



ETHICS AND ANTI-CORRUPTION COMMISSION

ANNUAL REPORT 2016 - 2017

Tukomeshe Ufisadi, Tuijenge Kenya



Paper laid
By Hon. Justice
Lokman 13/2/2018
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ETHICS AND ANTI-CORRUPTION COMMISSION



REPORT OF ACTIVITIES
AND FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR 2016/2017 FOR
THE ETHICS AND ANTI-CORRUPTION COMMISSION (EACC)



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LIST OF ABBREVIATIONS AND ACRONYMS

ACEC	Anti-Corruption and Economic Crimes (a Division of the High Court of Kenya)
ACECA	Anti-Corruption and Economic Crimes Act, 2003
ACFE	Association of Certified Fraud Examiners
ADR	Alternative Dispute Resolution
AG	Attorney General
ARIN-EA	Asset Recovery Inter-Agency Network for Eastern Africa
ASK	Agricultural Society of Kenya
CAACC	Commonwealth Africa Anti-Corruption Centre
CASB	County Assembly Service Board
CBAMs	Community Based Anti-Corruption Monitors
CC	Constitutional Commissions
CCTV	Closed-Circuit Television
CDF	Constituency Development Fund
CDFC	Constituency Development Fund Committee
CEC	County Executive Committee
CLE	Continuous Legal Education
CM	Chief Magistrate
CMCC	Chief Magistrate's Court Civil Case
CPCs	Corruption Prevention Committees
CPC	Criminal Procedure Code
CPD	Continuous Professional Development
CPSB	County Public Service Board
CRAs	Corruption Risk Assessments
DANIDA	Danish International Development Agency
DIALs	Declaration of Income, Assets and Liabilities (The Public Officer Ethics Act, 2003)
DPP	Director of Public Prosecutions
EAAACA	East African Association of Anti-Corruption Authorities
EAC	East African Community
EACC	Ethics and Anti-Corruption Commission
ETPA	Education, Training and Public Awareness
FY	Financial Year
HCDA	Horticultural Crops Development Authority
HRIMS	Human Resources Information Management System
IACA	International Anti-Corruption Academy



IAOs	Integrity Assurance Officers
ICAC	Independent Commission Against Corruption
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information and Communications Technology
IEBC	Independent Electoral and Boundaries Commission
IEC	Information, Education and Communication
IFMIS	Integrated Financial Management Information System
IOs	Independent Offices
IPCRM	Integrated Public Complaints Referral Mechanism
IRG	Implementation Review Group
IT	Information Technology
JSC	Judiciary Service Commission of Kenya
KEMFRI	Kenya Marine and Fisheries Research Institute
KEMRI	Kenya Medical Research Institute
KeRRA	Kenya Rural Roads Authority
KICC	Kenyatta International Convention Centre
KIP	Kenya Integrity Plan
KIST	Kiambu Institute of Science and Technology
KLIF	Kenya Leadership and Integrity Forum
KPC	Kenya Pipeline Company
KPOSB	Kenya Post Office Savings Bank
KPTC	Kenya Posts & Telecommunications
KRA	Kenya Revenue Authority
KYSY	Kura Yangu Sauti Yangu
LBDA	Lake Basin Development Authority
LCD	Liquid-Crystal Display
LIA	Leadership and Integrity Act, 2012
LPO	Local Purchase Order
LSO	Local Service Order
MAT	Multi-Agency Team
MCAs	Members of County Assembly
MD	Managing Director
MDAs	Ministries, Departments and Agencies
MOA	Matatu Owners' Association
MP	Member of Parliament
NCWSC	Nairobi City Water and Sewerage Company
NEPAD	New Partnership for Africa's Development
NHC	National Housing Corporation



NHIF	National Hospital Insurance Fund
NIB	National Irrigation Board
NPS	National Police Service
NSSF	National Social Security Fund
NYS	National Youth Service
ODPP	Office of the Director of Public Prosecutions
PAPs	Project Affected Persons
PFM	Public Finance Management
PGGACB	Puntland Good Governance and Anti-Corruption Bureau
PLWD	People Living with Disabilities
POCAMLA	Proceeds of Crime and Anti-Money Laundering Act, 2009
POEA	Public Officer Ethics Act, 2003
POE	Ports of Entry
PPADA	Public Procurement and Asset Disposal Act, 2015
PPDA	Public Procurement and Disposal Act, 2005
PPRA	Public Procurement Regulatory Authority
SCC	Sector Coordinating Committee
SLDP	Strategic Leadership Development Programme
UNCAC	United Nations Convention against Corruption
UNODC	United Nations Office on Drugs and Crime
YEDF	Youth Enterprise Development Fund



MISSION STATEMENT

MANDATE

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

MISSION

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

VISION

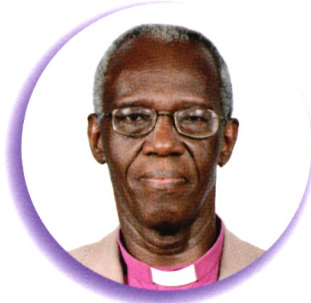
A corruption free Kenyan society that upholds integrity and the rule of law

CORE VALUES

Integrity
Professionalism
Fidelity to the law
Courage
Teamwork
Innovation



MEMBERS OF THE ETHICS & ANTI-CORRUPTION COMMISSION



Archbishop (Rtd)
Eliud Wabukala, EBS
Chairperson



Commissioner
Sophia Lepuchirit
Vice-Chairperson



Rose Mghoi Mtambo
Macharia
Commissioner



Paul Gachoka
Mwaniki
Commissioner



Dr. Dabar Abdi
Maalim
Commissioner



Halakhe D. Waqo,
CBS, MCI Arb,
Secretary/Chief
Executive Officer



MESSAGE FROM THE CHAIRPERSON

It is a great pleasure to present the Ethics and Anti-Corruption Commission Annual Report for the Financial Year 2016/2017. This report is prepared pursuant to the provisions of Article 254 (1) of the Constitution, Section 27 of the Ethics & Anti-Corruption Commission Act, 2011 and Section 45 of the Leadership & Integrity Act, 2012.

The Commission appreciates the efforts of the private sector in proposing and drafting the Bribery Bill, which was enacted in 2016 to bolster efforts in fighting corruption. I would also like to recognize the enactment of the Access to Information Act, 2017; amendment to the Leadership and Integrity Act, 2012 by introducing Section 12A which directs any person intending to be appointed to a State Office to submit to the EACC a self-declaration form; and amendment to the Proceeds of Crime and Anti-Money Laundering Act, 2009 (POCAMLA) which reinstated the Commission's power to institute cases for recovery of corruptly acquired assets.

It has been a successful year for the Commission. We have witnessed tremendous achievements in our efforts to fight corruption and this can be demonstrated by having had 22 cases concluded in Court, with 17 convictions. Regionally, the Commission was ranked number one on evidence and management of exhibits among 17 Commonwealth Africa Anti-Corruption Agencies by the Commonwealth Africa Anti-Corruption Centre (CAACC) and the United Nations Office on Drugs and Crime (UNODC). This is a matter of significance to me and a tribute to the dedication and professionalism of the staff.

At the same time, the Commission has been developing innovative solutions to help us meet the growing demands of Kenyans in an efficient and effective way. We continue to expand our regional presence so as to bring services closer to the public through our 12 regional offices and Huduma Centres in 41 Counties.

Greater responsiveness lies at the heart of our strategy for the future as a Commission to have a corruption free Kenyan society that upholds the rule of law. Meanwhile, we face the coming year with optimism: unwavering in our core values; strong in our staff; and confident in their ability, yet again, to meet the formidable challenges ahead as we combat corruption and unethical conduct.

Finally, I reiterate that the war against corruption is the responsibility of every individual, whatever their station in life.

God bless EACC! God bless Kenya!

Archbishop (Rtd) Eliud Wabukala, EBS
Chairperson



MESSAGE FROM THE SECRETARY/CHIEF EXECUTIVE OFFICER

This Annual Report is a result of the implementation of the programmes set out in fourth year of the Strategic Plan 2013-2018. The Report is prepared pursuant to the provisions of Article 254 (1) of the Constitution, Section 27 of the Ethics and Anti-Corruption Commission Act, 2011 and Section 45(1) of the Leadership and Integrity Act (LIA) 2012. It contains the financial statement of the Commission; details of activities undertaken and achievements realized; information relevant to the enforcement of and compliance with the provisions of LIA; requisite statistical information; and challenges encountered. The EACC recognizes the continued support by the Government which has provided funds: KSh. 1,823,600,000, KSh. 2,957,220,000 and KSh. 3,224,879,000 for FY 2014/2015, 2015/2016 and 2016/2017, respectively. Below are highlights of the activities and programmes of the Commission and challenges encountered:

Law enforcement: The Commission received and analyzed 8,044 reports/complaints out of which 3,735 fell within its mandate. The remainder were referred to other agencies for specified actions. In the same year, 574 reports on violations of Chapter Six of the Constitution were received, out of which 111 reports were analyzed and completed. Consequently, 143 files on corruption and economic crimes were finalized and submitted to the Director of Public Prosecutions (DPP) for action while other cases are at different stages of completion. Out of these files, the Commission recommended 110 for prosecution, 7 for administrative action and 26 for closure. The Commission also forwarded 4 case files on ethical breaches to the DPP. Twenty-five cases were finalized in court resulting in 18 convictions and seven acquittals, with three cases being withdrawn. In Converse, 62 Petitions challenging investigations and prosecution were filed against the Commission.

The Commission has witnessed an upsurge of reports on corruption and unethical conduct from all 47 counties. EACC is deploying resources to address this situation and investigations are at various stages.

In addition, the Commission completed 32 asset-tracing inquiries in respect of public assets (public land, government houses and cash) that had been illegally acquired estimated at KSh. 5 billion and the recovery process for the same by the Commission is ongoing. More so, 23 Applications for preservation of assets were made and assets valued at approximately KSh. 256 million were recovered. The Commission carried out 25 proactive covert investigations, resulting in averting possible loss of public funds at approximately KSh. 6.2 billion.

The Commission spearheaded the implementation of recommendations of the Task Force on Review of the Legal, Policy and Institutional Anti-Corruption Framework with the initiative resulting in enactment of new laws, amendments to existing law, and the introduction of legal bills.

On enforcement of Chapter Six of the Constitution and the Leadership and Integrity Act, 2012, the Commission supported the National and County Governments in the development of Specific Leadership and Integrity Codes and issued 32 advisories, 95 notices and 32 cautions. It also supported the process of appointments to public office



through clearance and verification in compliance with Chapter Six of the Constitution and advised on the integrity suitability of the applicants.

Corruption Prevention: The Commission released one Report on the examination of the systems, policies, procedures and practices of service delivery at the Ports of Entry in Kenya and conducted two system analyses in the Ministry of Lands and Physical Planning and Pricing of Pharmaceutical and Non- Pharmaceutical Supplies in the Kenyan Public health sector. Further, the Commission completed and presented eight reports of Corruption Risk Assessments (CRAs) on County Executives and seven County Assemblies with the aim of identifying and profiling corruption risks in public institutions, and advising on the strategies that should be implemented to mitigate the identified risks.

The Commission undertook public education, training and awareness. It particularly conducted county anti-corruption weeks and outreach clinics where 12 million people were reached, 305 school-based programmes implemented, 250 Community Based Anti-Corruption Monitors sensitized and capacity building of Public Officers in both National and County Government where 238 health managers participated. In addition, the Commission proposed inclusion of values, ethics and integrity in the National Curriculum. The Commission also used various media channels to sensitize the public on the need to choose leaders of integrity during the last general elections.

Partnerships, Networks and Coalitions against Corruption: The Commission continued to build partnerships, networks and coalitions in the fight against corruption and unethical conduct. One of the key drivers of this partnership is the Kenya Leadership and Integrity Forum (KLIF) which brings together multi-sectoral stakeholders in the fight against corruption and unethical conduct. EACC is currently the Secretariat for KLIF.

The Commission is also a key partner of the Multi-Agency Team (MAT) which carries out joint investigations, shares information, and provides quick interventions in investigations, recovery and preservations of property acquired through corruption and organized crime.

Status of Corruption: A survey conducted by the Commission suggests that the perceived levels of corruption in Kenya increased by 5.4 percent to 79.3 percent from the previous year. It also shows that the proportion of people who paid bribes when seeking services from public offices increased to 46 percent up from 38 percent in 2015/16. This could be attributed to services being devolved.

Institutional Capacity: The Commission enhanced its staff complement from 455 to 675. However, this number still falls short of the approved staff establishment of 2,246 staff members. The Commission will continue to improve the staff complement annually until the establishment is achieved. In addition, the Commission invested in building the technical capacity of its staff in the face of emerging anti-corruption trends.

Challenges: A number of challenges impacted negatively on the execution of our mandate during the reporting period, among them staff shortage and exit of experienced staff; expanded mandate of the Commission and politicization of the Leadership and Integrity mandate; lengthy legal process for Mutual Legal Assistance which slows



conclusion of investigations into cross-border corruption and economic crimes; absence of proper wealth declaration management and administrative procedures in Responsible Commissions. In corruption prevention, there is need to develop clear mechanisms for enforcing systems review recommendations made to public institutions to seal corruption loopholes and strengthen systems of service delivery and operations.

It is also our observation and concern that the society appears to tolerate corruption and unethical conduct. The citizenry is disengaged and not claiming its space properly in as far as participatory corruption fight is concerned.

Way forward: It is worth noting that despite the challenges, positive legal, institutional reforms and interventions were realized which include; the establishment of Anti-Corruption and Economic Crimes Division in the High Court dedicated to hearing corruption and economic crimes cases, and continued review of strategies for fighting corruption in the country. Further, it will be necessary to make provisions in the EACC Act, 2011 for enforcement of systems review recommendations. I therefore look forward to a better Kenya and an empowered citizenry which abhors corruption and upholds ethics and integrity.

Halakhe D. Waqo, CBS, MCI Arb
Secretary/Chief Executive Officer
Tukomeshe Ufisadi, Tuijenge Kenya!



CHAPTER 1: BACKGROUND

1.1. Introduction

The Ethics and Anti-Corruption Commission (EACC) is a statutory body established under the Ethics and Anti-Corruption Act, 2011 pursuant to Article 79 of the Constitution. Its mandate is to combat and prevent corruption and economic crime in Kenya through law enforcement, preventive measures, public education and promotion of standards and practices of integrity, ethics and anti-corruption.

Further, the mandate of the Commission on Ethics and Leadership is derived from Chapter Six of the Constitution; the Leadership and Integrity Act No. 19 of 2012; the Anti-Corruption and Economic Crimes Act, 2003; and Section 11 of the Ethics and Anti-Corruption Commission Act No. 22 of 2011.

This Annual Report is prepared pursuant to the provisions of Article 254 (1) of the Constitution, Section 27 of the Ethics and Anti-Corruption Commission Act, 2011 and Section 45(1) of the Leadership and Integrity Act (LIA) 2012. The Report contains the financial statement of the Commission; details of activities undertaken and achievements realized; information relevant to the enforcement of and compliance with the provisions of LIA; requisite statistical information; and challenges encountered in the review period.

1.2. Functions and Structure of EACC

1.2.1 Functions

The functions of the Commission are:

- a) To investigate and recommend to the Director of Public Prosecutions the prosecution of any acts of corruption and violation of codes of ethics;
- b) To trace public assets and institute court action towards recovery and/or protection of such assets;
- c) To initiate court proceedings towards freezing or confiscation of proceeds of corruption or related to corruption, payment of compensation, or other punitive or disciplinary measures, and for forfeiture of unexplained asset;
- d) To carry out prevention, education and public awareness programmes;
- e) To undertake conciliation, mediation and negotiation on matters within its mandate;
- f) To provide advisory services to other institutions on matters within its mandate;
- g) To enforce ethics and integrity laws under Chapter Six of the Constitution;
- h) To build partnerships with State and Public Officers to promote ethics and integrity;
- i) To develop and promote standards and best practices in integrity;



- j) To develop codes of conduct;
- k) To oversee enforcement of codes of ethics for Public Officers; and
- l) To monitor the practices and procedures of public bodies to detect corruption and secure revision of methods of work.

1.2.2 Structure

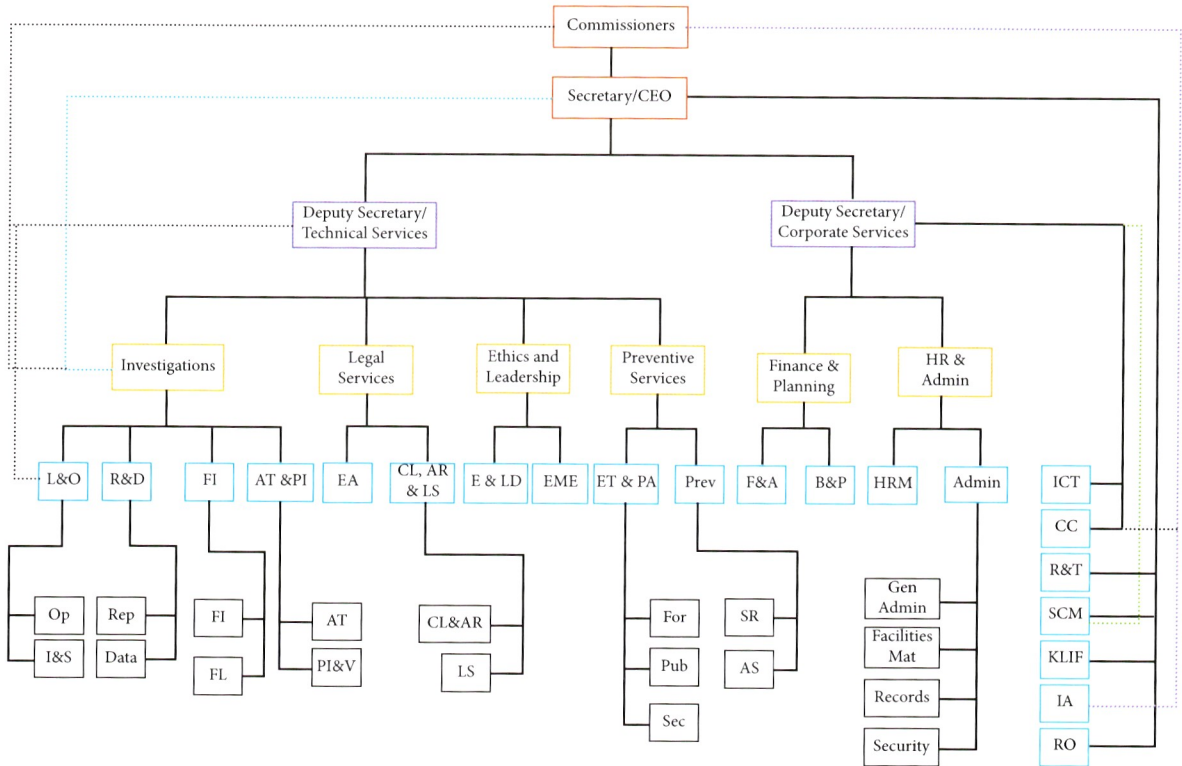


Figure 1: Organizational Structure of EACC

KEY

- Adm** Administration
- AS** Advisory Services
- AT** Asset Tracing
- AT&PI** Asset Tracing and Preliminary Investigations
- B&P** Budget and Planning
- CC** Corporate Communications
- CL&AR** Civil Litigation and Asset Recovery
- CL, AR & LS** Civil Litigation, Asset Recovery and Legal Support
- E&LD** Ethics and Leadership Development
- EA** Evidence Analysis
- EME** Ethics Monitoring and Enforcement



ET&PA	Education Training and Public Awareness
F&A	Finance and Accounts
F&P	Finance and Planning
FI	Forensic Investigations
FL	Forensic Laboratory
For	Formal
Gen Adm	General Administration
HR & Adm	Human Resource and Administration
HRM	Human Resource Management
I&O	Investigations and Operations
I&S	Intelligence and Surveillance
IA	Internal Audit
ICT	Information and Communications Technology
KLIF	Kenya Leadership Integrity and Forum
LS	Legal Support
Op	Operations
PI&V	Preliminary Investigation and Vetting
Prev	Prevention
Pub	Public
R&D	Report and Data
R&T	Research and Transformation
Rep	Report
RO	Regional Offices
SCM	Supply Chain Management
Sec	Sectoral
SR	Systems Review



CHAPTER 2: ENFORCEMENT

2.1. Introduction

The investigative mandate of the Commission is to receive complaints and allegations on corruption, economic crime and ethical breaches, investigate, conduct operations, trace illegally and or unlawfully acquired, unexplained assets, disrupt corruption networks and recover public assets.

2.2. Complaints and Allegations Received

The Commission received and analyzed a total of 8,044 reports out of which 3,818 were received at the Head Office, 2,782 at regional offices and 1,444 at the various Huduma Centres as shown in Table 1.

