579,444</b> |
| Loss on sale of assets                        | 9     | (474,194)            | 1,866,093            |
| <b>Surplus(deficit) before tax</b>            |       | <b>(64,475,690)</b>  | <b>(116,545,540)</b> |
| <b>Taxation</b>                               |       | -                    | -                    |
| <b>Surplus/(Deficit) for the period</b>       |       | <b>(64,475,690)</b>  | <b>(116,545,540)</b> |
| <b>Net Surplus/(Deficit) for the period</b>   |       | <b>(64,475,690)</b>  | <b>(116,545,540)</b> |

The notes set out on pages 7 to 18 form part of these financial statements

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Commission

  
 \_\_\_\_\_  
**Archbishop (Emeritus) Dr. Eliud Wabukala, EBS**  
**Chairperson**

  
 \_\_\_\_\_  
**Twalib Mbarak, CBS**  
**Secretary/Chief Executive Officer**

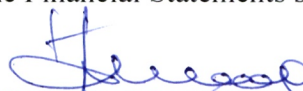
  
 \_\_\_\_\_  
**Joel I. Mukumu, ICPAK No: 5917**  
**Director, Finance & Planning**


# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2021


## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

|   |       | 2020-2021            | 2019-2020            |
|---|-------|----------------------|----------------------|
|   | Notes | KES                  | KES                  |
| <b>ASSETS</b>   |       |                      |                      |
| <b>CURRENT ASSETS</b>   |       |                      |                      |
| Cash and cash equivalents                                       | 10    | 72,364,868           | 45,841,778           |
| Receivables from non-exchange transactions                      | 11    | 29,235,957           | 28,942,145           |
| Inventories   | 12    | 1,595,827            | 15,563,728           |
|   |       | <b>103,196,652</b>   | <b>90,347,651</b>    |
| <b>NON-CURRENT ASSETS</b>                                       |       |                      |                      |
| Property, Plant and Equipment                                   | 13    | 1,798,532,206        | 1,829,221,955        |
| Asset recovery Bank Account                                     | 19    | 224,459,639          | 164,745,743          |
| Intangible Assets   | 14    | 15,960,541           | 13,992,958           |
| Long term receivables from exchange (Gratuity bank/ investment) | 15    | 40,600,805           | 34,466,834           |
|   |       | -                    | -                    |
|   |       | <b>2,079,553,191</b> | <b>2,042,427,489</b> |
| <b>Total Assets</b>   |       | <b>2,182,749,843</b> | <b>2,132,775,140</b> |
| <b>Liabilities</b>  |       |                      |                      |
| <b>Current Liabilities</b>                                      |       |                      |                      |
| Trade and other payables from exchange transactions             | 17    | 14,879,457           | 26,741,805           |
| Current portion of borrowings (Accrued liabilities and charges) | 18    | 27,470,916           | 26,774,916           |
|   |       | <b>42,350,373</b>    | <b>53,516,721</b>    |
| <b>Non-Current Liabilities</b>                                  |       |                      |                      |
| Non-Current provisions (Asset recovery account)                 | 19    | 224,459,639          | 164,745,743          |
| Non-current employee benefit obligation (Gratuity fund)         | 16    | 42,649,780           | 36,701,539           |
|   |       | <b>267,109,419</b>   | <b>201,447,282</b>   |
| <b>Total Liabilities</b>  |       | <b>309,459,792</b>   | <b>254,964,003</b>   |
| <b>Net Assets</b>   |       |                      |                      |
| Acquisition Development fund                                    | 21(b) | 1,518,000,000        | 1,518,000,000        |
| Revenue Reserves  | 21(a) | 176,736,290          | 167,480,765          |
| Capital Reserve   | 20    | 178,553,761          | 192,330,372          |
|   |       | <b>1,873,290,051</b> | <b>1,877,811,137</b> |
| <b>Total Net Assets and Liabilities</b>                         |       | <b>2,182,749,843</b> | <b>2,132,775,140</b> |

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Commission.

  
**Archbishop (Emeritus) Dr. Eliud Wabukala, EBS  
 Chairperson**

  
**Twalib Mbarak, CBS  
 Secretary/Chief Executive Officer**

  
**Joel I. Mukumu, ICPAK No: 5917  
 Director, Finance & Planning**

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2021

STATEMENT OF CHANGES IN NET ASSETS

|  | Capital Reserve    | Acquisition Development Fund | Revenue reserve    | Total                |
|--|--------------------|------------------------------|--------------------|----------------------|
|  | KES                | KES                          | KES                | KES                  |
| <b>Balance as at 30 June 2019</b>  | <b>192,330,372</b> | <b>1,268,000,000</b>         | <b>712,225,241</b> | <b>2,172,555,613</b> |
| Acquisition Development Fund   |                    | 250,000,000                  | (250,000,000)      | -                    |
| Transfer of unspent exchequer to National Treasury                         |                    |                              | (57,782,438)       | (57,782,438)         |
| Surplus for the period   | -                  | -                            | (116,545,540)      | (116,545,540)        |
| Land transfer to Parliamentary Service Commission                          | -                  | -                            | (120,416,497)      | (120,416,497)        |
| <b>Balance as at 30 June 2020</b>  | <b>192,330,372</b> | <b>1,518,000,000</b>         | <b>167,480,766</b> | <b>1,877,811,138</b> |
| Surplus for the period   | -                  | -                            | (64,475,690)       | (64,475,691)         |
| Transfer of unspent exchequer to N. Treasury                               | -                  | -                            | (50,094)           | (50,094)             |
| Transfer of depreciation/Amortization on capital fund to retained earnings | (98,808,760)       | -                            | 98,808,760         | -                    |
| Transfers of Library books to PPE  | 11,610,156         |                              | (11,610,156)       | -                    |
| Donated Asset  | 2,725,000          | -                            | -                  | 2,725,000            |
| Development grant  | 56,347,077         | -                            | -                  | 56,347,077           |
| Creditors write back   | -                  | -                            | 932,620            | 932,621              |
| Capital Asset Acquisition prior year Adjustment for 2019/2020              | 14,349,916         |                              | (14,349,916)       |                      |
| <b>Balance as at 30 June 2021</b>  | <b>178,553,761</b> | <b>1,518,000,000</b>         | <b>176,736,290</b> | <b>1,873,290,051</b> |

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2021

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

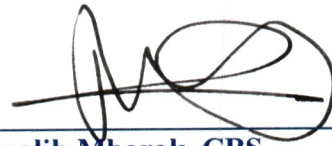
|   | 2020-2021           | 2019-2020           |
|---|---------------------|---------------------|
|   | KES                 | KES                 |
| <b>Cash flows From Operating Activities</b>             |                     |                     |
| Loss from operations                                    | (64,475,690)        | (116,545,540)       |
| Add back non-cash payment (Depreciation)                | 90,829,686          | 96,799,160          |
| Add back non-cash payment (Amortization)                | 7,979,074           | 6,995,429           |
| Loss on disposal of Assets                              | 474,194             | (1,866,093)         |
|   | <b>34,807,264</b>   | <b>(14,617,044)</b> |
| <b>Income from Operations</b>                           |                     |                     |
| (Increase)/Decrease in inventories                      | 13,967,901          | 1,421,791           |
| (Increase)/Decrease in receivables & Prepayments        | (293,812)           | (5,978,995)         |
| Increase/(Decrease) in payables                         | (11,166,348)        | 5,417,897           |
|   | <b>37,315,005</b>   | <b>(13,756,351)</b> |
| <b>Net cash flows from operating activities</b>         |                     |                     |
| <b>Cash flows From Investing Activities</b>             |                     |                     |
| Purchase of property, plant and equipment               | (49,125,420)        | (14,349,916)        |
| Purchase of Land and Buildings                          | -                   | -                   |
| Transfer of unspent exchequer to Treasury               | (50,094)            | (57,782,438)        |
| Purchase of Intangible Assets                           | (9,946,657)         |                     |
| Asset recovery  | 59,713,896          | 53,663,416          |
| Proceeds from disposal of plant, property and equipment | 121,446             | 3,583,477           |
| Gratuity Fund   | 5,948,241           | (25,834,886)        |
|   | <b>6,661,412</b>    | <b>(40,720,347)</b> |
| <b>Net cash utilized in investing activities</b>        |                     |                     |
| <b>Cash flows From Financing Activities</b>             |                     |                     |
| Transfer from receivables-Library books                 | (11,610,156)        | -                   |
| Fixed Assets Capital funds                              | 59,072,077          | -                   |
| Creditors written back                                  | 932,622             | -                   |
| Asset recovery  | (59,713,896)        | (53,663,416)        |
| Gratuity Fund   | (6,133,972)         | 24,603,577          |
|   | <b>(17,453,325)</b> | <b>(29,059,839)</b> |
| <b>Net cash used in Financing activities</b>            |                     |                     |
| <b>Net increase in cash and cash equivalents</b>        | <b>26,523,092</b>   | <b>(83,536,537)</b> |
| Cash and Cash equivalents at beginning of year          | 45,841,778          | 129,378,315         |
|   | <b>72,364,868</b>   | <b>45,841,778</b>   |
| <b>Cash and cash equivalent at end of year</b>          |                     |                     |

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2021

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Commission.