Table 1: Number of Complaints and Allegations Received

Office	Number of reports received
Headquarters – Nairobi	3,818
Western Regional Office – Kisumu	570
Lower Coast Regional Office – Mombasa	330
North Rift Regional Office – Eldoret	399
North Eastern Regional Office – Garissa	257
Upper Coast regional Office – Malindi	217
Lower Eastern Regional Office Machakos	214
South Nyanza Regional Office – Kisii	213
Upper Eastern Regional Office – Isiolo	206
South Rift Regional Office – Nakuru	204
Central Regional Office – Nyeri	172
Huduma Centres	1,444
Total	8,044

The number of reports received increased from 7,929 in FY 2015/16 to 8,044 in FY 2016/17, indicating an increase of 1.5 percent. There has been a remarkable increase in the trend of corruption reports received and analyzed since 2012/13 to date as shown in Figure 2.

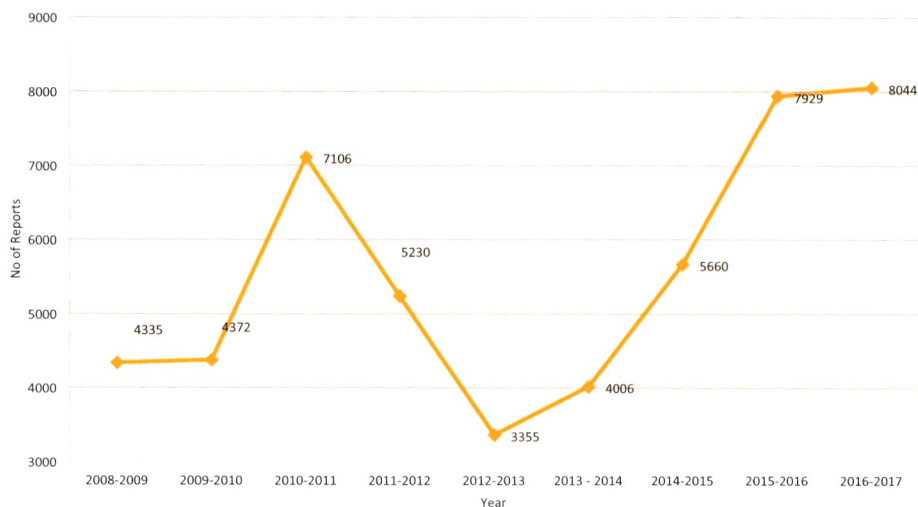


Figure 2: Trends in Corruption Reporting

2.2.1 Action Taken on Complaints and Allegations Received

Out of the 8,044 complaints and allegations on corruption, economic crime and unethical conduct received in the period under review, the Commission dealt with them as shown in Table 2.

Table 2: Action Taken on the Complaints and Allegations Received

Action taken	No. of Reports
Reports taken up by the Commission	3,735
Advisory to the complainants on where to report	2,934
Referred to other public institutions	600
Sought additional information / Unprocessed	64
Referred through the Integrated Public Complaints Referral Mechanism (IPCRM)	136
Closed / No further action	575
Total No. of Reports	8,044

A total of 111 investigations on ethical breaches were concluded. This was an increase of 98 percent from the previous financial year. Table 3 is a summary of how the reports have been handled during the last three financial years.



Table 3: Status of Complaints and Allegations on Ethical Breaches Received During the Last Three Financial Years

Status of Complaints	2014/2015	2015/2016	2016/2017	TOTAL
Reports received during FY	147	288	574	1,009
Concluded	29	56	111	196
Active Investigations	70	112	137	319
Referred to other agencies	49	116	301	466
No further action	27	11	111	149

Figure 3 shows the graphical presentation of reports on unethical conduct that the Commission has received and how the cases have been dealt with.

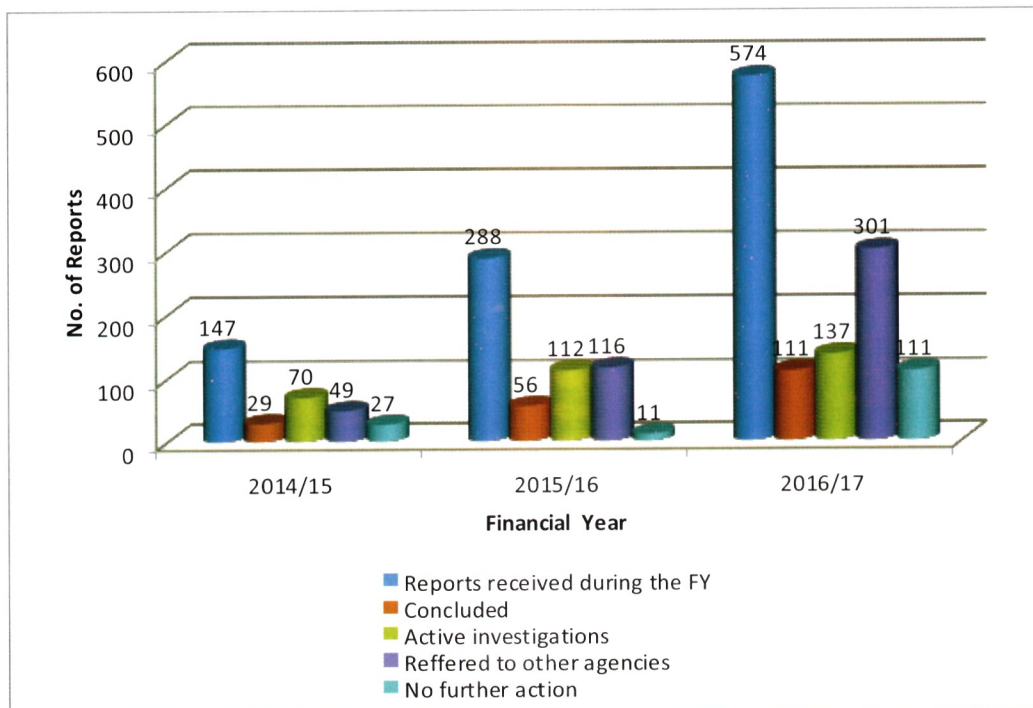


Figure 3: Graphical Presentation of Unethical Complaints Received during the 2014/2015, 2015/2016 and 2016/1017 Financial Years

2.2.2 Reports within the Commission's Mandate

Since 2011, the Commission has received an average of 46 percent of reports relevant to its mandate as depicted in Figure 4.

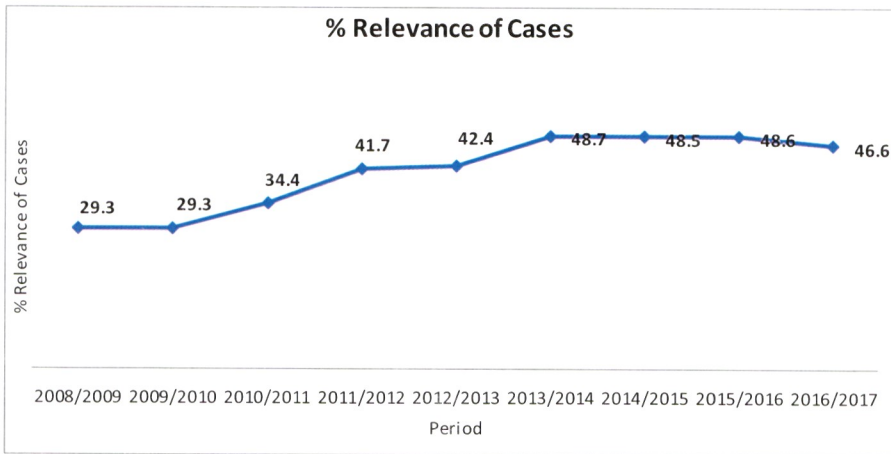


Figure 4: Percentage of Relevant Cases Reported Over the Years

2.2.3 Categorization of Complaints and Allegations Received

The Commission took up 3,735 cases for investigation of offences that fall within its mandate. Figure 5 gives a breakdown of the offences where bribery constitutes 36 percent, embezzlement of public funds 22 percent and unethical conduct 11 percent.

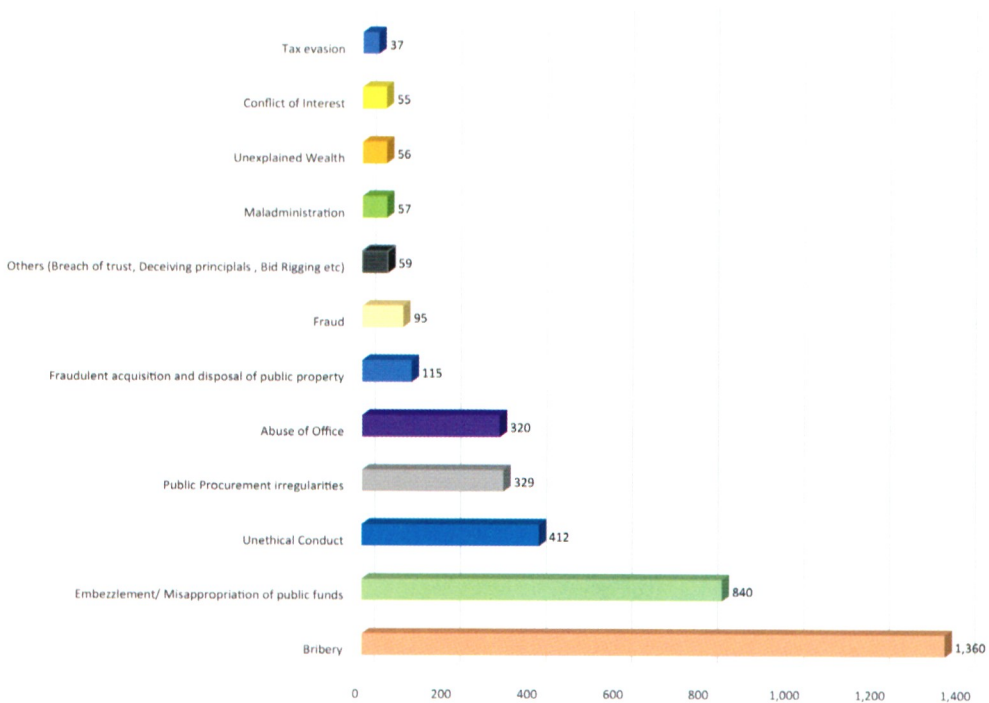


Figure 5: Categorization of Reports Received and Taken Up for Investigations



2.2.4 Reports Based on Rank of Individuals Involved

Figure 6 illustrates how the 8,044 reports received are categorized based on the rank of public officers complained against. It is clear that majority of the cases received concern individuals in the middle and lower level hierarchy of organizations accounting for over 80 percent of the reports received.



High Level 9% (Corruption reports against senior and top public officials like Cabinet and Principal Secretaries, Accounting Officers, Chief Executive Officers etc.)

Middle Level 43% (Corruption reports against middle level officers like Inspectors, Procurement Officers etc.)

Low Level 48% (Corruption reports against low level personnel such as Chiefs, Assistant Chiefs, Clerks, Council Law Enforcement Officers etc.)

Figure 6: Categorization of Reports by Rank of Officers Involved

2.3. Reports to the Director of Public Prosecutions (DPP)

Under Section 35 of the Anti-Corruption and Economic Crimes Act, 2003 the Commission is required to report to the Director of Public Prosecutions the results of an investigation. During the year, a total of 143 case files on corruption and economic crime were finalized and submitted to the DPP for action. Out of these files, the Commission recommended 110 for prosecution, seven for administrative action and 26 for closure. Table 4 shows the reports submitted to the DPP and action taken.

Table 4: Reports to the DPP and Action Taken

Recommendation	No. of Cases	Total
Recommendation to Prosecute		
Accepted	89	110
Not accepted	8	
Files returned by DPP for further Investigations	13	
Recommendation for Administrative Action		
Accepted	7	7
Recommendation for Closure		



Recommendation	No. of Cases	Total
Accepted	25	26
Not accepted	1	
Total	143	143

2.4. Cases Completed, Under Investigation and before Court

This section highlights cases that have been completed, are under investigation, those pending before Court and those finalized in Court.

2.4.1 Completed Investigation Cases

Highlights of completed investigation cases are given in Table 5.

Table 5: Completed Investigation Cases

S/No.	Inquiry No.	Nature of Inquiry / Allegation	Institution	Amount Involved (Ksh.)
1.	EACC/FI/INQ/87/2015	Allegation that an Accounting Officer misappropriated funds FY 2012/2013	Ministry of Interior and National Coordination	2,853,300,000
2.	EACC/FI/INQ/6/2015	Allegation that the Clerk single sourced a contract for insurance cover from an insurance broker	County Assembly of Trans Nzoia	20,000,000
3.	EACC/FI/INQ/102/2016	Allegation of embezzlement of public funds through purchase of air tickets to family and friends of a County Government Official	County Government of Siaya	6,800,000
4.	EACC/FI/INQ/37/2016	Allegation of irregular procurement of 2000 firefighting equipment from a private firm	National Youth Service	75,000,000
5.	EACC/FI/INQ/119/2015	Allegation of irregular land allocation and compensation for LR No. 209/12060 for the Standard Gauge Railway in Embakasi, Nairobi	National Land Commission & Kenya Railways Corporation	55,000,000



S/No.	Inquiry No.	Nature of Inquiry / Allegation	Institution	Amount Involved (Ksh.)
6.	EACC/FI/ INQ/7/2016	Allegation of tax evasion by a private contractor for National Youth Service contracts	Kenya Revenue Authority	383,000,000
7.	EACC/FI/ INQ/01/2014	Allegation of irregular award of tender for the construction of a library and ICT resource centre	Kiambu Institute of Science and Technology (KIST)	65,000,000
8.	EACC/FI/ INQ/47/2015	Allegation of procurement irregularities in the purchase of land from a vendor	National Housing Corporation (NHC)	400,000,000
9.	EACC/FI/ INQ/123/2016	Allegation of irregular award of a tender and payment to a company for the supply and commissioning of greenhouses in Kirinyaga County	Youth Enterprise Development Fund (YEDF)	300,000,000
10.	EACC/ MSA/FI/ INQ/17/2014	Allegation of corruption and abuse of office by an officer at Shimo la Tewa Main, Women Medium and Borstal Prisons	Shimo la Tewa Prison	20,000,000
11.	EACC/ MSA/FI/ INQ/39/2016	Allegation of irregular hire of trucks, bulldozers and shovels for garbage collection in FY 2013/2014, 2014/2015 and 2015/2016	County Government of Mombasa	314,000,000
12.	EACC/ MSA/FI/ INQ/36/2016	Allegation of irregular procurement of two new passenger ferries	Kenya Ferry Services	1,900,000,000
13.	EACC/ MSA/FI/ INQ/28/2015	Allegation of procurement of faulty machine for printing of imports standardization mark stickers	Kenya Bureau of Standards	300,000,000
14.	EACC/ KSM/FI/ INQ/18/2015	Allegation of irregular purchase of land	County Government of Bungoma	192,000,000



S/No.	Inquiry No.	Nature of Inquiry / Allegation	Institution	Amount Involved (Ksh.)
15.	EACC/ GSA/FI/ INQ/57/2016	Allegation of embezzlement of funds and irregular procurement of buses	County Government of Garissa	96,500,000
16.	EACC/ GSA/FI/ INQ/23/2015	Allegation of irregular award of contract for an Environmental Impact Assessment at Mandera Airport	County Government of Mandera	100,000,000
17.	EACC/ GSA/FI/ INQ/05/2017	Allegation of irregular acquisition and disposal of relief food by a Public Officer in Ijara Sub-County	Ministry of Interior and National Coordination	5,621,600
18.	EACC/ GSA/FI/ INQ/18/2015	Allegation of irregular procurement of 30KVA generators	County Government of Wajir	70,000,000
19.	EACC/MLD/ FI/INQ/18/16	Allegation of fraudulent payments/transactions to six different private companies	County Government of Kilifi	51,000,000
20.	EACC/ NYR/FI/ INQ/27/2016	Allegation of irregularities in the procurement of works for the construction of County Assembly office complex	Embu County Assembly	335,000,000
21.	EACC/ NYR/FI/ INQ/45/2016	Allegation of irregular procurement of land for Agriculture Marketing and Value Addition Centre at an inflated price	Murang'a County Executive	340,000,000
22.	EACC/ NYR/FI/ INQ/28/2016	Allegation of irregular variation of the cost of refurbishment of office block	Laikipia County Assembly	90,000,000
23.	EACC/ISL/FI/ INQ/7/2016	Allegation of irregular award of tender for the proposed construction of County Assembly offices – Kathwana	Tharaka-Nithi County Assembly	369,642,688



S/No.	Inquiry No.	Nature of Inquiry / Allegation	Institution	Amount Involved (Ksh.)
24.	EACC/ISL/FI/INQ/53/2016	Allegation of irregular award of tender for the consultancy for refurbishment of the Meru County Hotel by a senior Public Officer	Meru County Investment and Development Corporation	22,000,000
25.	EACC/NKR/FI/INQ/27/2015	Allegation of procurement irregularities in the purchase of ambulance services from Kenya Red Cross (Emergency Plus Medical Services)	County Government of Bomet	108,000,000
26.	EACC/KSI/FI/INQ/5/2016	Allegation of embezzlement of funds for construction of non-existent projects by the CDF Committee	Kabondo Kasipul CDF	16,000,000
27.	EACC/JKIA/PI/INQ/1/2015	Allegation of irregular procurement of Revenue Management System at Eldoret, Malindi and Wilson Airports	Kenya Airport Authority	39,000,000
28.	EACC/MLBA/FI/INQ/01/2015	Allegation of embezzlement of funds by company officials using letters of credit to purchase spare parts for machines in the factory	Nzoia Sugar Company	100,000,000

2.4.2 Cases Under Investigation

Currently, the Commission is investigating a total of 1,223 cases and Table 6 highlights some of these cases.

Table 6: Highlights of Active Forensic Investigation Cases

S/No.	Inquiry Number	Nature of Inquiry / Allegation	Institution	Amount Involved (Ksh)
1.	EACC/FI/INQ/75/2016	Allegation of overpayment for the provision of consultancy services for architecture and design of offices	Judiciary	32,446,402



S/No.	Inquiry Number	Nature of Inquiry / Allegation	Institution	Amount Involved (Ksh)
2.	EACC/FI/ INQ/99/2016	Allegation of procurement irregularities and conflict of interest in the supply and delivery of equipment and machines	National Youth Service	58,345,000
3.	EACC/FI/ INQ/87/2016	Allegation of misuse of funds meant for Persons with Disabilities 2016 Paralympics Games at Rio de Janeiro, Brazil	Ministry of Sports, Culture and the Arts	132,000,000
4.	EACC/FI/ INQ/50/2017	Allegation of compensation for overvalued land acquired for Standard Gauge Railway at Embakasi, Kibwezi and Voi	National Land Commission	337,234,751
5.	EACC/FI/ INQ/59/2016	Allegation of embezzlement of funds for building a Girls Borstal Institution at Kamae	Kenya Prisons Service	219,850,000
6.	EACC/FI/ INQ/45/2016	Allegation of procurement irregularities for consultancy services for user support services and conducting sensitization campaign	National Youth Service	302,458,960
7.	EACC/FI/ INQ/57/2017	Allegation of abuse of office and fraudulent acquisition of public property in the FY 2014/2015 and 2015/2016	County Government of Garissa	2,315,763,815
8.	EACC/FI/ INQ/16/2017	Allegation of irregular award of tender for construction works	County Government of Murang'a	100,000,000
9.	EACC/FI/ INQ/46/2017	Allegation of conspiracy to defraud the County Government in compensation for Land LR No. 5948/9 Tree Lane Karen	Nairobi County Government	175,000,000



S/No.	Inquiry Number	Nature of Inquiry / Allegation	Institution	Amount Involved (Ksh)
10.	EACC/FI/INQ/26/2016	Allegation of irregular award of contract for the design, supply and installation of Computerized Conference Management System	Kenyatta International Convention Centre	597,000,000
11.	EACC/FI/INQ/24/2016	Allegation of embezzlement of funds through imprests in the FY 2014/2015	Ministry of Mining	64,000,000
12.	EACC/FI/INQ/57/2016	Allegation of loss of funds in the contract for restoration of the original Aircraft Pavement and associated facilities (Phase I) at Isiolo Airport for failure of the runway before use	Kenya Airports Authority	701,351,534
13.	EACC/FI/INQ/19/2017	Allegation of irregular compensation for land which lay on the railway line reserve, flight path and marshalling yard in Embakasi acquired for Standard Gauge Railway	National Land Commission & Kenya Railways Corporation	2,000,000,000
14.	EACC/FI/INQ/114/2015	Allegation of single sourcing and irregular variation of cost for the refurbishment of Bungoma County Hospital	County Government of Bungoma	104,000,000
15.	EACC/FI/INQ/20/2017	Allegation that senior officers made fraudulent payments of legal fees to an advocate	National Social Security Fund (NSSF)	72,000,000
16.	EACC/FI/INQ/9/2017	Allegation of irregular award of various contracts for construction works	County Government of Murang'a	140,571,210



S/No.	Inquiry Number	Nature of Inquiry / Allegation	Institution	Amount Involved (Ksh)
17.	EACC/FI/INQ/47/2017	Allegation of collusion to defraud KPC of funds meant for acquisition of Land Registration Number LR 209/8618 located in Nairobi	Kenya Pipeline Corporation (KPC)	567,000,000
18.	EACC/FI/INQ/34/2017	Allegation of embezzlement of funds for Rukenya Thiba Dam Project by NIB officials	National Irrigation Board (NIB)	13,000,000,000
19.	EACC/FI/INQ/32/2017	Allegation of irregular procurement and payment for consultancy services for strategy, innovation and enterprise development	Ministry of Industrialization and Enterprise Development	348,000,000
20.	EACC/FI/INQ/54/2016	Allegation that land set aside for public utilities by the County Government was compensated to people who were not genuine allottees	County Government of Makueni	43,043,316
21.	EACC/FI/INQ/60/2016	Allegation of forgery of documents and undervaluation of land parcel No. 11288 in Kiambu County	Ministry of Lands and Physical Planning	5,000,000,000
22.	EACC/FI/INQ/95/2015	Allegation that a company irregularly obtained a duty remission from the National Treasury using a forged Tax Compliance Certificate	Kenya Revenue Authority	164,746,527
23.	EACC/AT/INQ/28/2016	Allegation of embezzlement of funds by public officers	Ministry of Health	128,000,000
24.	EACC/INQ/AT/02/2017	Allegation of irregular payment of funds for freight services	National Youth Service (NYS)	209,000,000
25.	EACC/INQ/AT/37/2017	Allegation of fraudulent loss of funds through bond trading	Kenya Post Office Savings Bank (KPOSB)	6,300,000,000



S/No.	Inquiry Number	Nature of Inquiry / Allegation	Institution	Amount Involved (Ksh)
26.	EACC/MSA/F/04/2016	Allegation of irregular payment for construction of water tanks and repair of pipes	Coast Water Services Board	1,200,000,000
27.	EACC/KSM/FI/INQ/48/2015	Allegation of inflated cost of construction of LBDA Mall	Lake Basin Development Authority (LBDA)	2,500,000,000
28.	EACC/KSM/FI/INQ/37/2016	Allegation of embezzlement of funds meant for development of wards within the County	County Government of Kisumu	105,000,000
29.	EACC/ELD/FI/INQ/06/2017	Allegation of fraudulent transfer of public funds	County Government of Nandi	100,000,000
30.	EACC/GSA/FI/INQ/59/2016	Allegation of irregular purchase of residential houses for County staff	County Government of Garissa	397,000,000
31.	EACC/GSA/FI/INQ/46/2016	Allegation of embezzlement of funds and procurement irregularities in respect of; (i) Leasing of six ambulances (ii) Installation of CCTV cameras (iii) Purchase of generators	County Government of Mandera	300,000,000
32.	EACC/GSA/FI/INQ/36/2016	Allegation of irregular procurement in respect of construction of Baji and Hungai dams	County Government of Wajir	100,000,000
33.	EACC/MLD/FI/INQ/20/15	Allegation of payment of non-delivered hospital equipment and drugs for Hola District Hospital FY 2015/2016	County Government of Tana River	55,000,000
34.	EACC/MLD/FI/INQ/03/16	Allegation of fraudulent payment to suppliers through IFMIS system	County Government of Kilifi	252,864,833



S/No.	Inquiry Number	Nature of Inquiry / Allegation	Institution	Amount Involved (Ksh)
35.	EACC/NYR/FI/INQ/30/2016	Allegation of irregular variation of costs for the construction of County Headquarters	County Government of Kirinyaga	385,000,000
36.	EACC/NYR/FI/INQ/19/2016	Allegation of irregular procurement of road works in the FY 2014/15	County Government of Nyandarua	657,000,000
37.	EACC/NYR/FI/INQ/21/2016	Allegation of irregular expenditure on foreign trips and mileage claims by members of County Assembly and staff	Murang'a County Assembly	62,281,263
38.	EACC/NYR/FI/INQ/26/2016	Allegation of irregular procurement of fencing works of the Marmanet Forest	County Government of Laikipia	96,000,000
39.	EACC/ISL/FI/INQ/32/2016	Allegation of irregular award of tender for the construction of County Government offices	County Government of Marsabit	156,000,000
40.	EACC/ISL/FI/INQ/55/2016	Allegation of irregular award of tender for refurbishment of the Meru County Hotel	County Government of Meru	180,000,000
41.	EACC/ISL/FI/INQ/2/2017	Allegation of misappropriation of funds for infrastructure projects by senior public officers in the FY 2015/2016 and 2016/2017	County Government of Isiolo	275,761,651
42.	EACC/ISL/PI/INQ/14/2016	Allegation of misappropriation of funds for construction of County Government offices in Maralal Town	County Government of Samburu	300,000,000
43.	EACC/MKS/FI/INQ/4/2017	Allegation of failure to account for funds granted to Ministry of Health from the World Health Organization and DANIDA in the FY 2014/15	County Government of Machakos	161,000,000



S/No.	Inquiry Number	Nature of Inquiry / Allegation	Institution	Amount Involved (Ksh)
44.	EACC/KSI/FI/INQ/3/2016	Allegation of financial impropriety and irregular tendering for procurement of legal consultancy and security services	Migori County Assembly	63,000,000
45.	EACC/KSI/FI/INQ/04/2017	Allegation of embezzlement of funds for services not rendered in the landscaping of County Assembly grounds and group life insurance	Homa Bay County Assembly	500,000,000
46.	EACC/MLBA/FI/INQ/4/2016	Allegation of fraudulent transfer of public funds into private accounts	County Government of Bungoma	300,000,000

2.4.3 Cases Pending before Court

The Commission has 601 cases pending before Court from 2005 to date. Table 7 highlights some of the cases.

Table 7: Highlights of Cases Pending before Court

S/No.	Criminal Case Number	Accused and Charges	Amount Involved (KSh.)
1.	ACC 13/2016 Nairobi	Catherine Akello Namuye and others Conspiracy to commit an economic crime contrary to Section 47A (3) as read with Section 48 (1) of ACECA, 2003	180,900,000
2.	ACC 21/2016 Nairobi	Clare Lwali Willful failure to comply with the law relating to procurement contrary to Section 45(2)(b) as read with Section 48 of ACECA, 2003	4,476,000
3.	ACC 7/2017 Nairobi	Evans Ntabo Nyachio Willful failure to comply with the law relating to procurement contrary to Section 45(2)(b) as read with Section 48 of ACECA, 2003	50,000,000



S/No.	Criminal Case Number	Accused and Charges	Amount Involved (KSh.)
4.	ACC 26/2016 Nairobi	Peter Ogata Mangiti and others Conspiracy to commit an economic crime contrary to Section 47(A)(3) as read with Section 48(1) of ACECA, 2003	47,600,000
5.	ACC 10/2016 Nairobi	William Nyabola Okedi and others Willful failure to comply with the law relating to procurement contrary to Section 45(1)(b) as read with Section 48(1) of ACECA, 2003	99,000,000
6.	ACC 2/2017 Eldoret	41 MCAs from Trans-Nzoia County Abuse of office contrary to Section 46 as read with Section 48(1) of ACECA, 2003	3,000,000
7.	ACC 2/2017 Nairobi	Humphrey Obanda Oswago and others Willful failure to comply with applicable procedures and guidelines relating to procurement of goods contrary to Section 45(2)(b) as read with Section 48 of ACECA, 2003	46,000,000
8.	ACC 3/2016 Eldoret	Fredrick Sifuna Wakofula and others Abuse of office contrary to Section 46 as read with Section 48(10) of ACECA, 2003	500,000,000



S/No.	Criminal Case Number	Accused and Charges	Amount Involved (KSh.)
9.	ACC/ 4/2016	Awadh Bin Hazim and others <ul style="list-style-type: none"> i. Engaging in a project without proper planning contrary to Section 45(2)(c) as read with Section 48(1) (a) of ACECA, 2003 ii. Willful failure to comply with the law relating to procurement contrary to Section 45(2) as read with Section 48 of ACECA, 2003 iii. Abuse of office contrary to Section 46 as read with Section 48(1)(a) of ACECA, 2003 	26,000,000
10.	ACC 80/2017	Benedict Omolo and others Willful failure to comply with the law relating to procurement contrary to Section 45(2)(b) as read with Section 48(1) of ACECA, 2003	7,986,750.76
11.	ACC 1/2016	Nadhif Jama and others Abuse of office contrary to Section 46 as read with Section 48(1) of ACECA, 2003	70,000,000
12.	ACC 15/2015 Nairobi	Gladys Boss Shollei and others Abuse of office contrary to Section 46 as read with Section 48 of ACECA, 2003	350,000,000



S/No.	Criminal Case Number	Accused and Charges	Amount Involved (KSh.)
13.	ACC 8/2015 Nairobi	Juma Mwatata Mwangala Willful failure to comply with the laws relating to management of funds contrary to Section 45(2)(b) as read with Section 48(1) of ACECA, 2003	208,500,000
14.	ACC 11/2016 Nairobi	Elizabeth Oywer and others Conspiracy to commit an economic crime contrary to Section 47A as read with Section 48(1) of ACECA, 2003	69,957,000
15.	ACC 3/2016	1. Shadrack Mubea 2. David Nyaga Abuse of office contrary to Section 46 as read with Section 48 of ACECA, 2003	30,082,000
16.	ACC 4/2015	Joseph Mbui Magari and others Conspiracy to commit an economic crime contrary to Section 47A as read with Section 48 of ACECA, 2003	5,575,370,000

2.4.4 Cases on Unethical Conduct Pending before Court

As part of the enforcement of Chapter Six of the Constitution and the Leadership and Integrity Act, 2012, the Commission filed several cases in Court. Table 8 outlines cases of unethical conduct pending before Court.

Table 8: Cases on Unethical Conduct Pending before Court

S/No.	Case Number	Accused Person(s)/ Respondents	Offence(s) / Applicants
1.	ACC 12/2016	Francis Githaiga	i). Conflict of interest ii). Failure to disclose private interest to principal
2.	ACC 14/2016	Hon. Oscar Sudi	i). Forgery of academic certificates ii). Uttering false documents iii). Providing false information iv). Making a false declaration



S/No.	Case Number	Accused Person(s)/ Respondents	Offence(s) / Applicants
3.	ACC 742/2015	1. Hon. Alfred Kiptoo Keter 2. Hon. Sunjeev Kaur Birdi	i). Creating disturbance in a manner likely to cause a breach of the peace ii). Incitement to violence and disobedience of the law iii). Intimidation contrary to Section 238(1) of the Penal Code
4.	ACC 8 of 2017	Teresa Nakhungu Barasa	i). Making a document without authority ii). Uttering a document made without authority iii). Providing false information to EACC in her self declaration form

2.4.5 Cases Finalized in Court

Twenty-five corruption cases were finalized in Court. Table 9 provides highlights of the cases.

Table 9: Cases Finalized in Court

S/No.	Court File No.	Accused and Charges	Amount Involved (KSh.)	Judgement
1.	ACC 3/2015	John Maina Mwangi and others Willful failure to comply with the law or applicable procedures and guidelines relating to procurement contrary to Section 45(2)(b) as read together with Section 48(1) of ACECA, 2003	17,993,114.77	Each accused was convicted and fined KSh. 7,800,000 in default serve 3 years' imprisonment
2.	ACC 24/2011	1. Dorothy Ndia 2. Concilia Ondiek Fraudulent acquisition of public property contrary to Section 45(1)(a) of ACECA, 2003	1,000,000	The accused persons were convicted and sentenced as follows: 1. Count I – Each of the accused was sentenced to imprisonment for a period of two years



S/No.	Court File No.	Accused and Charges	Amount Involved (KSh.)	Judgement
				<p>2. Count III – The second accused was sentenced to imprisonment for a period of two years</p> <p>3. Count IV – The second accused was sentenced to imprisonment for a period of two years</p> <p>The sentence of the two years' imprisonment was without an option of a fine</p>
3.	ACC 1/2012	Mikoya Laban Sachile and others Conspiracy to commit an offence of economic crime contrary to Section 47A as read with Section 48(I) of ACECA, 2003	5,200,000	All the six accused persons were found guilty and fined KSh. 12,500,000
4.	ACC 2/2011	Rachael Ndungu Deceiving principal contrary to Section 41(2) as read with Section 48 of ACECA, 2003	1,700,000	Acquitted under Section 215 of the CPC
5.	ACC 2/2014	1. Richard Momoima Onyonka 2. James George Siro Conspiracy to commit an economic offence contrary to Section 47(A)(3) as read with	153,000,000	The accused persons were acquitted under Section 210 of the CPC



S/No.	Court File No.	Accused and Charges	Amount Involved (KSh.)	Judgement
		Section 48 (1) of ACECA, 2003 with an alternative Count of conspiracy to defraud the public contrary to Section 317 of the Penal Code		
6.	ACC. 19/2011	Jane Muthoni Ngugi False accounting by a Public Officer contrary to Section 331(2) of the Penal Code	8,371,200	The accused person was convicted as follows: Count I – Three years’ imprisonment Count II – Two years’ imprisonment Sentences to run concurrently without an option of fine.
7.	ACC 1/2016	Albert Kereri Ochengo Corruptly soliciting and receiving a benefit contrary to Section 39(3)(a) as read with Section 48(1) of ACECA, 2003	60,000	The accused person was convicted and fined KSh. 30,000 for soliciting
8.	ACC 01/2015	1. Josephat Alusiola Musambayi 2. Peris Livanga Odari Obstruction contrary to Section 27(4) of ACECA, 2003 Failure to comply with a written notice contrary to Section 66(1) of ACECA, 2003	N/A	Josephat Musambayi was convicted on five counts and fined KSh 50,000 on all counts in default serve 20 months’ imprisonment Peris Livanga Odari was acquitted
9.	ACC 3/2015	John Mwangi and others Abuse of office contrary to Section 46 of ACECA, 2003	17,993,114.77	The accused persons were convicted and fined a total of KSh. 24,000,000



S/No.	Court File No.	Accused and Charges	Amount Involved (KSh.)	Judgement
10.	ACC 144/2016	<ol style="list-style-type: none"> 1. Michael Wambua Moko 2. Kelvin Muthee Kimani <p>Extortion by threats to gain a benefit contrary to Section 300(1)(a) of the Penal Code</p>	20,000	The first accused was convicted and fined KSh. 200,000 in default serve three years' imprisonment The second accused was acquitted under Section 215 of CPC
11.	CF 741/218/2015	<ol style="list-style-type: none"> 1. Robert Cheruiyot 2. Judith Achieng Nyagol <p>Corruptly soliciting and receiving a benefit contrary to Section 39(3)(a) as read with Section 48(1) of ACECA, 2003</p>	10,000	Robert Cheruiyot was convicted and sentenced to two years' imprisonment Judith Achieng Nyagol was acquitted
12.	ACC 1/2015	<p>Ezekiel Chirchir and others</p> <p>Fraudulent practice in procurement proceedings contrary to Section 41(4) as read with Section 137 of the PPDA, 2005 and abuse of office contrary to Section 46 as read with Section 48(a) of ACECA, 2003</p>	N/A	Dr. Ezekiel Chirchir was convicted on two counts and sentenced to five years' imprisonment for each count without an option of fine; the sentences to run concurrently. The rest of the accused persons were acquitted under Section 215 of the CPC

2.5. Illegally Acquired and Unexplained Assets Traced

The Commission completed 32 Asset tracing inquiries in respect of public assets illegally acquired. These assets included land/immovable properties, and cash. The total estimated value of the assets is KSh. 4,913,000,000. The highlights of some of these assets traced are provided in Table 10.



Table 10: Highlights of Assets Traced

S/No.	Brief Details	Amount Involved (KSh.)	Status
1.	Six parcels of land belonging to Kenyatta National Hospital	960,000,000	Land Caveated
2.	Unexplained wealth held by a Nairobi City County official	420,379,401	Caveat placed on property
3.	Unexplained wealth held by a police officer	47,535,585	Civil suit filed
4.	Gazetted island (Kinondo Chale) reserved for Marine Reserve and Kaya Sacred Groove	1,000,000,000	Land Caveated
5.	Cash belonging to Kenyatta International Convention Centre	5,500,000	Preservation done, ADR proposed
6.	Land belonging to Nairobi City County – Loresho Water Reservoir	193,000,000	Land Caveated
7.	Cash belonging to the Ministry of Devolution and Planning	3,400,000	Preservation Orders in place
8.	Cash belonging to KPA Retirement Pensions Scheme	102,000,000	Preservation Orders in place
9.	Cash belonging to Kenya Revenue Authority	2,400,000	Cash paid to KRA
10.	Cash belonging to Youth Enterprise Development Fund	9,800,000	Cash paid to the Commission

2.6. Civil Proceedings

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

2.6.1 Applications for Preservation of Assets

The Commission filed 23 Applications for Preservation out of which two were declined. Table 11 shows highlights of the Applications.

Table 1 I: Highlights of Applications for Preservation of Assets

S/No.	Case No./Particulars	Subject Matter	Approximate Value (KSh.)	Remarks
1.	Nairobi – HCCC No. 33 of 2016 (O.S) EACC -vs- Jimmy Mutuku Kiamba & Others	Application for injunction to preserve unexplained wealth.	872,000,000	Recovery suit filed
2.	Mombasa – HC Misc. Application No. 659 of 2016 EACC -vs- Joseph Kanyi Karanja T/A Kanyi J. Karanja Advocates & Others	An application seeking preservation orders against the Respondent in an account held at Britam Asset A/C and LR MN/I/5043- CR 19534	10,000,000	Recovery suit filed
3.	Nairobi – ACEC. Misc. Application No. 7 of 2017 EACC -vs- Charles Kiai Gacheru & Others	An application seeking preservation orders against the respondent in respect of monies held at NIC Bank	5,500,000	Orders in force
4.	Nairobi – ACEC Misc. Application No. 1 of 2017 EACC -vs- Estama Investments Limited & 2 Others	An application seeking preservation orders against the Respondent & 8 others in respect of various accounts	85,000,000	Orders in force
5.	Nairobi – ACEC Misc. Application No. 13 of 2017 EACC -vs- Tresmu Limited & Others	An application seeking preservation orders against the Respondent & 8 others in respect of various accounts	33,000,000	Orders in force
6.	Nairobi – ACEC Misc. Application No. 17 of 2017 EACC -vs- Fastlane Forwarders Limited & Others.	An application seeking preservation orders against the Respondent & 8 others in respect of various accounts	54,887,600	Orders in force
7.	Meru High Court Misc. Civil application No. 55 of 2016 EACC -vs- County Government of Marsabit	An application for preservation of monies held by Marsabit County in the name of Marsabit Supervision Account, under Section 56 of ACECA, 2003	8,323,864	Recovery suit filed



S/No.	Case No./Particulars	Subject Matter	Approximate Value (KSh.)	Remarks
8.	Mombasa High Court Miscellaneous Application No. 465 of 2016 EACC -vs- Equity Bank Kenya Limited & Geotech Contractors Limited	Application for Preservatory Orders in respect of monies held at Equity Bank Limited	22,302,363.95	Orders in force
9.	Mombasa High Court Miscellaneous Application No. 3 of 2017 EACC -vs- Equity Bank Kenya Limited & Capital Solutions Limited	Application for Preservatory Orders in respect of monies held at Equity Bank Limited	885,303.55	Orders in force
10.	Kisii –High Court Misc. Civil. Application No. 8 of 2017 EACC -vs- Bob Kephias Otieno Everylne Awino Ogutu	Application for Preservatory Orders in respect of monies held at Equity Bank Limited (Homa Bay Branch)	600,000	Orders in force

2.6.2 Recovery Suits Filed

A total of 13 cases for Recovery of Assets were filed during the Financial Year as shown in Table 12.