**Archbishop (Emeritus) Dr. Eliud Wabukala, EBS  
Chairperson**



**Twalib Mbarak, CBS  
Secretary/Chief Executive Officer**



**Joel I. Mukumu, ICPAK No: 5917  
Director, Finance & Planning**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

|                                    | Original budget      | Adjustments        | Final budget         | Actual on comparable basis | Performance difference | % of Utilization |
|------------------------------------|----------------------|--------------------|----------------------|----------------------------|------------------------|------------------|
|                                    | 2020-2021            | 2020-2021          | 2020-2021            | 2020-2021                  | 2020-2021              |                  |
| <b>Revenue</b>                     | <b>KES</b>           | <b>KES</b>         | <b>KES</b>           | <b>KES</b>                 | <b>KES</b>             | <b>KES</b>       |
| Government grants and subsidies    | 3,072,200,000        | 200,000,000        | 3,272,200,000        | 3,216,723,284              | 55,476,716             | 98%              |
| Gain/Loss on Disposal              | -                    | -                  | -                    | (474,194)                  | 474,194                | 0%               |
| Development Expenditure            | 40,800,000           | -                  | 40,800,000           | 14,167,795                 | 26,632,205             | 35%              |
| <b>Total income</b>                | <b>3,113,000,000</b> | <b>200,000,000</b> | <b>3,313,000,000</b> | <b>3,230,416,885</b>       | <b>82,583,115</b>      |                  |
| <b>Expenses</b>                    |                      |                    |                      |                            |                        |                  |
| Use of Goods and services          | 765,979,836          | -                  | 765,979,836          | 718,951,849                | 47,027,988             | 94%              |
| Employee Cost                      | 2,122,957,592        | 200,000,000        | 2,322,957,592        | 2,284,843,826              | 38,113,766             | 98%              |
| Commissioners' expenses            | 28,442,573           | -                  | 28,442,573           | 24,045,700                 | 4,396,873              | 85%              |
| Depreciation and Amortization cost | -                    |                    |                      | 98,808,760                 | (98,808,760)           |                  |
| Repairs and maintenance cost       | 29,820,000           | -                  | 29,820,000           | 29,074,644                 | 745,355                | 98%              |
| Staff Loan                         | 125,000,000          | -                  | 125,000,000          | 125,000,000                | -                      | 100%             |
| Development Expenditure            | 40,800,000           | -                  | 40,800,000           | 14,167,795                 | 26,632,205             | 35%              |
| <b>Total expenditure</b>           | <b>3,113,000,000</b> | <b>200,000,000</b> | <b>3,313,000,000</b> | <b>3,294,892,575</b>       | <b>18,107,424</b>      |                  |
| <b>Surplus for the period</b>      | <b>-</b>             | <b>-</b>           | <b>-</b>             | <b>(64,475,690)</b>        | <b>64,475,690</b>      |                  |

**Notes:**

**1. Development Expenditure**

The development expenditure variance was mainly caused by Covid-19 disruptions and some ICT items were not delivered

**2. Commission Expenses**

The under absorption was due to travel and meeting restrictions due to Covid-19

## 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 Commission. 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 of accounting.

### 2. Summary of significant accounting policies

#### a) Revenue recognition

#### 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.

#### 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 Commission and can be measured reliably.

#### *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 Commission.

#### *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.

*Notes to financial statements continued...*

**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 their cognition 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. The Commissions policy is to depreciate assets on reducing balance at the following rates, Buildings 2.5%, Motor vehicles 12.5%, Furniture and fittings 12.5%, Computer equipment 33.33%, Security equipment 12.5%, Plant and equipment 12.5%.

**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. The Commissions policy is to depreciate Software at the rate of 33.33%.

*Notes to financial statements continued...*

**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:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- 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

*Notes to financial statements continued...*

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.

**l) 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.

*Notes to financial statements continued...*

**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:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset

**3. Transfers from Other Government Entities**

|   | <b>2020-2021</b>     | <b>2019-2020</b>     |
|---|----------------------|----------------------|
|   | <b>KES</b>           | <b>KES</b>           |
| <b>Unconditional grants</b>                 |                      |                      |
| Operational Grant                           |                      |                      |
| Quarter 1                                   | 836,699,059          | 896,093,752          |
| Quarter 2                                   | 662,456,399          | 678,345,330          |
| Quarter 3                                   | 874,988,718          | 632,696,554          |
| Quarter 4                                   | 884,758,390          | 786,032,175          |
| Development Exchequer                       | 14,167,795           | -                    |
| <b>Total</b>                                | <b>3,273,070,361</b> | <b>2,993,167,811</b> |
| <b>Less</b>                                 |                      |                      |
| Exchequer used for other Assets Acquisition | 46,400,420           | -                    |
| Exchequer used for Intangibles Acquisition  | 9,946,657            | -                    |
| <b>Total</b>                                | <b>56,347,077</b>    | <b>-</b>             |
| <b>Net Exchequer for operations</b>         | <b>3,216,723,284</b> | <b>2,993,167,811</b> |

**4. Employee costs**

|  | <b>2020-2021</b>     | <b>2019-2020</b>     |
|--|----------------------|----------------------|
|  | <b>KES</b>           | <b>KES</b>           |
| Salaries and wages                               | 1,302,935,329        | 1,209,483,406        |
| Employee related costs                           | 279,110,982          | 256,775,514          |
| Travel, Motor car, Accommodation and Subsistence | 180,303,362          | 226,927,836          |
| Housing Benefits and allowances                  | 522,494,153          | 501,680,849          |
| <b>Total Employee Costs</b>                      | <b>2,284,843,826</b> | <b>2,194,867,605</b> |

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| <b>5. Commissioners Expenses</b>      | <b>2020-2021</b>  | <b>2019-2020</b>  |
|---------------------------------------|-------------------|-------------------|
|                                       | <b>KES</b>        | <b>KES</b>        |
| Commissioners travelling facilitation | 3,000,700.00      | 7,052,573         |
| Commissioners sitting Allowances      | 20,385,000.00     | 18,730,000        |
| Commissioners Airtime Allowances      | 660,000.00        | 660,000           |
| <b>Total Commissioners Expenses</b>   | <b>24,045,700</b> | <b>26,442,573</b> |

| <b>6. Depreciation and Amortization costs</b> | <b>2020-2021</b>  | <b>2019-2020</b>   |
|---|-------------------|--------------------|
|   | <b>KES</b>        | <b>KES</b>         |
| Property, Plant and Equipment                 | 90,829,686        | 96,799,160         |
| Intangible Assets                             | 7,979,074         | 6,995,429          |
| <b>Total depreciation Costs</b>               | <b>98,808,760</b> | <b>103,794,590</b> |

| <b>7. Repairs and maintenance</b>      | <b>2020-2021</b>  | <b>2019-2020</b>  |
|--|-------------------|-------------------|
|  | <b>KES</b>        | <b>KES</b>        |
| Property                               | 1,005,140         | 767,239           |
| Equipment                              | 1,243,711         | 2,026,820         |
| Vehicles                               | 21,147,255        | 20,010,968        |
| Other                                  | 5,678,538         | 1,421,748         |
| <b>Total Repairs &amp; Maintenance</b> | <b>29,074,644</b> | <b>24,226,775</b> |

| <b>8. Use of goods and services</b>  | <b>2020-2021</b> | <b>2019-2020</b> |
|--------------------------------------|------------------|------------------|
|                                      | <b>KES</b>       | <b>KES</b>       |
| Advertising, Publishing and Printing | 30,202,682       | 25,349,444       |
| Audit fees                           | 696,000          | 696,000          |
| Conferences and delegations          | 38,150,427       | 54,114,007       |
| Consulting fees                      | 8,321,288        | 6,084,505        |
| Consumables                          | 21,997,396       | 22,829,031       |
| Electricity                          | 11,887,799       | 13,970,828       |
| Fuel and Oil                         | 24,160,809       | 25,487,599       |
| Insurance                            | 200,306,881      | 185,367,120      |
| Legal Expenses                       | 4,420,236        | 2,837,183        |
| Licences and permits                 | 38,107,935       | 24,501,781       |
| Specialised materials                | 360,499          | 342,000          |
| Postage                              | 6,450,283        | 4,211,473        |
| Rental                               | 67,547,881       | 75,539,277       |
| Confidential Expenses                | 128,257,796      | 112,211,229      |
| Sewerage and water costs             | 694,593          | 582,520          |
| Research and Development             | 1,744,638        | 9,121,490        |

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|  |                    |                    |
|--|--------------------|--------------------|
| Telecommunication                          | 23,413,108         | 15,035,393         |
| Training                                   | 69,659,437         | 60,670,994         |
| Refurbishment of Non-Residential buildings | 10,184,097         | 7,047,173          |
| Bank charges                               | 387,234            | 270,162            |
| Other Expenses                             | 32,000,829         | 25,978,692         |
|  | <b>718,951,849</b> | <b>672,247,902</b> |

**9. Other Income**

|  | 2020-2021        | 2019-2020        |
|--|------------------|------------------|
|  | KES              | KES              |
| Sale of boarded Items                    | -                | -                |
| Loss on sale of Assets                   | (474,194)        | 1,866,093        |
| <b>Total gain/Loss on sale of assets</b> | <b>(474,194)</b> | <b>1,866,093</b> |

|  | 2020-2021         | 2019-2020         |
|--|-------------------|-------------------|
|  | KES               | KES               |
| <b>10. Cash and Cash Equivalent</b>    |                   |                   |
| Current bank Accounts                  | 72,359,695        | 45,556,149        |
| Cash on hand and in transit            | 5,173             | 285,629           |
| <b>Total cash and cash equivalents</b> | <b>72,364,868</b> | <b>45,841,778</b> |

(See detailed analysis of Cash and cash equivalents No. 28)

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

|                                  | 2020-2021         | 2019-2020         |
|----------------------------------|-------------------|-------------------|
|                                  | KES               | KES               |
| <b>Current receivables</b>       |                   |                   |
| Staff Imprest                    | 2,476,387         | 4,168,755         |
| Staff Advances                   | 185,352           | 182,567           |
| Rent Deposit and Prepayments     | 26,574,218        | 24,590,823        |
| <b>Total current receivables</b> | <b>29,235,957</b> | <b>28,942,145</b> |