Table 12: Recovery Suits Filed

S/No.	Case Number and Parties	Details of Claim	Institution	Status
1.	Kitale High Court – HCCC No. 3 of 2016. EACC-vs-Joseph Muindi Tevulo & two others	Suit for restitution of KSh. 25,334,525.50	County Government of Trans Nzoia	Pending hearing
2.	Nairobi – ELC Suit No. 955 of 2016 EACC-vs-Aberdares Engineering Contractor Limited	Suit for recovery of Land Reference Number 1/514 KSh. 1,600,000,000	University of Nairobi	Pending hearing



S/No.	Case Number and Parties	Details of Claim	Institution	Status
3.	Nairobi ACEC Suit No. 25 of 2016 EACC-vs-Dr. Ibrahim Haji Isaac	Suit for recovery of KSh. 11,500,000	Kenya Meat Commission	Pending hearing
4.	Milimani – CMCC No. 556 of 2016 EACC-vs-Concilia Ondieki	Suit for recovery of KSh. 3,000,000	Ministry of Education	Pending hearing
5.	Nairobi High Court – ACEC Suit No. 2 of 2017 EACC-vs-Josphat Sirma & others	Suit for recovery of Euro 16,365.07 (KSh. 1,832,887.84)	Kenya Pipeline Company	Pending hearing
6.	Kajiado High Court HCCC No. 4 of 2017 EACC-vs-Dr. Ibrahim Isaac & two others	Suit for recovery of KSh. 16,500,000	Kenya Meat Commission	Pending hearing
7.	Nairobi – ELC Suit No. 360 of 2017 EACC-vs- Julius Keru Njoroge & three others	Suit for recovery of Land Reference Number 37/272/5 (IR 83804)	Kenya Posts & Telecommunications Corporation (KPTC)	Pending hearing
8.	Nairobi – ACEC Civil Suit No. 16 of 2017 EACC-vs-Kanyi Joseph Karanja & others	Suit for recovery of KSh. 70,000,000	Kenya Ports Authority Retirement Benefits Scheme	Pending hearing
9.	Nairobi – ELC Civil Suit No. 433 of 2017 EACC-vs-Muktar Sheikh Mohamed & three others	Suit for recovery of Land Reference Number 209/12489 (IR 70046)	Nairobi City County	Pending hearing
10.	Meru E & LC No. 225 of 2016 EACC -vs- Godfrey Kamiti, Akwaru M'Lintare and Hon. AG	Suit for recovery of land Parcel No. EXLEWA S.S/ 719	National Government	Pending hearing



S/No.	Case Number and Parties	Details of Claim	Institution	Status
11.	Meru HCC Suit No. 5 of 2017 EACC-vs-Guracha Adi, Hussein Ibrahim, Molu Arbale and Sora Danso	Suit for recovery of KSh. 21,978,764	County Government of Marsabit	Pending hearing
12.	Malindi CMCC No. 47 of 2017 EACC-vs- Zohali Services Limited &two others	Suit for recovery of KSh. 5,390,520	County Government of Kilifi	Pending hearing
13.	Nairobi - ACEC Suit No. 10 of 2017 EACC-vs- Geotech Contractors Limited & four Others	Suit for recovery of KSh. 22,305,324	County Government of Kilifi	Pending hearing

2.6.3 Cases Against EACC

During the financial year 2016/17, 62 new cases were filed against the Commission in relation to investigations that were being undertaken. Table 13 details the Petitions and Appeals in FY 2016/17 and some noteworthy decisions made in cases filed in preceding years.

Table 13: Highlights of Constitutional References, and Judicial Review Applications

S/No.	Case Number & Parties	Relief Sought	Status
1.	Nairobi - ACEC Misc. Application No. 19 of 2016 Jeniffer Karimi Njagi -vs- DPP	Judicial Review Application to prohibit the Respondent's from arresting and prosecuting the Applicant who is a policewoman involved in corruption.	The Judicial Review application was allowed and an order of prohibition was issued on 23rd March 2017
2.	Nairobi - Nairobi - ACEC Misc. Application No. 24 of 2016 Dr. William N. Okedi-vs-EACC & Another	Judicial Review seeking Certiorari, Prohibition Orders against the decision to prosecute and Mandamus to compel the 1 st Respondent to conduct investigation into allegations of loss of KSh. 68,000,000	The Judicial Review application was dismissed on 29th March 2017

S/No.	Case Number & Parties	Relief Sought	Status
3.	Nairobi JR Application No. 361 of 2016 (Now Meru High Court - JR Application No. 25 of 2016) Patrick Gichunge & Another-vs- EACC & AG	Application seeking orders of certiorari to quash EACC's letter to the Governor Meru County to suspend the Applicants from employment.	Pending Hearing
4.	HC ACEC No. 23 of 2016 Elizabeth Oywer & Duncan Muisyo-vs- EACC & DPP	An application filed by officials of Nursing Council of Kenya seeking orders of certiorari and prohibition to stop EACC & DPP from preferring charges of abuse of office against the Applicants.	The Judicial Review application was dismissed
5.	HC ACEC Misc. Application No. 26 of 2016 Josphat Sirma-vs- DPP & EACC	Application seeking orders of certiorari and prohibition against the decision to prosecute and that leave operates as stay of the criminal proceedings	Application was struck out. An application for review of the judgment was dismissed
6.	HC ACEC Misc. Criminal Application No. 34 of 2016 Adan Gedow Harakhe-vs-DPP & EACC	Application seeking orders prohibiting the DPP & EACC from arresting and/ or charging the Applicant, a former NYS official.	The application seeking leave to commence judicial review proceedings dismissed
7.	HC ACEC Misc. Criminal Application No. 35 of 2016 Hassan Noor Hassan-vs-DPP & EACC	Application seeking orders prohibiting the DPP & EACC from arresting and/ or charging the Applicant a former NYS official.	The application seeking leave to commence judicial review proceedings dismissed
8.	HC ACEC No.41 of 2016 Stanley Kiplangat Cheruyoit & 12 others-vs-DPP & EACC	Petition seeking conservatory orders against the EACC to stay proceedings in Kericho Anti-Corruption Court Criminal Case No. 1 of 2015 and Nyamira Criminal Case No. 776 of 2016.	The Petition was dismissed at a preliminary stage Petitioners have filed a Notice of Appeal and served the Commission
9.	Nairobi - Petition No. 534 of 2016 Peter Malunye Wanyama -vs-AG & others	Petition challenging Anti-Corruption & Economic Crimes Division's Practice Directions promulgated by the Chief Justice.	Matter settled by way of consent



S/No.	Case Number & Parties	Relief Sought	Status
10.	HC ACEC No. 19 of 2017 Jacinta Mugure Kiguru and Joan Kariuki Wanjiru-vs-EACC, Anti-Corruption Court Milimani and Catholic University of Eastern Africa	Judicial Review application seeking orders to quash suspension of Applicants from the Catholic University following claims of bribery by the Applicants and stay of proceedings in Nairobi ACC. No. 20 of 2016.	Judicial Review Application dismissed Nairobi ACC No. 20 of 2016 to proceed
11.	HC ACEC No. 28 of 2017 Mars Limited-vs-EACC & DPP	An application seeking temporary orders for certiorari and prohibition against EACC and DPP from prosecuting or charging the Applicant and its directors.	Petition dismissed
12.	HC ACEC No. 5 of 2017 George Moseki and Another-vs-EACC & others	An application and petition seeking to stay proceedings in Webuye ACC No. 2 of 2017.	Pending Hearing
13.	HC ACEC No. 7 of 2017 Jimmy Mutuku Kiamba & 2 Others-vs-EACC & 2 others	Petition seeking conservatory orders to <i>inter-alia</i> stay the proceedings in Nairobi High Court ACC No.33 of 2016 (OS) and the delivery of a ruling in Nairobi Tax Appeals Tribunal Appeal No.183 of 2015.	Pending Hearing
14.	HC ACEC Misc. Application No. 30 of 2017 Peter Mangiti-vs-DPP, EACC and Chief Magistrate's Court in Nairobi	An application seeking orders for certiorari to quash DPP's decision to prosecute the Applicant and order of prohibition to prohibit his prosecution in ACC 26 of 2016	Pending Hearing
15.	Meru HC Civil Petition No. 8 of 2017 Isaiah Githinji-vs-Peter Munya – IEBC, EACC, PNU, Auditor General – Interested parties	Petition seeking among others a declaration that the Respondent neglected to uphold his duties and used his powers to involve himself in corrupt ways and or failed to comply with the provisions of the Constitution, Public Finance Management Act.	Pending Hearing



S/No.	Case Number & Parties	Relief Sought	Status
16.	Nairobi - ACC Division - Petition No. 11 of 2017 Oscar Sudi-vs-EACC, DPP, AG and the CM'S Court (ACC Nairobi)	Petition Seeking prohibition and stay of criminal proceedings in ACC No. 14 of 2016.	The petition was dismissed for lack of merit. Petitioner has filed a notice of appeal and served the Commission
17.	HC ACEC No. 44 of 2017 David Kinisu Sifuna-vs-EACC & others	An application seeking leave to institute Judicial Review proceedings for orders of prohibition and certiorari in relation to ACC No. 2 of 2017 (Eldoret).	Petition dismissed
18.	Nairobi –Petition No. 244 of 2017 Judicial Service Commission-vs- National Assembly & 2 others	Petition seeking Conservatory Orders against the 2 nd Respondent from recommending the preference of charges against members of the Judicial Service Commission's Finance and Administration Committee	Pending Hearing
19.	Nairobi –Petition No. 261 of 2017 Anne Mumbi Waiguru-vs-The National Assembly & 3 others	Petition by the former Cabinet Secretary for Devolution and Planning seeking <i>inter-alia</i> ; Orders to quash the finding of the Public Accounts Committee (National Assembly) that the Petitioner is responsible for loss of public funds in the Ministry of Devolution.	Pending Hearing
20.	Nairobi-Constitutional Petition No. 275 of 2017 Hillary Sigei Sing'oei Murkomen and Sigei Advocates-vs- The Speaker of the National Assembly & 2 others	Petition seeking orders to declare the report of the Public Accounts Committee (National Assembly) enquiring into the happenings of the National Youth Service as a violation of the Petitioners' rights guaranteed by Articles 27, 31 and 47 of the Constitution of Kenya 2010.	Pending Hearing



S/No.	Case Number & Parties	Relief Sought	Status
21.	Nairobi- JR Misc. Application No. 352 of 2017 Benson Mungali Mwasya-vs- AG, EACC and NLC;	Judicial Review application seeking prohibitory orders against EACC from proceeding with investigations over Mavoko/Block 88/Kinanie	Pending Hearing
22.	ACEC No. 17 of 2017 Maurice Milimu -vs- EACC	Petition seeking conservatory orders against EACC from demanding payment of KSh. 70,000,000.	Pending Hearing
23.	JR Misc. 265/2014 Amos Kimunya-vs- EACC & 3 others	Application seeking to terminate ACC No 4 of 2014 Republic v Amos Kimunya & another.	Application dismissed
24.	JR. 302/2014 Sanjay Shah-vs-EACC	Application seeking for orders of mandamus to compel EACC to produce in court the final report on Charter House Bank.	Application dismissed
25.	JR Misc. Appl. Number 78 of 2015 Chamanlal Khamani & 2 others-vs- EACC & DPP	An application seeking leave for orders of certiorari to quash the decision to prosecute the Applicants in the Anti-Corruption Court.	Application dismissed.
26.	Petition 197 of 2015 Jimmy Mutuku Kiamba-vs- EACC & DPP	Petition seeking unfreezing of money held in accounts, termination of investigations against the petitioner and termination of criminal proceedings.	Petition declined and the applicant was subsequently charged.
27.	Constitutional Petition 230 of 2015 Eng. Michael Kamau -vs-EACC & DPP	Petition and Notice of Motion for Orders to restrain EACC & the DPP from charging the petitioner in ACC Court	Judgment delivered in favour of the Appellant
28.	HCC Cont. Application No.111 of 2013 consolidated with petitions Nos.320 and 321 of 2011) Samuel Kimuchu Gichuru -vs- DPP	Petition challenging powers of the DPP in instituting extradition proceedings.	Application dismissed. Petitioners have an Appeal

S/No.	Case Number & Parties	Relief Sought	Status
29.	Petition 122 of 2015 Prof. Tom Ojienda-vs- EACC & 5 others	Petition seeking to bar EACC from investigating the petitioner's account.	Petition allowed. EACC has filed an appeal.

2.7. Recovered Public Assets

Assets valued at approximately KSh. 256,044,092 were recovered through court proceedings and out-of-court settlements as shown in Table 14.

Table 14: Recovered Public Assets

CASH			
S/No.	Case No. & Parties (where applicable)	Institution recovered for	Amount (Ksh.)
1.	EACC/ELD/LS/67-D Recovery of unremitted taxes amounting to KSh. 7,448,094.48 through out of court negotiations (settlement by way of instalments).	Kenya Revenue Authority	1,037,709
2.	HCCC Misc. Application No.19 of 2015 EACC-vs-Ecobank Limited & others	County Government of Nyeri	115,935
3.	CMCC No. 1372 of 2009 KACC -vs- Abdirazak Mohammed Abdille	National Museum of Kenya	600,000
4.	EACC/FI/IQ/118/2015 Inquiry into allegation that the CEO of Youth Enterprise Development Fund in collusion with Board Members schemed to defraud the Fund KSh. 180.9 Million (partial recovery realized)	Youth Enterprise Development Fund	9,480,000
5.	Mombasa CR 714/2010 Republic -vs- Irene Mwakamba	Mwatate Constituency Development Funds	177,000
6.	EACC/ISL/FI/INQ.1/2017 EACC-vs-Mary Ekai through an out of court settlement.	Samburu County Government	1,030,000



CASH			
S/No.	Case No. & Parties (where applicable)	Institution recovered for	Amount (Ksh.)
7.	Eldoret - HCCC No. 102 of 2007 KACC-vs- Kizito Chesusio & 2 Others	Eldoret East Constituency Development Fund	400,000
8.	EACC/TRK/LS/1-D Recovery of overpaid salary by Turkana County CECs; payment upon issuance of Demand letters	Turkana County Government	562,500
9.	ACC. No. 692 of 14 (Formerly) CR. No. 14 of 2011 R-vs-Tima Said Ahmed & another	Ganze Constituency Development Fund	238,500
10.	EACC/NYR/FI/INQ/03/2016 Officials of Murang'a County Assembly Payment upon issuance of Demand Letters	County Assembly of Murang'a	1,402,448
LAND/IMMOVABLE PROPERTIES			
S/No.	Asset	Institution recovered for	Estimated value (Ksh.)
1.	Land Reference Number 209/13539/183 (IR 80706) Woodley Estate	Nairobi City County	75,000,000
2.	Kisumu/ Municipality Block 7/527	County Government of Kisumu	30,000,000
3.	Kisii Municipality Block 3/461	County Government of Kisii	6,000,000
4.	Mainland North 1/2401	Kenya Civil Aviation Authority	70,000,000
5.	Mainland North 1/2402	Kenya Civil Aviation Authority	60,000,000
Total			256,044,092

2.8. Proactive Investigations

The Commission frequently undertakes proactive measures to prevent loss of public funds through corrupt practices.

2.8.1 Loss Averted Through Disruption of Corruption Networks

The Commission carried out 25 proactive investigations which resulted in averting possible loss of public funds of approximate KSh. 6,181,466,000 as indicated in Table 15.

Table 15: Highlights of Loss Averted Through Disruption of Corruption Networks

S. No.	Details	Organization Involved	Amount Involved (KSh.)	Status / Comments
1.	Allegation of irregular sale of 15 acres within Ngara Estate by Kenya Railways Staff Benefits Retirement Scheme	Kenya Railways Staff Benefits Retirement Scheme	3,000,000,000	Tender process interrupted
2.	Allegation of overpricing and irregular award of tender for supply and delivery of Collapsible Water Tanks to the County.	County Government of Tana River	30,000,000	Payment to the contractor stopped
3.	Allegation of diversion of relief food meant for institutions from the Isiolo National Cereals Board using GK Z195 belonging to the National Drought Management Authority	Ministry of Interior and National Coordination	2,000,000	Diversion disrupted
4.	Allegation of diversion of relief food meant for Oldonyiro Division within Isiolo County from the Isiolo National Cereals Board.	Isiolo National Cereals and Produce Board	2,000,000	Diversion disrupted



S. No.	Details	Organization Involved	Amount Involved (KSh.)	Status / Comments
5.	Allegation of misappropriation of funds meant for construction of Kiletien Dispensary and Doctor's residence at Kericho County	County Government of Kericho	1,550,000	Contract award stopped
6.	Allegation of corruption and economic crime in respect of renovation of a toilet at Gilgil Sub-County Hospital	County Government of Nakuru	100,000	Contract payment stopped
7.	Allegation of procurement irregularity and irregular payment at the Ministry of Health with regard to tender for supply of portable medical clinic in FY 2015/2016	Ministry of Health	27,000,000	Accounts frozen
8.	Allegation of procurement irregularity and embezzlement of funds in the provision of clearing and forwarding services which were not rendered	National Youth Service	37,000,000	Accounts frozen
9.	Allegation that a senior officer in the Ministry of Devolution and Planning accumulated unexplained wealth	National Youth Service	5,200,000	Accounts frozen
10.	Allegation of irregular award of 89 contracts by the County Government	County Government of Kitui	1,397,000,000	Payments stopped



S. No.	Details	Organization Involved	Amount Involved (KSh.)	Status / Comments
11.	Allegation of inflation of cost for supply/delivery of asphalt plant where the bidder quoted KSh. 50,000,000 but contract was awarded at KSh. 150,000,000	Nairobi City County	150,000,000	Payment stopped
12.	Allegation of conflict of interest by a legislator in award of tenders for road construction to his own companies	Embakasi North Constituency	33,600,000	Accounts frozen
13.	Allegation of diversion of an estimated 105,000 litres of ethanol meant for export to Tanzania by a private firm	Mumias Sugar Company	21,316,000	Goods intercepted
14.	Allegation that the Legal Services Department was colluding with advocates to bill the County for dormant and non-existing matters	County Government of Kajiado	30,000,000	Investigations underway
15.	Allegation of over valuation of parcels of land for compensation	National Land Commission	18,000,000	Cash recovered from NLC officials
16.	Allegation of irregular payment to a private firm	Ministry of Health	800,000,000	Payment stopped
17.	Allegation of irregular payment to a private firm	Ministry of Health	80,000,000	Account frozen



S. No.	Details	Organization Involved	Amount Involved (KSh.)	Status / Comments
18.	Allegation of tax evasion by private firm through diversion of ethanol meant for export	Kenya Revenue Authority	400,000,000	Goods intercepted
19.	Allegation of procurement irregularities in the supply of grinders	National Youth Service	97,700,000	Payment stopped
20.	Allegation of irregular procurement of fortified blended flour for drought mitigation through the Emergency Fund	County Government of Nyeri	20,000,000	Payment stopped

2.8.2 Integrity Testing Programme

The Commission periodically conducts integrity tests at service points to gauge whether the service providers solicit bribes from service seekers. In this regard, 292 integrity tests were conducted against Public Officers in various Government organizations with 232 officers failing the test. Only 53 officers passed while seven were inconclusive.

2.8.3 Sting Operations

The Commission carries out sting operations from time to time based on information gathered. A total of 229 stings were conducted out of which 90 cases were taken to Court, 63 cases were closed, 10 were referred to other institutions, five cases were pending arrest of known accused persons and 61 cases were pending under investigations. The sting operations were carried out in various institutions among them National Police Service, Kenya Wildlife Service, Ministry of Lands, Kenya Power Ltd, National Registration Bureau, County Governments and others.

2.9. Strengthening Laws in the Fight against Corruption

Following the recommendations of the Task Force on Review of the Legal, Policy and Institutional Anti-Corruption Framework and UNCAC Implementation Review Report, new laws have been enacted, existing laws amended, and legal bills introduced. The enacted Acts were the Bribery Act, 2016 and Access to Information Act, 2017. The Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), 2009 was amended to reinstate the Commission's power to institute cases for recovery of corruptly acquired assets. Anti-Corruption Laws (Amendment) Bill 2017, Whistle Blower Protection Bill 2017, False Claims Bill were introduced to promote the fight against corruption.

2.10. Enforcement of Chapter Six of the Constitution

In enforcing Chapter Six of the Constitution, the Commission, undertook several measures that included cautions, notices, advisories, integrity verification and development of codes, among others, as highlighted below.

2.10.1 Issuance of Cautions, Notices and Advisories

The Commission issued 32 cautions, 95 notices and 32 advisories to public entities and persons for violation of Chapter Six and LIA as summarized in Table 16.

Table 16: Cautions, Notices and Advisories Issued

Nature of Enforcement of Chapter Six	Nature of Unethical Breach	Total
Cautions	Fighting in public and incitement	5
	Failure to honour financial obligations	1
	Unethical conduct including: destruction of property, assault and stripping in public	5
	Failure to submit Declarations of Income, Assets and Liabilities	21
Sub-Total		32
Notices	Failure to submit Declarations of Income, Assets and Liabilities	7
	Notices to compel attendance	29
	Public notice on compliance with Chapter Six by candidates seeking elective positions	1
	Notices for production of documents / certificates	58
Sub-Total		95
Advisories	Audit of Contracts, Procurement and Asset Disposal Proceedings	1
	Advisory to PPRA for Public Entities to implement Section 62 of the PPADA, 2015 and on Chapter Six of the Constitution	15
	Advisories to report and to pursue complaints with other relevant and independent commissions / institutions	7
	Advisories to NCWSC on performance of duty	2
	Advisories to Public Institutions on conduct and performance of duty	7
Sub-Total		32



2.10.2 Integrity Verification and Clearance for Appointment and Election to Public Office

The Commission received and processed 18,396 integrity verification requests from different institutions and individuals indicating a significant increase from the previous year. Out of these, 16,182 applications were integrity verifications for persons seeking elective positions; 2,183 for appointment to public office; 29 under performance contracting and two for appointment to private institutions. A total of 137 individuals were found to have contravened Chapter Six of the Constitution.