**12. Inventories**

|  | 2020-2021        | 2019-2020         |
|--|------------------|-------------------|
|  | KES              | KES               |
| Consumable stores  | 4,519,747        | 6,877,491         |
| Provision for loss of inventory  | (2,923,920)      | (2,923,920)       |
| Library books  | -                | 11,610,157        |
| <b>Total inventories at the lower of cost and net realizable value</b> | <b>1,595,827</b> | <b>15,563,728</b> |

**13. Property Plant and Equipment - Refer to the PPE schedule**

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**14. Intangible assets-software**

| Cost                               | KES                | KES                |
|------------------------------------|--------------------|--------------------|
| As At July 2019                    | 186,120,930        | 183,595,652        |
| Additions during the year          | 9,946,657          | 2,525,279          |
| <b>As At July 2019</b>             | <b>196,067,587</b> | <b>186,120,930</b> |
| Additions during the year          | -                  | -                  |
| <b>As at June 2021</b>             | <b>196,067,587</b> | <b>186,120,930</b> |
| <b>Amortization and Impairment</b> |                    |                    |
| As at July 2020                    | 172,127,972        | 165,132,543        |
| Charge for the year                | 7,979,074          | 6,995,429          |
| <b>As at June 2020</b>             | <b>180,107,046</b> | <b>172,127,972</b> |
| <b>Net Book Value 2021</b>         | <b>15,960,541</b>  | <b>13,992,958</b>  |
| <b>Net Book Value 2020</b>         | <b>23,939,615</b>  | <b>20,988,387</b>  |

**15. Gratuity Fund Bank Account**

|                          | 2020-2021         | 2019-2020         |
|--------------------------|-------------------|-------------------|
|                          | KES               | KES               |
| Balance brought forward  | 9,466,833.61      | 59,070,412        |
| Additions                | 146,438,228.45    | 36,171,156        |
| Payments                 | (145,304,256.85)  | (85,774,734)      |
| Short Deposit Investment | 30,000,000.00     | 25,000,000        |
| <b>Total</b>             | <b>40,600,805</b> | <b>34,466,834</b> |

**16. Gratuity Fund Account**

|                         | 2020-2021         | 2019-2020         |
|-------------------------|-------------------|-------------------|
| Balance brought forward | 36,701,539        | 62,536,427        |
| Additions               | 61,492,369.25     | 37,461,156        |
| Payments                | (55,544,128.45)   | (63,296,044)      |
| <b>Total</b>            | <b>42,649,780</b> | <b>36,701,539</b> |

**17. Trade and other payables from exchange transactions**

|                                       | 2020-2021         | 2019-2020         |
|---------------------------------------|-------------------|-------------------|
|                                       | KES               | KES               |
| Creditors                             | 5,636,209         | 9,566,644         |
| Refundable Deposits                   | 1,450,065         | 11,780,919        |
| Treasury advances                     | 4,598,919         | 4,598,919         |
| Payroll payables                      | 3,094,004         | 720,853           |
| Unpaid Over Expenditure               | 100,260           | 74,470            |
| <b>Total trade and other payables</b> | <b>14,879,457</b> | <b>26,741,805</b> |

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| <b>18. Accrued liabilities and charges</b>                                 | <b>2020-2021</b>   | <b>2019-2020</b>   |
|--|--------------------|--------------------|
|  | <b>KES</b>         | <b>KES</b>         |
| Accrued audit fees   | 2,088,000          | 1,392,000          |
| National Lands Commission  | 25,382,916         | 25,382,916         |
| <b>Total trade and other payables</b>                                      | <b>27,470,916</b>  | <b>26,774,916</b>  |
| <b>19. Asset Recovery Fund Account</b>                                     | <b>2020-2021</b>   | <b>2019-2020</b>   |
|  | <b>KES</b>         | <b>KES</b>         |
| Balance brought forward  | 164,745,742        | 111,082,327        |
| Funds recovered in the year  | 59,713,897         | 208,193,383        |
| Payments   | -                  | (154,529,967)      |
| <b>Total</b>   | <b>224,459,639</b> | <b>164,745,743</b> |
| <b>20. Capital Reserve</b>   | <b>2020-2021</b>   | <b>2019-2020</b>   |
|  | <b>KES</b>         | <b>KES</b>         |
| Balance brought forward  | 192,330,372        | 192,330,372        |
| Transfer of depreciation/Amortisation on capital fund to retained earnings | (98,808,760)       | -                  |
| Transfers of Library books to PPE  | 11,610,156         | -                  |
| Donated Asset  | 2,725,000          | -                  |
| Development grant  | 56,347,077         | -                  |
| Capital Assets Acquisition for 2019/2020                                   | 14,349,916         | -                  |
| <b>Total</b>   | <b>178,553,761</b> | <b>192,330,372</b> |
| <b>21(a). Revenue Reserve</b>  | <b>2020-2021</b>   | <b>2019-2020</b>   |
|  | <b>KES</b>         | <b>KES</b>         |
| Balance brought forward  | 167,480,765        | 712,225,241        |
| Recovery of unspent exchequer to N. Treasury                               | (50,094)           | (57,782,438.00)    |
| Transfer to acquisition fund   | -                  | (250,000,000.00)   |
| Land transfer to Parliamentary Service Commission                          | -                  | (120,416,497.00)   |
| Transfer of depreciation/Amortisation on capital fund to retained earnings | 98,808,760         | -                  |
| Capital Assets Acquisition for 2019/2020                                   | (14,349,916)       | -                  |
| Transfers of Library books to PPE  | (11,610,156)       | -                  |
| Creditors write written back   | 932,620            | -                  |
| Surplus for the year   | (64,475,690)       | (116,545,541.00)   |
| <b>Total</b>   | <b>176,736,291</b> | <b>167,480,765</b> |

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| <b>21(b). Acquisition fund</b> | <b>2020-2021</b>     | <b>2019-2020</b>     |
|--------------------------------|----------------------|----------------------|
|                                | <b>KES</b>           | <b>KES</b>           |
| Balance brought forward        | 1,518,000,000        | 1,268,000,000        |
| Transfer from revenue reserve  | -                    | 250,000,000          |
|                                | <b>1,518,000,000</b> | <b>1,518,000,000</b> |

**22. Events After the reporting period**

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

**23. Currency**

The Financial statements are presented in Kenya Shillings (Kes).

**24. Acquisition Development fund**

These were funds received for acquisition of integrity centre

| <b>25. Exchequer transfer to loan scheme</b>   | <b>2020-2021</b> | <b>2019-2020</b> |
|--|------------------|------------------|
|  | <b>KES</b>       | <b>KES</b>       |
| Transfer to staff Mortgage and Car loan Scheme | 125,000,000      | 90,000,000       |

Notes to financial statements continued...

| 13                                 | PROPERTY, PLANT AND EQUIPMENT |             |                |                              |                    |                    |                     |               |               |
|------------------------------------|-------------------------------|-------------|----------------|------------------------------|--------------------|--------------------|---------------------|---------------|---------------|
|                                    | Land                          | Building    | Motor vehicles | Furniture, Fixture & fitting | Computer Equipment | Security Equipment | Plant and Equipment | Library Books | Total         |
| Cost or Valuation:                 | Sh                            | Sh          | Sh             | Sh                           | Sh                 | Sh                 | Sh                  | Sh            | Sh            |
| <b>Depreciation Rates</b>          | -                             | 2.5%        | 25%            | 12.5%                        | 33.33%             | 12.5%              | 12.5%               | 12.5%         |               |
| <b>As at 1st July 2019</b>         | 1,663,799,413                 | -           | 511,041,167    | 84,554,427                   | 229,115,494        | 165,232,176        | 101,392,295         |               | 2,766,745,129 |
| Additions                          | -                             | -           | -              | 380,500                      | 13,911,121         | -                  | 58,295              |               | 14,349,916    |
| Disposals                          | -                             | -           | (15,422,956)   | (799,020)                    | (5,092,350)        | -                  | (1,141,893)         |               | (22,456,219)  |
| Transfers/adjustments              | (120,416,497)                 |             | -              | -                            | -                  | -                  | -                   |               | (120,416,497) |
| Land Improvements                  | (747,899,166)                 | 747,899,166 |                |                              |                    |                    |                     |               |               |
| <b>As at 30th June 2020</b>        | 795,483,750                   | 747,899,166 | 495,618,211    | 84,135,907                   | 237,934,265        | 165,232,176        | 100,308,697         |               | 2,626,612,171 |
| Additions                          |                               | 9,346,748   |                | 6,916,569                    | 30,968,242         |                    | 1,893,861           |               | 49,125,420    |
| Disposals                          |                               |             | (8,414,047)    | -                            | (152,016)          |                    | (316,180)           |               | (8,882,243)   |
| Transfers/adjustments              | -                             |             | -              | -                            | -                  | -                  | -                   | 11,610,157    | 11,610,157    |
| Land Improvements                  | -                             | -           |                |                              |                    |                    |                     |               | -             |
| <b>As at 30th June 2021</b>        | 795,483,750                   | 757,245,914 | 487,204,164    | 91,052,476                   | 268,750,491        | 165,232,176        | 101,886,378         | 11,610,157    | 2,678,465,505 |
| <b>Depreciation and impairment</b> |                               |             |                |                              |                    |                    |                     |               |               |
| At 1 July 2019                     | -                             | -           | 379,673,002    | 40,061,525                   | 175,584,873        | 73,261,196         | 52,749,298          | -             | 721,329,894   |
| Depreciation                       | -                             | 18,697,479  | 32,591,838     | 5,590,338                    | 22,375,016         | 11,496,373         | 6,048,115           | -             | 96,799,160    |
| Disposals                          | -                             |             | (14,422,146)   | (648,320)                    | (4,842,849)        | -                  | (825,523)           | -             | (20,738,838)  |
| <b>At 30 June 2020</b>             | -                             | 18,697,479  | 397,842,695    | 45,003,543                   | 193,117,041        | 84,757,569         | 57,971,890          | -             | 797,390,216   |
| Depreciation                       | -                             | 18,463,711  | 24,355,448     | 5,756,117                    | 25,236,775         | 10,059,326         | 5,507,040           | 1,451,270     | 90,829,686    |
| Disposals                          | -                             |             | (8,060,324)    | -                            | (84,447)           | -                  | (141,832)           | -             | (8,286,603)   |
| <b>As at 30 June 2021</b>          | -                             | 37,161,190  | 414,137,818    | 50,759,659                   | 218,269,369        | 94,816,894         | 63,337,098          | 1,451,270     | 879,933,299   |
| <b>Net book values</b>             |                               |             |                |                              |                    |                    |                     |               |               |
| <b>At 30 June 2021</b>             | 795,483,750                   | 720,084,723 | 73,066,346     | 40,292,816                   | 50,481,122         | 70,415,282         | 38,549,280          | 10,158,887    | 1,798,532,206 |
| <b>At 30 June 2020</b>             | 795,483,750                   | 729,201,687 | 97,775,516     | 39,132,364                   | 44,817,224         | 80,474,608         | 42,336,807          | -             | 1,829,221,955 |