Additionally, the Commission received 58,954 self-declaration forms in line with LIA, an increase from 23,307 received in FY 2015/2016. This increase was attributed to two main factors: introduction of Section 12A of LIA which made it mandatory for persons seeking public appointment to submit a self-declaration form to the Commission; and requests for integrity verification for candidates in the 2017 General Election. The Commission also developed guidelines for integrity verification.

2.10.3 Development and Implementation of Specific Leadership and Integrity Codes for State Officers

2.10.3.1 Approval of Specific Leadership and Integrity Codes

Section 37 of the Leadership and Integrity Act, 2012 provides that each public entity with State Officers shall develop a Specific Leadership and Integrity Code for the State Officers serving in that public entity. The specific Codes so developed are, in accordance with Section 39, to be submitted to the Commission for approval.

The Commission reviewed and approved 35 Specific Leadership and Integrity Codes. Cumulatively, the Commission has approved Codes for 118 out of 136 public entities with State Officers. This represents 86 percent of entities with State Officers. Eighteen public entities have not complied as shown in Table 17.

Table 17: List of Public Entities that Have Not Complied with the Law on Development of Specific Leadership and Integrity Codes for State Officers

National Government			
1.	Ministry of Information and Communication Technology	4.	Office of the Auditor General
2.	Senate of the Republic of Kenya	5.	The Judiciary
3.	National Assembly of Kenya		
County Governments			
1.	Bomet County Executive Committee	8.	Meru County Executive Committee
2.	Bungoma County Executive Committee	9.	Murang'a County Executive Committee



National Government			
3.	Garissa County Executive Committee	10.	Turkana County Executive Committee
4.	Kajiado County Executive Committee	11.	Vihiga County Executive Committee
5.	Kisumu County Executive Committee	12.	Wajir County Executive Committee
6.	Lamu County Executive Committee	13.	Isiolo County Assembly
7.	Makueni County Executive Committee		

2.10.3.2 Review of Codes of Conduct and Ethics for Public Officers

The Commission reviewed Codes of Conduct and Ethics for Public Officers from 47 public entities to ensure they are aligned with Section 52 of LIA 2012.

2.10.3.3 Publication of Approved Specific Leadership and Integrity Codes in the Kenya Gazette

Upon approval of the Specific Leadership and Integrity Codes by the Commission, public entities are required to publish the Codes in the Kenya Gazette within 90 days of approval. In FY 2016/2017, 29 public entities published their Codes in the Kenya Gazette, making a total of 51 entities that have published their Codes. This represents an increase of 43.1 percent over the previous year.

2.10.3.4 Commitment to the Leadership and Integrity Codes by State Officers

Under Section 40 of LIA, each State Officer is required to, at the time of taking oath of office or within seven days of assuming State Office, sign and commit to the Specific Leadership and Integrity Code prescribed in accordance with Section 37 by the public entity to which the person has been elected or appointed. Consequently, 1,120 State Officers in 27 public entities signed and committed to their Specific Leadership and Integrity Codes, bringing the total number so far to 1,145 State Officers in 33 entities.

Table 18 summarizes the status of compliance with Sections 37, 39 and 40 of LIA on the development, publication and commitment to Specific Leadership and Integrity Codes.



Table 18: Status of Compliance with LIA, 2012 on Specific Leadership and Integrity Codes

Category of Public Entities	Total No. of Entities	Number of Entities					
		Codes Developed	Codes Not Developed	Codes Published	Codes Not Published	Codes Signed by State Officers	Codes Not Signed by State Officers
National Government	42	37	5	12	30	9	3
County Executives	47	35	12	14	33	6	8
County Assemblies	47	46	1	25	22	18	7
Total	136	118	18	51	85	33	18

2.10.4 Provision of Technical support in the implementation of Chapter Six of the Constitution and Related Integrity Laws

- a) Provision of Technical Support to Responsible Commissions and Public Entities

The Commission held two workshops to build the capacity of Responsible Commissions in both National and County Governments to coordinate and implement integrity laws in accordance with Section 52 of LIA. A total of 311 participants benefited from the workshops. In addition, the Commission issued Guidelines to all Responsible Commissions for implementation of Chapter Six of the Constitution and related integrity laws including review of codes, opening and maintaining of conflict of interest and gift registers and the submission of returns on financial disclosures.

Further, the Commission provided technical support to 27 public entities so as to equip them with the requisite skills and knowledge necessary for the implementation of Chapter Six of the Constitution. These included seven entities in the National government, seven County Executives and 13 County Assemblies.

- b) Provision of Technical Support to County Governments on Management of Declaration of Income, Assets and Liabilities (DIALs)

The Commission held two workshops for technical officers designated to manage Declaration of Income, Assets and Liabilities in County Governments in order to build their capacity in the implementation of the legal requirements in relation to DIALs. A total of 124 participants comprising 70 from 40 County Public Service Boards and 54 from 27 counties were trained.



Participants from various County Public Service Boards during a workshop for Responsible Commissions on D66eclaration of Income, Assets and Liabilities held at ARC Hotel – Egerton University

c) Provision of Advisories on Gifts and Conflict of Interest Register

The Commission provided advisories to 330 public entities, State and Public Officers on the opening and maintenance of gifts and conflict of interest registers in line with Section 44 of LIA.

2.10.5 Development and Dissemination of Leadership and Integrity Content

The Commission developed and disseminated 6,000 copies of the Citizens Guide on Chapter Six of the Constitution and translated the English version of the Guide into Kiswahili. The Commission also disseminates the same content through telephone on-hold messages.

2.10.6 Operation of Bank Accounts Held outside Kenya

The Commission approved 21 applications by State and Public Officers and four notifications for closure of bank accounts, in accordance with Section 19 of LIA. In addition, the Commission developed and maintained a database on bank accounts held by State and Public Officers outside Kenya as required by Leadership and Integrity Regulations, 2015. By end of FY 2016/2017, the Commission had cumulatively approved 441 bank accounts and continues to receive bank statements in respect of these accounts.



CHAPTER 3: PREVENTION OF CORRUPTION AND UNETHICAL CONDUCT

3.1. Introduction

This chapter presents measures undertaken by the Commission to prevent corruption and unethical conduct. The measures include systems reviews, advisory services, promotion of standards and best practices, establishing and maintaining strategic partnerships and coalitions, public education and awareness creation. To achieve this, the Commission rolled out a number of programs targeting different sectors including MDAs, County Governments, institutions of learning and the general public.

3.2. Systems Reviews

The Commission conducted two examinations into the systems, policies, procedures and practices of work at the Ministry of Lands and Physical Planning; and, the Pricing of Pharmaceutical and Non-Pharmaceutical Supplies in the Kenyan Public Health Sector. Further, the Commission released a report on the examination of the systems, policies, procedures and practices of service delivery at the Ports of Entry in Kenya. The report covered the service delivery functions at some airports and land border points. Findings and recommendations of the examination addressed 11 organizations which have roles at the Ports of Entry. These are: Kenya Airports Authority, Kenya Revenue Authority, Department of Immigration, Kenya Airport Police Unit, Kenya Civil Aviation Authority, Kenya Bureau of Standards, Kenya Plant Health Inspectorate Service, Department of Refugee Affairs, Ministry of Transport and Infrastructure, Ministry of Agriculture, Livestock and Fisheries, and Kenya Port Health. Highlights of the findings and recommendations are presented in Table 19.

Table 19: Highlights of the Findings and Recommendations of the Examination

Focus Area	Finding	Recommendation
Cargo Clearance	Delays in clearance of cargo at the border points	Hasten the implementation of Integrated Customs Management System
Revenue Collection	Banks located very far from some border ports e.g., nearest bank to Lunga Lunga border is 80km away	Set up agent banking services at the POEs
Unmanned Airstrips	Most of the thirty airstrips not always manned	Ensure that all licensed airstrips are adequately manned
Verification of goods at the POEs	<ul style="list-style-type: none"> Manual verification of goods Most POEs lack verification yards, searching rooms, ramps and scanners 	Adequately equip POEs to undertake effective verification
Surveillance at the POEs	Inadequate CCTV coverage in most airports	Install CCTV in all areas

Focus Area	Finding	Recommendation
Thermal Scanners	Most of the thermal scanners were not working	Ensure proper procurement and maintenance of thermal scanners

3.3. Corruption Risk Assessments (CRAs)

The Commission completed and presented reports of Corruption Risk Assessments (CRAs) into the systems, policies, procedures and practices of eight County Executives namely; Kericho, Kisii, Kwale, Laikipia, Nyeri, Tharaka-Nithi, Busia and Kilifi and seven County Assemblies namely; Laikipia, Nyeri, Kericho, Kisii, Busia, Tharaka-Nithi and Vihiga. Tables 20 and 21 highlight the findings.

Table 20: Highlights of Findings and Recommendations of the County Executives' Corruption Risk Assessments

Area of Focus	Findings	Recommendations
Governance Instruments	Lack of governance instruments such as procedure manuals, policies and written guidelines to guide all operational areas	Develop and operationalize relevant policies, manuals and guidelines in all operational areas
County Budget and Economic Forums	Unavailability of County Budget and Economic Forums to provide a means for public participation in planning, budgeting and financial management	Establish and operationalize County Budget and Economic Forums in line with Section 137 of the PFM Act, 2012
Budget Monitoring	Improper authorization and commitment of Local Purchase Orders and Local Service Orders	<ul style="list-style-type: none"> • Undertake Budget monitoring against commitments • Proper authorization and commitment of LPOs and LSOs in line with Section 51(1) of the PFM Regulations, 2015
Assets Registers	Non-updated Assets Registers	Update Assets Registers as stipulated in Regulation 136 of the PFM (County Governments) Regulations, 2015
Fuel Management	Failure to keep records and account for fuel consumed	<ul style="list-style-type: none"> • Keep accurate information on fuel consumption • Acquire and implement Fleet control and management system



Area of Focus	Findings	Recommendations
Repairs of Motor Vehicles	<ul style="list-style-type: none"> Lack of defects inspection reports Lack of maintenance records 	<ul style="list-style-type: none"> Produce defects inspection certificate for each repaired vehicle Create and maintain updated maintenance logs
Records Storage Space	Inadequate and insecure records storage space	Provide sufficient and secure storage space for records

Table 21: Highlights of Findings and Recommendations of Corruption Risk Assessments in Various County Assemblies

Areas of Focus	Findings	Recommendations
Attendance Registers	Payments to members who have not attended committee meetings	Pay only members who attend meetings
Procurement Requisitions	<ul style="list-style-type: none"> Failure to confirm the budget vote balances and chargeable votes before making requisitions Use of requisitions which do not provide clear descriptions of the items and quantities to be procured 	Ensure that budget balances are confirmed before raising requisitions in line with section 149(1) of the PFM Act, 2012
Imprest Ledger Accounts	Imprest ledgers maintained without indicating ageing summaries	Maintain and monitor the surrender of imprest advances in line with Regulation 93(4)(c) of the PFM (County Governments) Regulation 2015
Car Loans' Collaterals	Logbooks not in custody of the County Assembly Clerks	Ensure safe custody of the collaterals with the officers administering the funds
Commitment of Salaries	Commitment of salaries below the recommended one-third (1/3) rule, in contravention of the County Human Resource Manual, 2013	Ensure adherence to one-third (1/3) rule regulation in line with Section E13(1) of the County Human Resource Manual 2013

3.4. Advisories and Monitoring

The purpose of the advisory services is to ensure mainstreaming of anti-corruption initiatives in public institutions. Under the Corruption Eradication Indicator for the 13th Cycle (FY 2016/2017) Performance Contracting framework, the Commission provided 734 advisories to 212 public institutions (MDAs) and eight County Executives and Assemblies not included in the Performance Contracting arrangement. The Commission also monitored the implementation progress in 13 public institutions in various Counties.

3.5. County Anti-Corruption Weeks and Outreach Clinics

The Commission conducts county anti-corruption weeks and outreach clinics in order to create awareness among members of the public on anti-corruption, ethics and integrity so as to enhance citizen participation in governance. To this end, an estimated 12 million people were reached through media programmes; 170,000 through public outreach; 10,000 through public barazas; 816 public officers trained; and 17,000 IEC materials disseminated. The outreach clinics were conducted in Kajiado, Tana River, Elgeyo Marakwet, Mombasa, Narok, Embu, Marsabit, Kakamega, Garissa, and Homa Bay counties.



EACC Commissioner Dr. Dabar Maalim on signing of an Action Plan during Homa Bay County Anti-Corruption Outreach

3.6. Participation in Exhibitions, International Trade Fair and Conferences

The Commission reached out to approximately 59,200 persons with a view to enlist their support in the fight against corruption and unethical conduct in the following forums:

- (i) Agricultural Society of Kenya (ASK) Mombasa International Trade Fair;
- (ii) Kilifi Investment Conference;
- (iii) Matatu Owner's Association (MOA) Conference;
- (iv) East Africa Youth Conference;
- (v) 5th Annual Conference of Constitutional Commissions (CC) and Independent Offices (IO);
- (vi) The National Conference on Elections; and
- (vii) National Symposium for Legislative Clerks working in the Committees and the House from the Senate to the County Assemblies.



3.7. Community Based Anti-Corruption Monitors (CBAMs)

The training of Community Based Anti-Corruption Monitors (CBAMs) is aimed at mainstreaming anti-corruption, ethics and integrity. The programme targets key community leaders who volunteer to support the Commission's anti-corruption work at the grassroots level. In this regard, 250 CBAMs were sensitized from seven counties namely: Kakamega, Kisii, Migori, Bungoma, Kisumu, Siaya and Busia.

3.8. Mainstreaming Integrity in Institutions of Learning

The Commission implemented programmes through a variety of activities aimed at nurturing morals, positive attitudes and behaviour of the young generation. A summary of the integrity programmes undertaken is illustrated in Table 22.

Table 22: Summary of Activities Implemented under the Integrity Programme

Activity	No. of Institutions	Students and Pupils Sensitized	Teachers and Managers Trained
School Outreach	305	122,496	3,093
Study Tour to the Commission	11	633	22
Training of Education Managers	381	-	381
Training of College/Universities	17	2,466	-
Integrity Club Patrons Training	40	-	40
Integrity Club Forums	6	70	12



Pupils of Murang'a Teachers College Primary School receive a trophy for winning an inter-school Integrity Talk competition

3.9. Interventions in the Curriculum Reform Process

The Commission participated in the curriculum review process and proposed thematic areas which have been incorporated in the amended National Curriculum as follows:

- i) Integrity and Citizenship as core values to cut across subjects and co-curricular activities;
- ii) Values as a catalyst for attitude and behaviour change; and
- iii) Values based approach to education to involve all stakeholders in the school community from the administrators, teachers, parents and support staff.

3.10. Capacity Building for Health Managers

The Commission held capacity building for 238 health managers drawn from Murang'a, Kitui and Marsabit Counties on matters ethics, integrity and anti-corruption within the health sector.

3.11. Sensitization on Leadership and Integrity

The Commission sensitized 32 institutions on leadership and integrity and reached approximately 1,800 State and Public Officers. This comprised 20 institutions from the National Government, 11 from the County Governments and one from the private sector.

3.12. Media Education Programming

The Commission engaged various media platforms to educate the public on leadership, ethics, integrity, good governance and anti-corruption measures. One of the major programmes was sensitization of the public during the run up to the general election on electing leaders of integrity. In this respect, millions of listeners, viewers and readers were reached.

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

The Commission continues to develop and disseminate relevant Information Education and Communication (IEC) materials as a strategy to intensify anti-corruption, public education and awareness. In this regard, the Commission developed and reprinted 47,428 copies of assorted IEC materials and disseminated approximately 30,500.

3.14. Training of Integrity Assurance Officers (IAOs) and Corruption Prevention Committees (CPCs)

The Commission trained 1,173 Corruption Prevention Committee members and 783 Integrity Assurance Officers from 69 and 102 public institutions, respectively, in both the National and County Governments. The training of IAOs and CPCs is anchored under Performance Contracting aimed at corruption eradication in the public service.



3.15. General Sensitization in Various Institutions

The Commission conducted training and sensitization on issues of leadership, ethics and integrity for the public sector. Subsequently, 6,454 officers from 193 institutions were sensitized.



CHAPTER 4: PARTNERSHIPS, NETWORKS AND COALITIONS AGAINST CORRUPTION AND UNETHICAL CONDUCT

4.1. Introduction

The Commission continues to forge partnerships, networks and coalitions against Corruption and unethical conduct, and the promotion of ethics and integrity. In this respect, the Commission supports the Kenya Leadership and Integrity Forum (KLIF) and has entered into a Memorandum of Understanding with the faith sector, in furtherance of its mandate.

4.2. Kenya Leadership and Integrity Forum

The Kenya Leadership and Integrity Forum (KLIF) is a national integrity system set up to coordinate a unified sector-based strategy for preventing and combating corruption by forging alliances and partnerships with sectors across the Kenyan society. KLIF is composed of 15 sectors namely: The Legislature, Judiciary, Executive, EACC, Education, Watchdog Agencies, County Governments, Private Sector, Media, Enforcement Agencies, Professional Associations, Labour, Civil Society, Religious Sector and Constitutional Commissions.

The Commission supported KLIF in implementation of the following programmes through the multi-stakeholder partnerships:

i. Implementation of Kenya Integrity Plan (KIP) 2015-2019

The Kenya Integrity Plan (KIP) is an Action Plan which provides a participatory approach and an operational framework for the implementation, monitoring and evaluation of anti-corruption initiatives under the aegis of the Kenya Leadership and Integrity Forum.

Achievements in the implementation of KIP include:

- Publication of the Kenya Integrity Forum Sector Action Plans for 2016/2017;
- Capacity building for the Sector Coordinating Committee (SCC) on anti-corruption, ethics, integrity and good governance; and preparation of the Action Plans and monitoring the implementation of the KIP; and
- Consolidation of Kenya Integrity Forum Sector Action Plans on implementation of KIP Progress report.

ii. National Forum on Integrity Conference 2016 – The 1st Presidential Round-Table on Integrity and Governance

The Commission participated in the Summit on Governance and Accountability, held on 18th October 2016 at State House, Nairobi under the aegis of the Executive Office of the President. The purpose of the Summit was to highlight achievements



made in the war against corruption since 2013 and to chart the way forward.

The Summit demonstrated that the Government had provided the required resources and given all relevant support to boost the war against corruption. Institutions under the Multi-Agency Team (MAT) Framework were urged to exercise greater collaboration in order to increase efficiency and deliver results in the fight against graft. In addition, the Summit also urged the Courts to operationalize the Anti-Corruption and Economic Crimes Division of the High Court.

iii. Commemoration of International Anti-Corruption Day, 9th December, 2016

Kenya commemorates the International Anti-Corruption Day (IACD) pursuant to the UN General Assembly Resolution 58/4 of 2003 which reads in part "...that, in order to raise awareness on corruption and on the role of the Convention in combating and preventing it, 9 December should be designated International Anti-Corruption Day." The spirit of the United Nations Convention against Corruption (UNCAC) and this day is to raise awareness on how corruption undermines democracy and the rule of law; leads to human rights violations; distorts markets; erodes quality of life and allows organized crime, terrorism and other threats to human security to flourish.