*Notes to financial statements continued...*

**26. 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 Kes **46,073,201.20**. 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.

27. The deficit is mainly caused by depreciation and accrued expenses resulting from unfunded exchequer.

**28. Detail Analysis of Cash and Cash equivalents**

| <b>Financial Institution</b> | <b>Account Number</b> | <b>2020-2021</b>  | <b>2019-2020</b>  |
|------------------------------|-----------------------|-------------------|-------------------|
|                              |                       | <b>KES</b>        | <b>KES</b>        |
| KCB - Main A/C               | 1103253387            | 32,453,914        | 23,724,797        |
| KCB - Mombasa                | 1106512073            | 2,000,673         | 1,999,215         |
| KCB - Kisumu                 | 1121427499            | 2,000,000         | 1,999,874         |
| KCB - Garissa                | 1128655223            | 1,994,828         | 1,939,309         |
| KCB - Nyeri                  | 1128743523            | 2,000,000         | 2,000,000         |
| KCB - Eldoret                | 1131040244            | 2,000,000         | 1,996,640         |
| KCB - Malindi                | 1167493583            | 1,894,100         | 1,871,251         |
| KCB - Isiolo                 | 1167596226            | 2,000,000         | 1,981,090         |
| KCB - Machakos               | 1167286790            | 2,000,000         | 1,996,930         |
| KCB - Nakuru                 | 1167708466            | 2,030,532         | 1,998,320         |
| KCB - Kisii                  | 1178636070            | 2,000,000         | 1,999,028         |
| KCB - Bungoma                | 1249057019            | 2,000,000         | 1,998,900         |
| Central Bank of Kenya        | 1000181141            | 16,568,168        | 50,094            |
| CBK - GIZ Project            | 1000227959            | 700               | 700               |
| CBK Development A/C          | 1000182059            | 1,416,779         | -                 |
| Cash - Head Office           |                       | -                 | 205,828           |
| Cash - Garissa               |                       | 5,172             | 60,691            |
| Cash - Isiolo                |                       | -                 | 18,784            |
| Cash - Malindi               |                       | -                 | 325.00            |
| <b>Total</b>                 |                       | <b>72,364,867</b> | <b>45,841,777</b> |

**APPENDIX.1 RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

| Name of the MDA/Donor Transferring the funds | Date received         | Nature: Recurrent/ Development/Others | Total Amount KES | Where Recorded/recognized          |              |                                 |
|--|-----------------------|---------------------------------------|------------------|------------------------------------|--------------|---------------------------------|
|  | as per bank statement |                                       |                  | Statement of Financial Performance | Capital Fund | Total Transfers during the Year |
| The National Treasury                        | 05.08.2020            | Recurrent                             | 271,647,671      | 271,647,671                        |              | 271,647,671                     |
| The National Treasury                        | 19.08.2020            | Recurrent                             | 178,527,021      | 178,527,021                        |              | 178,527,021                     |
| The National Treasury                        | 26.08.2020            | Recurrent                             | 166,106,791      | 166,106,791                        |              | 166,106,791                     |
| The National Treasury                        | 17.09.2020            | Recurrent                             | 40,000,000       | 40,000,000                         |              | 40,000,000                      |
| The National Treasury                        | 29.09.2020            | Recurrent                             | 168,546,677      | 168,546,677                        |              | 168,546,677                     |
| The National Treasury                        | 09.09.2020            | Recurrent                             | 11,870,898       | 11,870,898                         |              | 11,870,898                      |
| The National Treasury                        | 14.10.2020            | Recurrent                             | 100,000,000      | 100,000,000                        |              | 100,000,000                     |
| The National Treasury                        | 30.10.2020            | Recurrent                             | 168,803,760      | 168,803,760                        |              | 168,803,760                     |
| The National Treasury                        | 26.11.2020            | Recurrent                             | 179,821,494      | 179,821,494                        |              | 179,821,494                     |
| The National Treasury                        | 17.12.2020            | Recurrent                             | 20,000,000       | 20,000,000                         |              | 20,000,000                      |
| The National Treasury                        | 28.12.2020            | Recurrent                             | 193,831,145      | 193,831,145                        |              | 193,831,145                     |
| The National Treasury                        | 14.01.2021            | Recurrent                             | 100,000,000      | 100,000,000                        |              | 100,000,000                     |
| The National Treasury                        | 29.01.2021            | Recurrent                             | 174,117,816      | 174,117,816                        |              | 174,117,816                     |
| The National Treasury                        | 16.02.2021            | Recurrent                             | 77,145,066       | 77,145,066                         |              | 77,145,066                      |
| The National Treasury                        | 24.02.2021            | Recurrent                             | 174,316,712      | 174,316,712                        |              | 174,316,712                     |
| The National Treasury                        | 12.03.2021            | Recurrent                             | 116,758,761      | 116,758,761                        |              | 116,758,761                     |
| The National Treasury                        | 17.03.2021            | Recurrent                             | 57,145,066.55    | 57,145,066                         |              | 57,145,066                      |
| The National Treasury                        | 29.03.2021            | Recurrent                             | 175,505,295      | 175,505,295                        |              | 175,505,295                     |
| The National Treasury                        | 26.04.2021            | Recurrent                             | 174,188,669      | 174,188,669                        |              | 174,188,669                     |