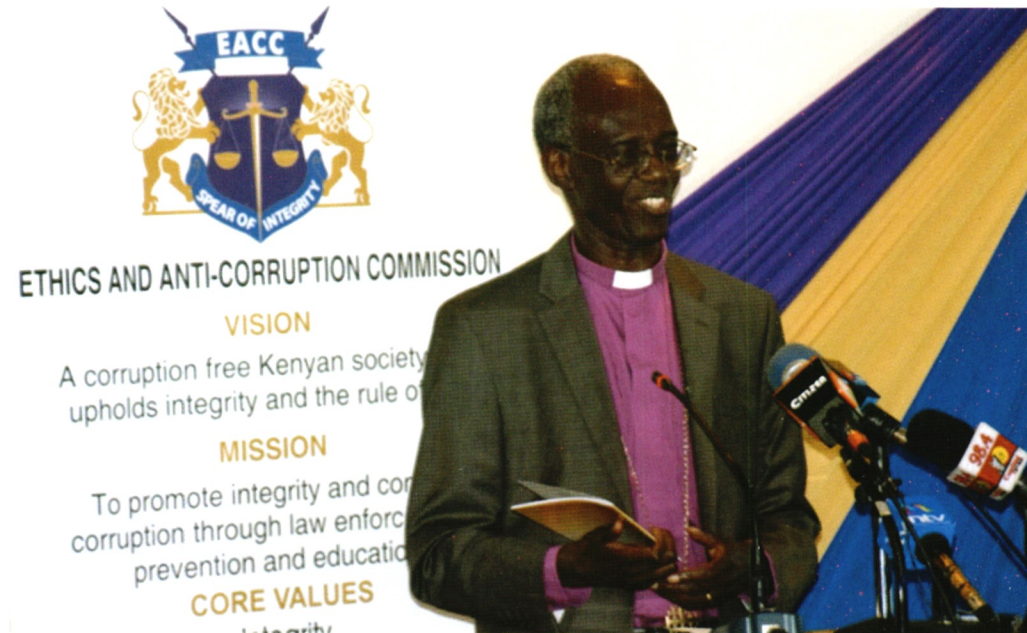
On 9th December 2016, the Commission, in collaboration with stakeholders, commemorated the IACD, whose theme was 'Fighting Corruption, Our Collective Responsibility' or 'Vita Dhidi ya Ufisadi, Jukumu Letu Sote' in Kiswahili, in nine Counties. The Counties were Kakamega, Narok, Kwale, Tana-River, Garissa, Marsabit, Elgeyo Marakwet and Embu with the National Commemoration being held in Kajiado County. The Commemorations were preceded by Anti-Corruption Weeks in all the nine counties.



Cabinet Secretary Joseph Nkaissery, Deputy Chief Justice, the Chair and Vice-Chair, EACC, and the CEO, EACC listen keenly to a participant at an exhibition during the International Anti-Corruption Day, 2016 in Kajiado County

4.3. Partnership between EACC and the Faith Sector

The Commission, in conjunction with the faith sector led by the Inter-Religious Council of Kenya, developed a framework on collaboration and partnership in the fight against unethical practices and corruption in Kenya. This revitalized collaboration was cemented through a Memorandum of Understanding on 17th May 2017.



Archbishop (Rtd.) Eliud Wabukala, during the launch of an Interfaith Sector Partnership Action Plan at a Nairobi Hotel

4.4. National and International Engagements

The Commission continued to collaborate with both local and international partners to boost the fight against graft.

Nationally, the Commission hosted two Heads of Missions who visited the Commission to welcome the Chairperson, Archbishop (Rtd) Eliud Wabukala. They also discussed the progress made so far in the fight against corruption, challenges encountered, the way forward and possible partnerships.

Through a partnership with the Independent Electoral and Boundaries Commission (IEBC) and Kura Yangu, Sauti Yangu (KYSY), the Commission hosted the National Elections Conference 2017 from 12th to 14th June 2017 at the Kenyatta International Convention Centre (KICC). The theme of the Conference was “Working Together Towards a Credible and Peaceful General Election, 2017”. The Commission chaired and provided panelists for the thematic session on Electing Leaders of Integrity which involved discussions on key attributes of leaders of integrity, the importance of electing such leaders and the role of the electorate in ensuring they elect such leaders.



The Commission also hosted officials from the Puntland Good Governance and Anti-Corruption Bureau (PGGACB) in Somalia for a study visit to bench-mark their operations with those of the Commission. Additionally, the Commission hosted members of the Transparency and Accountability Committee of the Sierra Leone Parliament. The Committee was on a bench-marking tour of Kenya to appreciate how various Parliamentary Committees and other oversight institutions work in the fight against corruption.

Internationally, the Commission cooperates with other countries through mutual legal assistance, informal requests, tracing and recovery of assets stashed abroad and seeking assistance in the arrest of suspects outside Kenya. The Commission participated in various forums aimed at enhancing these partnerships as shown in Table 23.

Table 23: International Forums Attended

Forum	Theme	Venue and Date	Remarks / Outcomes
10 th Annual General Meeting of the East African Association of Anti-Corruption Authorities (EAAACA)	Developing a Culture of Integrity among Youth in East Africa	Arusha, Tanzania 29 th – 30 th November 2016	Members resolved to advocate for the passing of the East African Community (EAC) Protocol on Preventing and Combating of Corruption and also push for the inclusion of EAAACA and the Asset Recovery Inter-Agency Network for Eastern Africa (ARIN-EA) in the EAC.
IACA Regional Summer Academy Eastern Africa Training	Finalization of EAC Operational instruments	Kampala, Uganda 5 th – 10 th December, 2016	Development of operational legal instruments.
Visits to Hong Kong and the United Kingdom	International Engagement	Hong Kong 16 th – 19 th January 2017 London, United Kingdom 13 th – 17 th March 2017	The international engagements were undertaken to appreciate how the various offices in the respective countries work together to fight corruption and illicit financial flows.



Forum	Theme	Venue and Date	Remarks / Outcomes
10 th Practitioners Workshop on the Return of Illicit Asset of Politically Exposed Persons	Guidelines for the Efficient Recovery of Stolen Assets: Implementing the Online Tool	Lausanne, Switzerland 27 th February – 1 st March, 2017	Guidelines (3,5,6,7 and 8) for Efficient Recovery of Stolen Assets were developed. Member States agreed on a more coherent and proactive approach to asset recovery in practice.
ARINSA Senior Managers Countering the Financing of Terrorism Workshop	Countering the Financing of Terrorism	Pretoria, South Africa 28 th February – 2 nd March, 2017	Insights gained on special investigative techniques on illicit financial flows linked to terrorism.
26 th Session Commission on Crime Prevention and Criminal Justice	Crime Prevention and Criminal Justice	Vienna, Austria 22 nd – 26 th May, 2017	The Kenya Country Report on status of Economic and Anti-Corruption was tabled and adopted by member States.
7 th Commonwealth Regional Conference for Heads of Anti-Corruption Agencies in Africa	Coordinating National Action Against Corruption in Commonwealth Africa	Mangochi, Malawi 29 th May – 2 nd June 2017	The conference provided a platform for sharing information on emerging innovations and best practices, experiences and challenges faced in the fight against corruption.
UNCAC Implementation Review Group (IRG) Meeting	Preparations for the 2 nd Cycle of Review on Implementation of the United Nations Convention against Corruption (UNCAC)	Vienna, Austria 19 th – 23 rd June 2017	Kenya was selected to undergo review of implementation of UNCAC during the first year of the 2 nd Cycle of the Review, which commences in the FY 2017/2018. Kenya will be reviewed by New Zealand and the Democratic Republic of Congo.



CHAPTER 5: MONITORING AND EVALUATION

5.1. Introduction

The Commission periodically monitors implementation of its programmes and compliance levels with applicable laws across the entire public sector. In this regard, the Commission conducted an assessment of Compliance of Declaration of Income, Assets and Liabilities (DIALs) by Public Officers for 2015 and the National Survey on Corruption and Ethics, 2016.

5.1.1 An Assessment of Compliance of Declaration of Income, Assets and Liabilities (DIALs) by Public Officers for the Years 2011, 2013 and 2015

The Declaration of Income, Assets and Liabilities is an instrument of enhancing good governance and promoting ethics within public institutions. The Commission, in collaboration with the Department of Justice, undertook an assessment on DIALs whose overall objective was to assess compliance of the declaration of income, assets and liabilities by Public Officers in Responsible Commissions, in the National and County Governments for the year 2015. A total of 4,965 County employees were interviewed in the various county Departments. The following are some of the findings of the assessment.

a) **Compliance with Public Officers Ethics Regulations, 2009**

In 2015, the compliance level to the regulations by all Responsible Commissions was at an average of 76 percent. In comparison, the average compliance level by the Responsible Commissions with Public Officer Ethics Regulations on Wealth Declaration in 2011 and 2013 was at 48 percent.

b) **Action/Sanctions Taken by Responsible Commissions or Public Entities**

The Public Officer Ethics Act, 2003 makes it a mandatory requirement that all State and Public Officers declare their wealth every two years and failure to do so attracts conviction or imprisonment. Some of the sanctions mentioned in the Assessment were denial of extension of contract, debarment from appointments and denial of promotions.

c) **Effectiveness of DIALs**

According to Public Officer Ethics (Management, Verification, and Access to Financial Declaration) Regulations, 2011, in the event issues have been raised regarding a Public Officer's Declaration, Responsible Commissions are mandated to compare and contrast any information obtained from other sources with the information contained in the Declaration of the particular Public Officer to confirm its authenticity. However, the assessment showed that most Responsible Commissions do not do so. It was also noted that there is lack of a mechanism to conduct lifestyle audits.

5.1.2 The National Survey on Corruption and Ethics, 2016

The Commission conducted the National Ethics and Corruption Survey between August and September 2016. The overall objective of the Survey was to measure the nature and extent of corruption and unethical practices. The Survey used a variety of methods including: a representative nation-wide household sample of 5,908 drawn from 47 Counties; seven key informant interviews; and review of similar previous surveys.

(i) Perceived National Level of Corruption

The perception shows a high level of corruption at 79.3 percent which represents an increment of 5.4 percent from the 2015 Survey. The data suggests that corruption has been increasing over the years from 49.9 percent in 2010 to the current 79.3 percent in 2016.

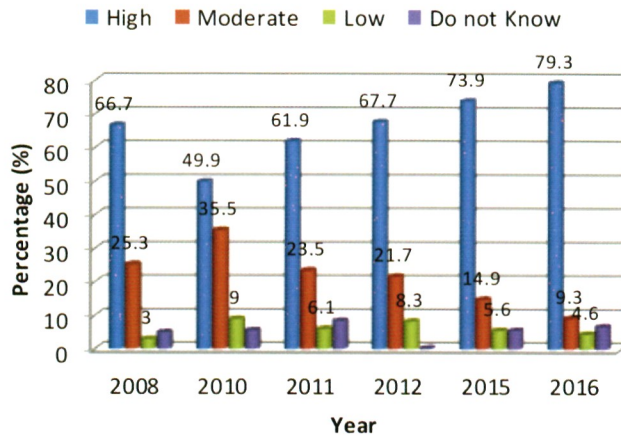


Figure 7: Perceived Level of Corruption

(ii) Experience Based Responses

The Survey sought to find out if the respondents had interacted with government agencies and their experiences during the interaction. The study reveals that there were more people seeking Government services in 2016 (63.6%) than 2015 (58%).

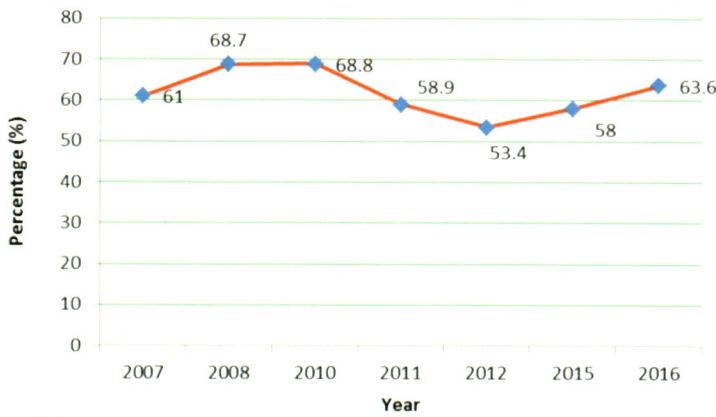


Figure 8: Did You Seek Government Services in the Past One Year?



(iii) Proportion of Bribe Demanded and Paid

While there was a sharp decline in the proportion of people who paid bribes in 2015, at 38 percent, compared to 2012, at 68.5 percent, 2016 recorded a marginal increment in the proportion of people who paid bribes at 46 percent.

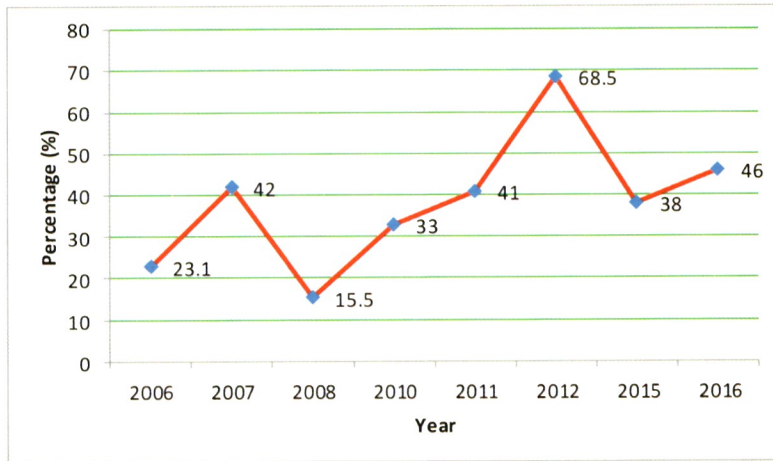


Figure 9: Proportion of Those who Bribed when Seeking Services

The Survey shows that the average bribe was KSh. 7,081.05 in 2016, a sharp increase from the average of KSh. 5,648.58 recorded in 2015 and KSh. 4,601 in 2012. Obtaining tenders raked in the highest average bribe of KSh. 196,987.82 followed by seeking employment with KSh. 63,687.39.

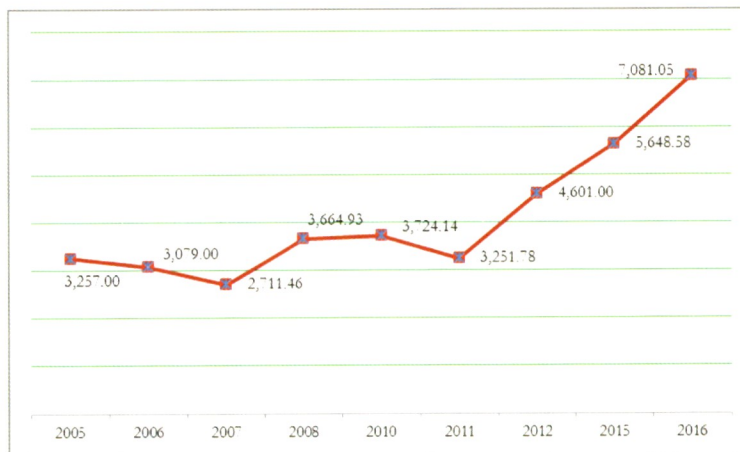


Figure 10: Average Bribe Paid by Service Seekers (KSh.)

CHAPTER 6: INSTITUTIONAL SUPPORT SERVICES

6.1. Communication

The Commission informs members of the public on the activities and programmes it is undertaking in the execution of its mandate. It disseminates the information through media relations and the Commission website.

(i) Media Relations

The Commission continued to engage the media to ensure that the Commission's activities and gains made in the execution of its mandate were highlighted and that the public was kept abreast of the work done by the EACC. This was done through coverage of Commission events and court proceedings, interviews with various media houses and through press releases and press briefings.

(ii) Website

The Commission used its website to disseminate information to the public, which includes Commission publications, information on tenders, vacant positions, statutes, forms related to the Commission's mandate and other IEC materials.

EACC website received a total of **870,541** hits, up from 611,505 hits the previous year, an increase of 42.4 percent. The highest number of hits came from the United States at 54 percent, followed by Kenya at 23 percent and the United Kingdom at seven percent.

6.2. Information and Communications Technology (ICT)

The Commission implemented the ICT strategy with the aim to upgrade and modernize ICT infrastructure and systems to address its technological needs and the rapidly changing global technological environment as follows:

- (i). Integration of its financial management information system with HR-payroll system to enhance operations;
- (ii). Modernizing work-station infrastructure by provision of new desktops and peripherals, LCD projectors, laptops, projector screens and printers;
- (iii). Expansion of its ICT setups to 21 new Huduma Centres;
- (iv). Upgrade of the network and the IP telephony system, and replacement of end-of-life equipment; and
- (v). Participation in the implementation of Integrated Public Complaints Referral Mechanism (IPCRM) by the redevelopment of the e-IPCRM system to improve on its functionalities and evaluation and monitoring.



6.3. Supply Chain Management

In line with the Public Procurement and Asset Disposal Act, 2015, the Commission undertook the following procurement activities:

- Disposal of unserviceable and obsolete assets netting KSh. 2,854,614;
- Four quarterly reports provided to Public Procurement Regulatory Authority (PPRA) on contract awards;
- Bi-annual reports to the National Treasury on 30 percent public procurement preference and reservations in compliance with Section 157(12) & (13) of the Public Procurement and Asset Disposal Act, 2015; and
- Report on termination of procurement process to the National Treasury.

6.4. Human Resource Management

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

1) Staff Complement

The Commission recruited 242 members of staff. In the same period 16 exited, bringing the staff complement to 675.

The Commission ensured that the staff establishment as well as recruitment was undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities in line with Section 18(4)(b) of the EACC Act, 2011 and Article 10 of the Constitution of Kenya.

The distribution of employees by gender was 246 females and 429 males which translates to 36.4 percent and 63.6 percent respectively. This was within the Constitutional threshold of not more than two thirds from same gender.

2) Skills and Competency Development

The Commission strives to develop the technical capability of staff to be abreast with emerging challenges in fighting corruption, both locally and globally. The Commission trained staff on investigation, prevention, good governance, leadership, management and other competencies. A summary is provided in Table 24.

Table 24: Summary of Capacity Building Programmes Undertaken

S/No.	Training	No. of Officers
1	Local Training and Development Programmes Attended	
	1) Basic Investigations Course	58
	2) Tax Related Investigations by KRA	30



S/No.	Training	No. of Officers
3)	Senior Management Course	29
4)	Supervisory Skills Development Course	27
5)	Capacity Building Programme	27
6)	Report Writing Course	14
7)	Digital Forensic First Responder Training	12
8)	Strategic Leadership Development Programme (SLDP)	11
9)	Public Relations & Customer Care	8
10)	Corporate Good Governance Training Course	7
11)	Trainer of Trainers	8
12)	Tax and Financial Crime Investigations	5
13)	Pre-Retirement Planning Course	3
14)	Refresher, Defensive and First Aid Course	2
15)	Management Development Programme for Executive Assistants	7
16)	Fleet Management	3
17)	Executive Secretarial Course	2
18)	Customer Service Excellence and Huduma Service Standard	2
19)	Public Finance Management	1
	Sub Total	256
2	Foreign Training and Development Programmes Attended	
1)	Design and Implementation of Human Resource Policies	1
2)	Fleet Operations and Management Programme	1
3)	Governance, Ethics and Anti-Corruption Reform Programmes	1
4)	Integrated Financial Management Information System	1
5)	Auditing for Internal Auditors Programme	1
6)	Management E -Records in Organization Programme	1
7)	National Security	1
8)	Protocol & Event Management Programme	1
9)	Strategic Organizational Change Management in Public Sector Programme	1
10)	E-Human Resource Management Programme	2



S/No.	Training	No. of Officers
	11) Foreign Bribery & Corruption	2
	12) Global Focal Point Conference on Asset Recovery	2
	13) IACA Regional Summer Academy Eastern Africa Training	2
	14) Management Development Programme	2
	15) Modern techniques of Monitoring & Evaluation for Government Programmes and Projects	2
	16) Anti-Corruption Policy Forum & Academic Criminal Justice	3
	17) Countering Violent Extremist	3
	18) ICAC – Financial Investigation	3
	19) Counter Financing of Terrorism	4
	20) Financial Investigations & Asset Recovery	4
	21) Managing Exhibits and Proceeds of Crime Course	4
	22) Strategic Policy and Planning Programme	1
	Sub Total	43
3	Local Conferences/Workshops/CLEs/CPDs Attended	
	1) Annual ICT Management & Leadership Conference	1
	2) 4th Annual Retirement Benefits Scheme Property Investment Conference	2
	3) ACFE Effective Fraud/Corruption	2
	4) Tax and Financial Crime	5
	5) Workshop on Corruption in the Devolved Government	23
	6) ICPAK 33rd Annual Seminar	26
	7) Continuous Legal Education (CLE)	84
	8) Continuous Professional Development (CPD)	60
	Sub Total	203

3) Staff Welfare

The Commission rolled-out the Staff Car Loan and Mortgage Scheme as part of staff welfare. As a result, 104 applications were submitted to the service provider, out of which 53 members of staff benefited from the Scheme.

4) Review of Corporate Services Policies and Procedures

In an effort to enhance service delivery and performance, the Commission reviewed its policies and procedures in Corporate Services, namely; Human Resource Management, Finance and Planning, Supply Chain Management,



Corporate Communications, ICT and Administration. At the end of the review period, the new Corporate Services Policies and Procedure Manual were approved by the Commission.



CHAPTER 7: CHALLENGES

7.1. Introduction

The Commission faced various impediments in achieving its legal mandate. The following is a highlight of these challenges.

7.1.1 Institutional, Policy and Legal Framework

- i) The National Anti-Corruption Policy has not been finalized;
- ii) The Commission does not have powers to enforce implementation of its corruption prevention recommendations;
- iii) Expanded mandate of the Commission and politicization of the Leadership and Integrity Mandate;
- iv) Reluctance by County Governments to mainstream the integrity and anti-corruption agenda;
- v) Entrenched corruption and unethical culture in the public service;
- vi) Lengthy process for Mutual Legal Assistance and lack of goodwill from some requested countries;
- vii) Weak legal framework for enforcing Chapter Six of the Constitution;
- viii) Violations of Chapter Six of the Constitution and the Leadership and Integrity Act, 2012 by the political class;
- ix) Lack of proper wealth declaration management and administrative procedures; and
- x) The society appears to tolerate corruption and unethical conduct.

7.1.2 Slow Judicial Process and Adverse Court Decisions

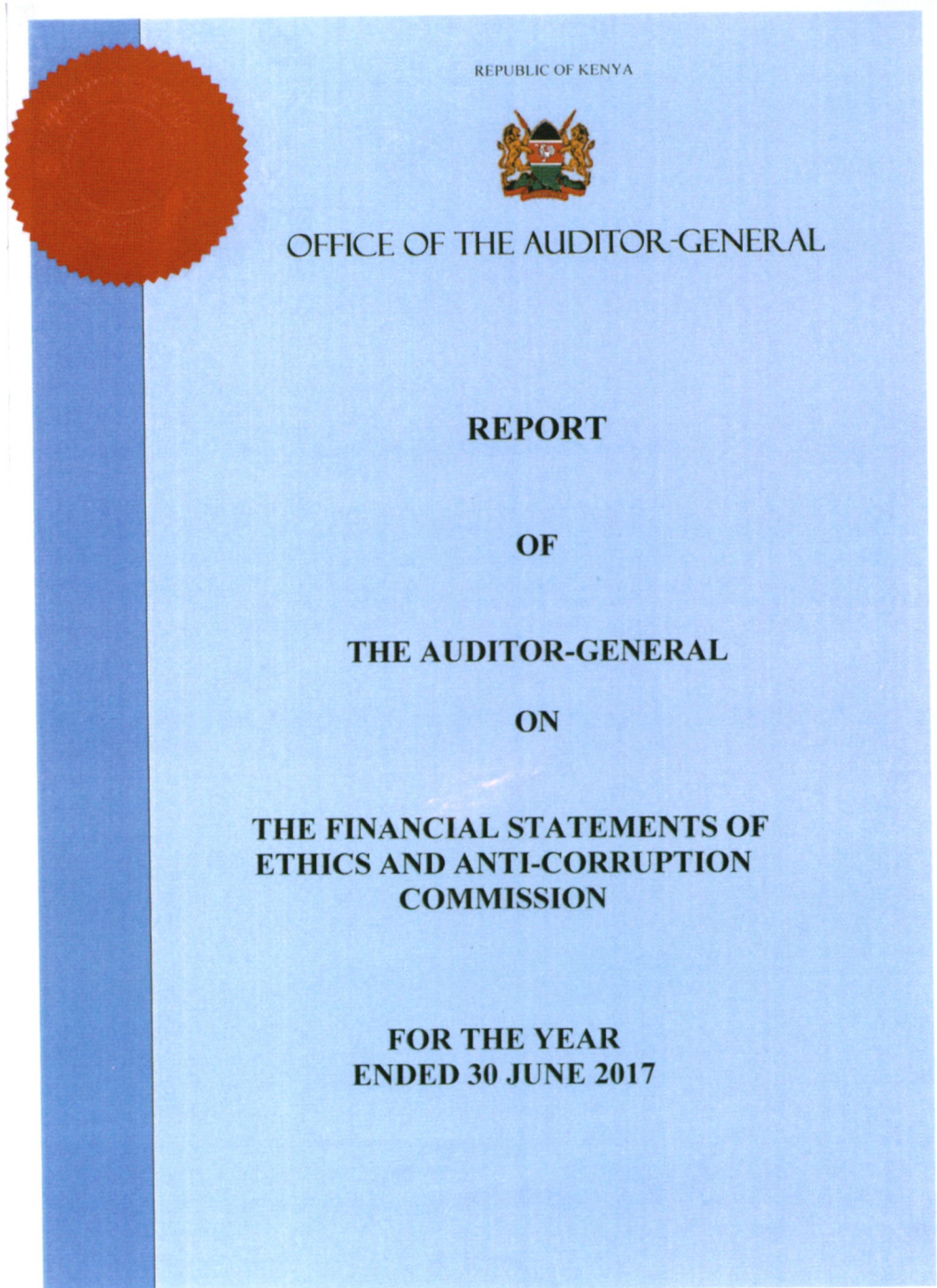
Frequent adjournments, numerous Judicial Review Applications and Constitutional References also affected execution of the Commission's mandate.

7.1.3 Inadequate Capacity

There is need to further devolve the Commission's services to respond to an increasing number of corruption reports. This requires a large staff outlay. Although the Government has provided resources incrementally each year, retention of experienced staff has been hampered by a remuneration package that has not been enhanced over the last 13 years.



CHAPTER 8: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017





ETHICS AND ANTI CORRUPTION COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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



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 Act, 2011. Its mandate is to combat corruption and economic crime through education, prevention, and law enforcement. Although, the Commission is empowered to conduct mediation, conciliation and negotiation, a distinction ought to be made between a power and a function. The commission is headed by a chairman and four members who are responsible for the general policy and strategic direction.

(b) Principal Activities

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

(c) Key Management

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

1. The Office of the Chief Executive Officer
2. Directorate of Investigations
3. Directorate of Preventive Services
4. Directorate of Legal Services
5. Directorate of Ethics and Leadership
6. Directorate of Finance and Planning
7. Directorate of Human Resources and Administration
8. The Department of Supply Chain Management

(d) Fiduciary Management

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

Designation

1. Secretary / Chief Executive Officer (CEO)
2. Deputy Chief Executive Officer – Technical Services

Name

Halakhe D. Waqo
Michael K. Mubea

(e) Fiduciary Oversight Arrangements

1. Enforcement Committee
2. Corruption Prevention, Education and Public Engagement
3. Finance, Planning and Supply chain
4. Human resource and Support Services
5. Audit Committee

**(f) Entity Headquarters**

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

(g) Entity Contacts

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

(h) Entity Bankers

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

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

Housing Finance Company
Kenyatta Avenue
P.O. Box 30088 - 00100
Nairobi, Kenya

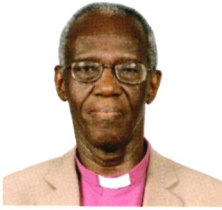
(i) Independent Auditors

Office of 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

COMMISSION MEMBERS



Arch Bishop (Rtd) Eliud, Wabukala, EBS- Chairman



Sophia Lepuchirit
Vice Chairperson



Dr. Babar Abdi Maalim
Commissioner



Paul Mwaniki Gachoka, FCI Arb
Commissioner



Rose Mghoi M. Macharia
Commissioner



Mr. Halakhe D. Waqo, CBS, MCI Arb
Commission Secretary

MANAGEMENT TEAM



Mr. Halakhe D. Waqo, CBS, MCI Arb
Chief Executive Officer



Mr Michael K. Mubea, EBS
Deputy Chief Executive Officer



Mr. Abdi A. Mohamud, MBS
Director-Investigations



Mr. David K. Too
Director-Legal Services



Ms. Lucy W. Kinuthia
Director-Ethics &
Leadership



Ms. Jennifer Kimani
Director-Finance &
Planning



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



II. CHAIRMAN'S STATEMENT

I am pleased to present the Commission's financial statements for the year ended 30th June 2017, my first as Chairman of the Ethics and Anti-Corruption Commission (EACC).

The Commission operates in a dynamic governance environment influenced by macroeconomic, socio-political, and regulatory factors among others. Consistent with its robust performance in recent years, once again economic growth in Kenya was solid in 2016, coming in at an estimated 5.8 percent. This has been supported by a stable macroeconomic environment, low oil prices, earlier favourable harvest, rebound in tourism, strong remittance inflows, and an ambitious public investment drive.

Corruption continues to manifest itself in a number of ways ranging from petty to grand in nature, political to bureaucratic in focus and from incidental to systemic in scope. Emanating essentially from the exploitation of public office for private gain, corruption radiates from government through agencies and impacts upon the individuals and/or organisations required to liaise with those agencies in order to obtain basic services. Given the range and impact of corrupt behaviour, the Commission revised its strategy taking into cognizance causes of corruption, the political and socio-economic environment in which corruption thrives and the broader links between corruption, organised crime and international illicit capital flows. The Commission is more focused on changing the narrative and is aiming at bringing on board all Kenyans to participate in the fight against corruption.

The new strategic orientation will be implemented in actions to raise public discourse on the state of corruption and cultivate public acceptance that corruption is undesirable. In addition, the actions will aim to get each level of society, including learning institutions, to accept its responsibility for tackling the vices. The strategies therein require stronger collaboration among all of us and more so, call for increased budgetary allocation for implementation of programmes.

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

ARCHBISHOP (RTD) ELIUD WABUKALA, EBS

CHAIRMAN



III. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Commission has the pleasure to present the financial statements for the financial year 2016/2017. The financial statements comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Net Assets and Statement of Cash Flows. The Commission continued to employ prudent financial management in line with Government Financial Regulations and International Public Sector Accounting Standards (IPSAS) resulting in facilitation of efficient and effective operations as well as comprehensive absorption of the annual budget provided.

The Commission draws its mandate from several laws. Foremost in the legal framework is the Constitution of Kenya; in particular Chapter Six on Leadership and Integrity. Pursuant to the Constitution, other laws have been enacted to operationalize the requirements of the Constitution and these include the Ethics and Anti-Corruption Commission Act, 2011 and the Leadership and Integrity Act, 2012. The Commission also enforces the Anti-Corruption and Economic Crimes Act, which is the principal law that provides for the investigations, prosecution and adjudication of corruption and economic crimes offences in Kenya.

Guided by our mission to promote integrity and combat corruption through law enforcement, prevention and education, the Commission has implemented extensive programmes to intensify the war against corruption and unethical conduct. In addition, the report is issued at the backdrop of a democratic transition through August 8, 2017 General Elections and the Commission undertook various programmes expansion and employed new strategy to further the fight against corruption and promote ethical leadership. The Commission strategy of reducing the prevalence of corruption and unethical conduct is underscored of our commitment to upscale programmes and activities, which is reflected by 18% increase in budgetary allocation.

During the reporting period, the Commission undertook a refocused automation of the Leadership and Ethics programmes which include self-declaration modules, leadership and integrity Act monitoring module and Declaration of income, assets and liabilities module among others. When operationalized, the automated system shall improve efficiency of our operations. The Commission also strengthened its staff compliment by recruiting 242 officers, which is the highest number to join the commission in a financial year. Within the short stint of their employment, commendable results have been registered, through efficient and timely delivery of our services.

The Commission has continued to receive support from all our stakeholders, especially the government of the Republic of Kenya which has granted us immense support. I thank all stakeholders and our development partners for increased collaboration and cooperation in the fight against corruption.

I wish to thank the Commissioners and all members of staff for their dedication and commitment towards achievements of the Commission goals and objectives during the period. Despite the occasional challenges that the Commission has had to grapple with over time, our staffs have remained resilient and focused in the performance of their duties, As the Commission embarks on implementing programmes for the next reporting year, I encourage all of us to maintain that spirit - together we shall achieve more.

HALAKHE D. WAQO, CBS, MCI Arb
SECRETARY/CHIEF EXECUTIVE OFFICER



IV. CORPORATE GOVERNANCE STATEMENT

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

The commission has put in place the following standing committees for oversight purposes; Enforcement, Preventive Services, Corporate Services and Risk and Audit. These committees are comprised of the commissioners and officers co-opted from various directorates. In addition an internal audit department charged with continuous review of systems of internal controls and overall risk management is in place.

Programmes are monitored against the set targets and appropriate feedback provided. Operational performance is monitored on a monthly basis through periodic financial reporting of actual expenditure versus budget performance which provides feedback to user departments on appropriate action plans. Quarterly financial statements are also produced to facilitate continuous evaluation of the overall financial performance of the commission. The commission prepares annual statutory financial statements which are audited by the Office of Auditor General who certifies them before inclusion in the annual report.



V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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



REPORT OF THE COMMISSION

The Commission submits its report together with the audited financial statements for the year ended June 30, 2017 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, 2017 are set out on page **99** to **116**.

Directors

The members of the Commission who served during the year are shown on page **88** in accordance with Ethics and Anti-Corruption Act, 2011.

Auditors

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



VI. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 164 of the Public Finance Management Act, 2012 and section 26 of the Ethics and Anticorruption Act, require the Management to prepare Financial Statements in respect of EACC, which give a true and fair view of the state of affairs of the Commission at the end of the financial year and the operating results of the Commission for the period 2015/2016. The Management is also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Management is also responsible for safeguarding the assets of the Commission.

The management is responsible for the preparation and presentation of the Commission's Financial Statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Management accepts responsibility for the Commission'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. The management is of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2017, and of the Commission's financial position as at that date. The Management further confirms the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Commission's Financial Statements were approved by the Commission on 28th July 2017 and signed on its behalf by:

Arch Bishop (Rtd) Eliud Wabukala, EBS
Chairperson

Halakhe D. Waqo, CBS, MCI Arb
Secretary/Chief Executive Officer



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P.O. Box 30084-00100
 NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON ETHICS AND ANTI-CORRUPTION COMMISSION FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Ethics and Anti-Corruption Commission set out on pages 1 to 19, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive receipts and payments, 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 2017, and 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 Ethics and Anti-Corruption Commission Act, 2011.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Commission in accordance with ISSAI 30 on Code of Ethics. I have fulfilled my other ethical responsibilities in accordance with other ethical requirements applicable to performing audit of the 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

I draw attention to Note 20 to the financial statements which reflects an amount of Kshs.28,513,500 held in an idle account that is not earning interest.

Report of the Auditor-General on the Financial Statements of Ethics and Anti-Corruption Commission for the year ended 30 June 2017



Other Matter

Information Technology Systems

During the year under review, it was noted that the Commission's information technology conformity and disaster recovery plans and back-ups were not kept off-site as required. There was also no formally documented and approved user management standards and procedures. Further, there was no formal process to review user access rights.

My opinion is not qualified in respect of this matter.

Management's Responsibility for the Financial Statements

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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the Commission or to ease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

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.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 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.

Report of the Auditor-General on the Financial Statements of Ethics and Anti-Corruption Commission for the year ended 30 June 2017



As part of an audit 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in 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 as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements.

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

Report of the Auditor-General on the Financial Statements of Ethics and Anti-Corruption Commission for the year ended 30 June 2017



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

From the matters communicated with management, I determine those matters that were of most significance in the audit of financial statements of the current period and are therefore the key audit matters.

These matters are described in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

FCPA Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

05 December 2017



STATEMENT OF FINANCIAL PERFORMANCE
AS AT JUNE 30, 2017

		2016-2017	2015-2016
	Notes	Kshs.	Kshs.
Revenue from exchange transactions			
Exchequer Receipts	3	3,035,621,390	2,261,800,000
Donor Grants		-	-
Other income	5	-	370,444
Total Revenue		3,035,621,390	2,262,170,444
Expenses			
Employee costs	6	2,002,305,954	1,494,769,966
Depreciation and amortization expense	7	125,842,431	93,277,979
Repairs and maintenance	8	34,919,851	25,974,996
General expenses	9	623,653,958	489,752,335
Total Expenses		2,786,722,195	2,103,775,275
Other gains/(losses)			
Gain on sale of assets	10	973,030	-
Surplus before tax		249,872,225	158,395,169
Taxation		-	-
Surplus for the period		249,872,225	158,395,169

**STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017**

	Notes	2016-2017 Kshs.	2015-2016 Kshs.
Assets			
Current Assets			
Cash and cash equivalents	11	65,503,392	453,023,235
Receivables from non-exchange transactions	12 (a)	37,421,954	32,369,267
Inventories	13	17,230,457	14,724,716
		<u>120,155,803</u>	<u>500,117,218</u>
Non-Current Assets			
Property, plant and equipment	14(a)	523,052,429	416,583,788
Asset recovery Account	20	28,513,501	100,793,629
Intangible Assets	15	31,691,910	15,181,152
Receivables from exchange transactions (Gratuity fund investment)	22	46,163,351	88,232,535
Receivables from exchange transactions (NLC)	14(b)	250,000,000	-
		<u>879,421,191</u>	<u>620,791,104</u>
Total Assets		<u>999,576,994</u>	<u>1,120,908,322</u>
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	17	31,821,000	24,819,785
Current portion of borrowings (Accrued liabilities and charges)	18	8,044,480	2,982,902
		<u>39,865,480</u>	<u>27,802,687</u>
Non-Current Liabilities			
Non-current employee benefit obligation (Gratuity fund)	21	50,575,619	61,561,837
Asset recovery fund	23	28,513,501	100,793,629
		<u>79,089,120</u>	<u>162,355,466</u>
Total liabilities		<u>118,954,600</u>	<u>190,158,153</u>
Net Assets			
Mortgage and Car Loan Revolving Fund	26	-	300,000,000
Reserves (Accumulated fund)	25	688,292,022	438,419,797
Accumulated surplus	24	192,330,372	192,330,372
		<u>880,622,394</u>	<u>930,750,169</u>
Total Net assets and liabilities		<u>999,576,994</u>	<u>1,120,908,322</u>

Arch Bishop (Rtd) Eliud Wabukala, EBS
Chairperson

Halakhe D. Waqo, CBS, MCI Arb
Secretary/Chief Executive Officer



**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2017**

	Accumulated Fund	Revenue Reserve	Total
	Kshs	Kshs	Kshs
Balance as at 30 June 2015	192,330,372	280,024,628	472,355,000
Surplus/(deficit) for the period	-	158,395,169	158,395,169
Balance as at 30 June 2016	192,330,372	438,419,797	630,750,169
Surplus for the period		249,872,225	249,872,225
Balance as at 30 June 2017	192,330,372	688,292,022	880,622,394

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2017**

	2016-2017 Kshs.	2015-2016 Kshs.
Cash flows From Operating Activities		
Surplus/ (Loss) from operations	249,872,225	158,395,169
Add back non-cash payment (Depreciation)	109,998,853	85,688,541
Add back non-cash payment (Amortization)	15,843,578	7,589,438
Profit on disposal of Assets	(973,030)	-
	<u>374,741,626</u>	<u>251,673,148</u>
Income from Operations		
(Increase)/Decrease in inventories	(2,505,741)	2,431,842
(Increase)/Decrease in receivables & Prepayments	(5,052,687)	(21,924,355)
(Increase)/Decrease in receivables-NLC	(250,000,000)	-
Increase/(Decrease) in payables	12,062,793	8,767,023
Net cash flows from operating activities	<u>129,245,991</u>	<u>240,947,658</u>
Cash flows From Investing Activities		
Purchase of property, plant and equipment	(218,732,582)	(127,500,703)
Gratuity Fund Investment	(10,986,218)	49,468,598
Purchase of Intangible Assets	(32,354,336)	-
Proceeds from disposal of plant, property and equipment	3,238,118	142,377
Net cash utilized in investing activities	<u>(258,835,018)</u>	<u>(77,889,728)</u>
Cash flows From Financing Activities		
Gratuity Fund	42,069,184	(66,604,011)
Net cash used in Financing activities	<u>42,069,184</u>	<u>(66,604,011)</u>
Net increase in cash and cash equivalents	(87,519,843)	96,453,919
Bank and Cash equivalents at beginning of year	153,023,235	56,569,316
Bank and cash equivalent at end of year	<u>65,503,392</u>	<u>153,023,235</u>



**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FY2016/17**

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2016-2017	Kshs	2016-2017	Kshs	2016-2017	Kshs	2016-2017	Kshs	2016-2017	Kshs
Revenue										
Public contributions and donations		-				-				-
Government grants and subsidies	2,391,080,000		539,000,000		2,930,080,000		2,785,621,390		-144,458,610	
Development Vote	100,000,000		150,000,000		250,000,000		250,000,000		-	
Total income	2,491,080,000		689,000,000		3,180,080,000		3,035,621,390		-144,458,610	
Expenses										
Compensation of employees	1,679,516,390		324,143,451		2,003,659,841		2,002,296,674		1,363,167	
Use of Goods and services	608,654,950		181,165,209		789,820,159		741,344,478		48,475,681	
Finance cost	600,000		-		600,000		245,892		354,108	
Rent paid	102,308,660		33,691,340		136,000,000		135,725,302		274,698	
Development Vote	100,000,000		150,000,000		250,000,000		250,000,000		-	
Total expenditure	2,491,080,000		689,000,000		3,180,080,000		3,129,612,346		50,467,654	
Surplus/(Deficit) for the period							(93,990,956)		(93,990,956)	



VIII. NOTES TO THE FINANCIAL STATEMENTS

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

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

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

2. Summary of significant accounting policies

a) Revenue recognition

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 entity 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 entity.