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|                       |            |             |                      |                      |                   |                      |
|-----------------------|------------|-------------|----------------------|----------------------|-------------------|----------------------|
| The National Treasury | 30.04.2021 | Recurrent   | 174,188,690          | 174,188,690          |                   | 174,188,690          |
| The National Treasury | 02.06.2021 | Recurrent   | 175,890,874          | 175,890,874          |                   | 175,890,874          |
| The National Treasury | 24.06.2021 | Recurrent   | 260,490,156          | 260,490,156          |                   | 260,490,156          |
| The National Treasury | 02.07.2021 | Recurrent   | 100,000,000          | 100,000,000          |                   | 100,000,000          |
| The National Treasury | 08.07.2021 | Development | 14,167,795           |                      | 14,167,795        | 14,167,795           |
| <b>Total</b>          |            |             | <b>3,273,070,361</b> | <b>3,258,902,566</b> | <b>14,167,795</b> | <b>3,273,070,361</b> |

**APPENDIX 2: 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.

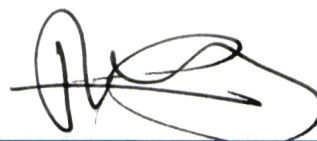
| <b>Ref. No. on the external audit Report</b> | <b>Issue / Observations from Auditor</b>  | <b>Management comments</b>   | <b>Focal Point person to resolve the issue</b> | <b>Status</b>      | <b>Timeframe</b>   |
|--|---|--|--|--------------------|--|
| 1  | Excess acting allowance of Kes 5,862,895/90 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   | Mr. David Kaboro                               | Court case ongoing | The Commission is pursuing the individual. The timeframe is open as it going through court process |
| 2  | Loss of 410 toners worth Kes 2,923,920/-  | Services of staff involved were terminated, file forwarded to Director of public prosecutions to institute prosecution.  | Mr. David Kaboro                               | Not Resolved       | Open as it is ongoing through court process  |
| 3  | Development of United Nations Development Programme (UNDP) funded wealth Declaration Management System. Kes 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. Development of the wealth declaration system based on the systems designs that were developed by the UNDP project has commenced | Mr. David Kaboro                               | Resolved           | The system implementation is ongoing.  |

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| Ref. No. on the external audit Report | Issue / Observations from Auditor  | Management comments  | Focal Point person to resolve the issue                              | Status   | Timeframe   |
|---------------------------------------|--|--|--|--|---|
| 4                                     | <p><b>Acquisition of Integrity Centre</b></p> <ul style="list-style-type: none"> <li>• Incomplete acquisition process</li> <li>• Valuation of the Integrity Centre</li> <li>• Inadequate building Plan/Drawings</li> </ul> | <p>The acquisition process of the Integrity Centre was being handled by National Land Commission (NLC)</p> <p>The valuation and acquisition of the building was being handled by NLC on behalf of EACC</p> <p>The submitted drawings were not sufficient as pointed by the Ministry of Lands and Physical Planning</p> | <p>Mr. Enock Otiko</p> <p>Mr. Enock Otiko</p> <p>Mr. Enock Otiko</p> | <p>Resolved</p> <p>The procuring entity (NLC) is handling the matter</p> <p>Unresolved</p> | <p>Copies of Ownership documents received</p> <p>The procuring entity (NLC) is handling the matter</p> <p>The procuring entity (NLC) is handling the matter</p> |



**Archbishop (Emeritus) Dr. Eliud Wabukala, EBS  
Chairperson**



**Twalib Mbarak, CBS  
Secretary/Chief Executive Officer**