Interest income

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

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis



for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if there 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.

e) Intangible assets–IPSAS 31

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

f) Research and development costs

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

- 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 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.

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
- Changes in the market in relation to the asset

m) Subsequent events

There have been no events subsequent to the financial year with significant impact in the financial statements for the year ended 30 June 2017

**3. Transfers from other governments—gifts and services-in-kind**

	2017 Shs	2016 Shs
Unconditional grants		
Operational grant	3,035,621,390	2,261,800,000
Other(development)	-	-
	<u>3,035,621,390</u>	<u>2,261,800,000</u>
Conditional grants		
Other organizational grants		
Total government grants and subsidies	<u><u>3,035,621,390</u></u>	<u><u>2,261,800,000</u></u>

4. Finance income-external investments

	2017 Shs	2016 Shs
Cash investments and fixed deposits (interest)	-	-
Total finance income—external investments	<u><u>-</u></u>	<u><u>-</u></u>

5. Other income

	2017 Shs	2016 Shs
Other income	-	370,444
Total other income	<u><u>-</u></u>	<u><u>370,444</u></u>

6. Employee costs

	2017 Shs	2016 Shs
Employee related costs-salaries and wages	981,896,105	779,855,804
Employee related costs-contributions to pensions and medical aids	347,236,807	237,730,477
Travel ,motorcar, accommodation ,subsistence and other allowances	271,225,813	170,792,799
Housing benefits and allowances	401,947,229	306,390,885
Total employee costs	<u><u>2,002,305,954</u></u>	<u><u>1,494,769,966</u></u>



7. Depreciation and amortization expense

	2017	2016
	Shs	Shs
Property, plant and equipment	109,998,853	85,688,541
Intangible assets	15,843,578	7,589,438
Total depreciation and amortization	125,842,431	93,277,979

8. Repairs and maintenance

	2017	2016
	Shs	Shs
Property	2,341,040	492,415
Equipment	1,403,019	2,146,629
Vehicles	25,632,687	18,050,935
Other	5,543,105	5,285,016
Total repairs and maintenance	34,919,851	25,974,996

9. General expenses

	2017	2016
	Shs	Shs
Advertising	74,348,659	39,300,493
Audit fees	696,000	600,000
Conferences and delegations	66,661,734	42,066,393
Consulting fees	7,133,771	6,436,840
Consumables	20,724,789	19,253,850
Electricity	9,972,526	10,533,665
Fuel and oil	24,527,725	17,082,488
Insurance	15,084,684	11,653,097
Legal expenses	2,128,910	1,316,691
Licenses and permits	13,882,596	11,901,968
Specialized materials	4,717,087	4,009,960
Postage	2,307,187	1,510,192
Rental	135,725,302	121,171,422
Security costs	78,145,730	60,585,170
Sewage and water costs	1,225,540	1,118,033
Research and development	19,282,504	10,699,383
Telecommunication	13,204,804	16,772,306
Training	106,948,101	90,666,510
Refurbishment of non-residential buildings	5,690,360	11,786,987
Bank charges	245,892	227,562
Wealth declaration system	-	-
Other expenses	21,000,056	11,059,327
Total general expenses	623,653,958	489,752,335

**10. Gain on sale of assets**

	2017	2016
	Shs	Shs
Property, plant and equipment	973,029	-
Other assets	-	-
Total gain on sale of assets	973,029	

11. Cash and cash equivalents

	2017	2016
	Shs	Shs
Bank	63,713,732	452,416,374
Cash-on-hand and in transit	1,789,660	606,860
Short-term deposits	-	-
Total cash and cash equivalents	65,503,392	453,023,234

12 Receivables from non-exchange contracts**Current receivables**

	2017	2016
	Shs	Shs
Staff imprest	3,965,281	1,201,808
Staff advances	56,337	105,917
Other receivables	33,400,336	31,061,542
		-
		-
Total current receivables	37,421,954	32,369,267

13 Inventories

	2017	2016
	Shs	Shs
Consumable stores	8,544,221	8,527,200
Provision for loss of inventory	(2,923,920)	(2,923,920)
Library books	11,610,157	9,121,437
Total Inventories	17,230,457	14,724,716



14(a) Property, plant and equipment

Rates	0		0.125		0.125		0.125		0.25		0.3333		Total Shs
	Land Shs		Plant and Equipment Shs		Security Equipment Shs		Furniture, Fixtures & Fittings Shs		Motor Vehicles Shs		Computer Equipment Shs		
Cost or Valuation:													
As at 1st July, 2015	120,416,497		58,900,921		56,724,164		43,654,979		331,686,509		143,852,254		755,235,324
Additions during the year	-		9,762,992		654,714		22,746,505		76,436,530		17,899,961		127,500,702
Disposal	-		(103,999)		-		-		-		(231,000)		(334,999)
As at 30th June 2016	120,416,497		68,559,914		57,378,878		66,401,484		408,123,039		161,521,215		882,401,027
Additions during the year	-		21,299,878		72,915,142		5,392,506		71,817,708		47,307,348		218,732,582
Disposal	-		(537,886)		-		(878,300)		(12,530,000)		(27,804,395)		(41,750,581)
As at 30th June 2017	120,416,497		89,321,906		130,294,020		70,915,690		467,410,747		181,024,168		1,059,383,028
Depreciation and impairment													
At 1 July 2015	-		27,378,013		29,575,023		16,110,592		207,253,750		100,003,942		380,321,320
Depreciation	-		5,207,943		3,475,482		6,229,924		50,217,322		20,557,869		85,688,540
Disposals	-		(30,117)		-		-		-		(162,504)		(192,621)
At 30 June 2016	-		32,555,839		33,050,505		22,340,516		257,471,072		120,399,307		465,817,239
Disposals	-		(387,452)		-		(647,241)		(11,529,580)		(26,921,219)		(39,485,492)
Charge for the year	-		7,144,190		12,155,439		6,152,802		55,367,314		29,179,108		109,998,853
At 30 June 2017	-		39,312,577		45,205,944		27,846,077		301,308,806		122,657,196		536,330,600
Net book values													
At 30 June 2017	120,416,497		50,009,329		85,088,076		43,069,613		166,101,941		58,366,971		523,052,429
At 30 June 2016	-		36,004,075		24,328,373		44,060,967		150,651,967		41,121,908		416,583,788

**14(b)** Receivable from exchange transactions –National Lands Commission (NLC)

	2017	2016
	Shs	Shs
Land and Buildings	250,000,000	-
Total Land and Buildings	250,000,000	-

This represents funds paid to NLC as initial deposit towards compulsory acquisition of EACC office premises

14(c)

BRIEF HISTORY ON THE ACQUISITION OF LAND/PREMISES FOR EACC HEADQUARTERS

The Ethics and Anti-Corruption Commission has been housed in private rental premises since inception in 1990s. The current rent cost for Integrity Center; EACC Headquarters is Kshs 87,008,468/- annually. Due to high rental cost and uncertainty in lease renewals, the Commission decided to acquire its Headquarters first by procuring and developing a plot.

In 2007, the Commission purchased plot L.R. No.26965 in Karen from M/s John Keen Investments Ltd at a total purchase cost including incidental costs of Kshs. 120,416,496.

It was later decided that the location of the land would not be ideal for the Commission's Headquarters due to its limited accessibility to the members of the public and partner institutions.

Various alternatives were explored that would enable the Commission to acquire premises for its Headquarter. The first alternative involved disposing the Karen plot and requesting Treasury to provide additional funds in the Commission's development budget for 2013/14 – 2015/16 MTEF period to allow for purchase of an already built office premise. The second alternative involved requesting Government for an office space. The third alternative involved progressing with the implementation of the Karen project.

EACC wrote to various Government agencies requesting them to help in identifying land or an already built office premise which the Commission could purchase. The Ministry of Housing, Kenya Railways and National Social Security Fund (NSSF) responded to the request made by the Commission. EACC was given an offer by NSSF to buy six floors on the parking silo. In the Commission's 2014/15



Financial Year Budget Estimates, National Treasury provided Kshs 270 Million to cater for the purchase of the office premise. Of this amount, Kshs. 70 Million was to be a direct disbursement by the Government while Kshs. 200 Million was to be realized from the sale of the Karen plot.

On the 27th June 2014, NSSF issued the Commission with a new offer setting the price of the premise at Kshs. 1.36 Billion. On 25th February 2015, the Commission held a special meeting to deliberate on this matter and resolved to terminate the process of acquiring the office premise from NSSF.

On 3rd October, 2016 the National Treasury allowed the Commission to initiate the acquisition process for the headquarters together with the Office of the Director of Public Prosecution. Subsequently, the Commission processed an open tender for the subject procurement. One bid was received from Citiscape Valuers & Estate Agents Limited for Flamingo Tower Limited which was subjected to preset evaluation criteria and found to be responsive. The initial offer was **Kshs 2,950,000,000.00** which was subjected to a series of negotiation and the final negotiated price was agreed at **Kshs 2,688,000,000.00 payable within two financial years namely; 2016/ 2017 and 2017/2018**. However the Ministry of Lands and Physical Planning had valued the office block at **Kshs 2,400,000,000.00** and the procurement had to be terminated on the basis of not being value for money. This was pursuant to Section 63(1) of the Public Procurement and Asset Disposal act, 2015 since the negotiated price was above the Government Valuation.

Consultations were held between the Commission and the Departmental Committee on Justice and Legal Affairs (JLAC) on 30th March, 2017, upon which the Commission was advised to sever joint acquisition of premises with the Office of the Director of Public Prosecutions and consider compulsory acquisition of Integrity Centre or any other suitable premises (National Assembly's letter dated 3rd April, 2017). The Commission then sought further direction from the National Treasury in light of National Assembly's advice which through a letter dated 13th April, 2017, advised the Commission to liaise with the Attorney General to request the National Land Commission to acquire the property on behalf of EACC. Through the Office of the Attorney General the Commission initiated the process of acquisition of permanent premises for its headquarters by compulsory acquisition in accordance with Section 107(1) of the Land Act, 2012 which outlines that, *whenever the National or County Government is satisfied that it may be necessary to acquire some particular land through compulsory acquisition, the respective Cabinet Secretary or the County Executive Committee Member shall submit a request for acquisition of land to the National Land Commission to acquire the land on its behalf.*

In line with procedures and the Land Act (2012) Section 153, the National Land Commission through a letter ref NLC/V&T/AG/001(13) dated 27th June 2017 requested the Commission to make a deposit towards compulsory acquisition. EACC deposited Kshs 250 million with NLC on 30th June 2017 in line with the Commission approval dated 28th June 2017.

The Commission during its 33rd meeting dated 5th September 2017 constituted an advisory committee whose purpose is to review the acquisition process with particular regard to space needs and suitability of surveyed premises. The committee is to prepare a report with recommendations to the Commission.

**15. Intangible assets -software**

Cost	Shs
At 1 July 2015	139,501,806
Additions	-
At 30 June 2016	139,501,806
Additions-internal development	32,354,336
At 30 June 2017	171,856,141
Amortization and impairment	
At 1 July 2016	124,320,653
Amortization-Charge for the year	15,843,578
At 30 June 2017	140,164,231
Net book values	
As at 30 June 2017	31,691,910
As at 30 June 2016	15,181,152

16. Investment property (land)

	2017	2016
	Shs	Shs
Opening balance as at 1 July	120,416,497	120,416,497
Closing balance at 30 June	120,416,497	120,416,497

17. Trade and other payables from exchange transactions

	2017	2016
	Shs	Shs
Other payables	31,821,000	24,819,785
Total trade and other payables	31,821,000	24,819,785

18. Accrued liabilities and charges

	2017	2016
	Shs	Shs
Accrued audit fees	696,000	696,000
Accrued Expenses-	7,348,480	2,286,902
	8,044,480	2,982,902



19. Contingency Liabilities

The Commission has given no guarantees to third parties. In the ordinary course of business, the Commission has been sued in various cases with potential exposure estimated at Kshs 311,600,000. 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.

20. Asset Recovery Fund Account

	2017 Shs	2016 Shs
Balance brought forward	100,793,629	85,618,468
Funds recovered in the year	13,571,346	15,175,161
Payments	(85,851,475)	-
Total	28,513,500	100,793,629

21. Gratuity Fund Account

	2017 Shs	2016 Shs
Gratuity Fund	50,575,619	61,561,837

22. Gratuity Fund Bank Account

	2017 Shs	2016 Shs
Balance brought forward	88,232,535	21,628,523
Additions	157,469,729	144,962,915
Payments	(199,538,912)	(78,358,904)
Total	46,163,351	88,232,535

	2017 Ksh	2016 Ksh
23. Asset Recovery Fund	28,513,500	100,793,629

	2017 Shs	2016 Shs
24. Accumulated Fund		
Balance brought forward	192,330,372	192,330,372
Total	192,330,372	192,330,372

**25. Revenue Reserve**

	2017	2016
	Shs	Shs
Balance brought forward	438,419,797	280,024,628
Refund of surplus	-	-
Surplus for the year	<u>249,872,225</u>	<u>158,395,169</u>
Total	<u>688,292,022</u>	<u>438,419,797</u>

26. EACC Staff Car Loan and House Mortgage Scheme

In each of the financial years 2015/16 and 2016/17, the Commission received an exchequer amount; Kshs 300,000,000/-, comprised of Kshs 200,000,000/- and Kshs 100,000,000 Staff House Mortgage and Staff Car Loan respectively.

In financial year 2016/17, separate financial statements have been prepared for EACC Staff Car Loan and House Mortgage Scheme.

27. Related party transactions

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

The entity is related to

- i. Key Management compensation

Key management Remuneration

	2017	2016
	Ksh	Ksh
Commissioner's allowances	16,800,000	6,240,000
Commission Secretary Salary and Allowances	<u>11,160,000</u>	<u>11,160,000</u>
Total	<u>27,960,000</u>	<u>17,400,000</u>



PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

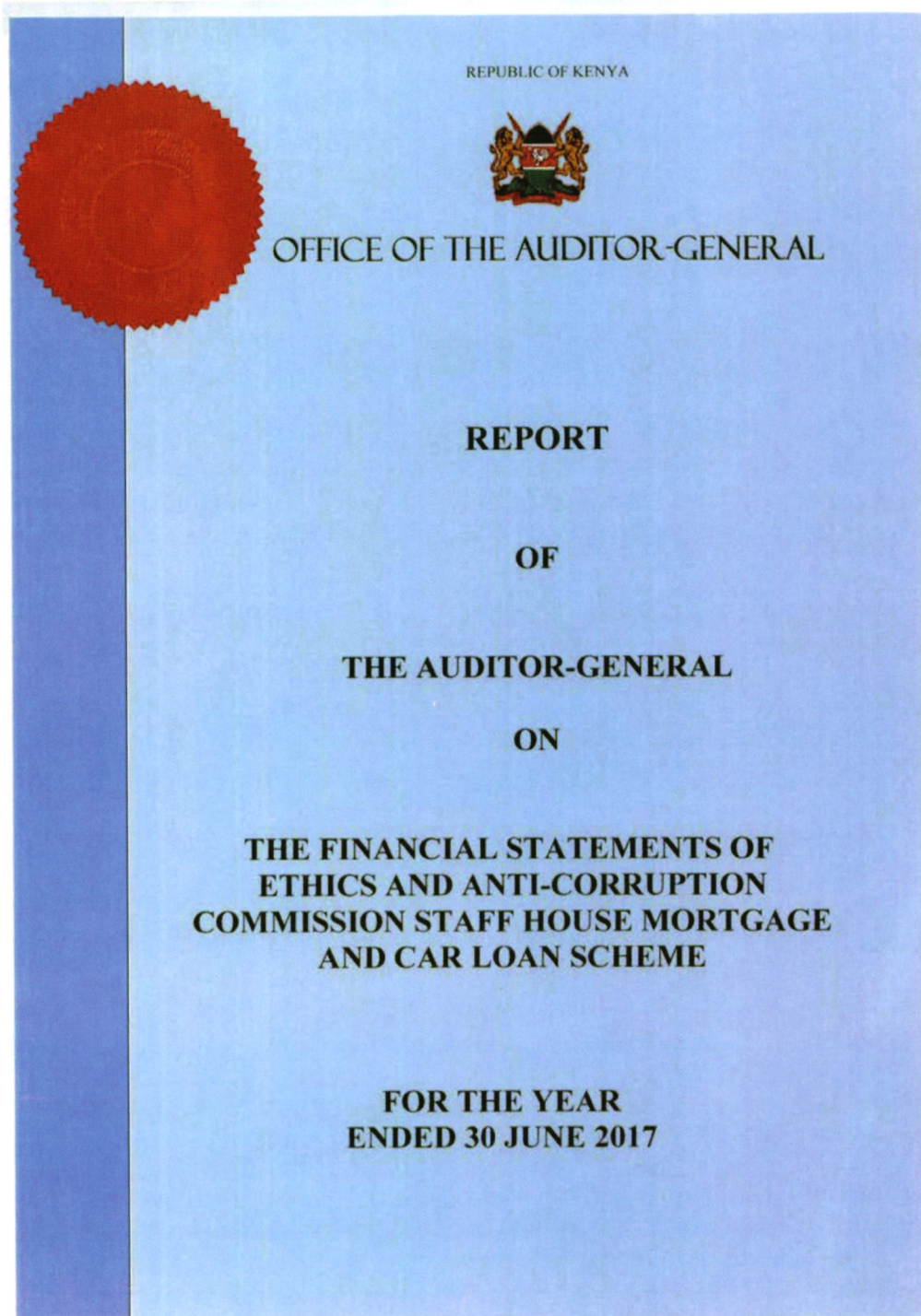
Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and Designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Excess acting allowance of Kshs 5,862,895/90 paid to immediate former Chief Executive Officer against provisions of circular No OP/CAB/55/1	Details of evidence of overpayment have been provided to her lawyers	Mr David Kaboro and Mr. Vincent Mutilangi.	Court case ongoing	The Commission is pursuing the individual. The timeframe is open as it may involve a court process.
2	Loss of 410 toners worth Kshs 2,923,920/-	Services of staff involved were terminated, file forwarded to Director of public prosecutions to institute prosecution.	Mr David Kaboro and Mr. Vincent Mutilangi.	Resolution of the matter ongoing	The matter may involve court process.
3	Development of United Nations Development Programme (UNDP) funded wealth Declaration Management System. Kshs 20,457,206/- incurred without fully attaining the desired deliverables and goals spelt out in the project's financing agreement signed on 5 April 2011.	Fully fledged Directorate set up to look in to issues of leadership integrity including wealth declaration and conflict of interest. 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. The System is expected to be fully operational by the end of this financial year

Arch Bishop (Rtd) Eliud Wabukala, EBS
Chairperson

Halakhe D. Waqo, CBS, MCI Arb
Secretary/Chief Executive Officer



CHAPTER 9: STAFF HOUSE MORTGAGE AND CAR LOAN SCHEME ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017





ETHICS AND ANTI CORRUPTION COMMISSION
STAFF HOUSE MORTGAGE AND CAR LOAN SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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



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 Act, 2011. Its mandate is to combat corruption and economic crime through education, prevention, and law enforcement. Although, the Commission is empowered to conduct mediation, conciliation and negotiation, a distinction ought to be made between a power and a function. The Commission is headed by a chairman and four members who are responsible for the general policy and strategic direction.

(b) Principal Activities

The principal activities of the Commission are to investigate corruption and economic crimes, recover lost public property and obtain compensation for damaged public property, prevent corruption, conduct public education on the dangers of corruption and promote ethics and integrity. EACC staff mortgage and Car loan is a scheme that supports the Commission's staff to acquire homes and purchase cars.

(c) Key Management

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

1. The Office of the Chief Executive Officer
2. Directorate of Investigations and Asset Tracing
3. Directorate of Preventive Services
4. Directorate of Legal Services
5. Directorate of Ethics and Leadership
6. Directorate of Finance and Planning
7. Directorate of Human Resources and Administration
8. The Department of Supply Chain Management

(d) Fiduciary Management

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

Designation

1. Secretary / Chief Executive Officer (CEO)
2. Deputy Chief Executive Officer – Technical Services

Name

Halakhe D. Waqo
Michael K. Mubea

(e) Fiduciary Oversight Arrangements

1. Enforcement Committee
2. Corruption Prevention, Education and Public Engagement
3. Finance, Planning and Supply chain
4. Human resource and Support Services
5. Audit Committee



(f) Entity Headquarters

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

(g) Entity Contacts

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

(h) Entity Bankers

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

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

Housing Finance Company
Kenyatta Avenue
P.O. Box 30088 - 00100
Nairobi, Kenya

(i) Independent Auditors

Office of 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. CHAIRMAN'S STATEMENT

I am pleased to present the Commission's Staff Mortgage and Car Loan Scheme's financial statements for the year ended 30th June 2017.

The Scheme provides staff with the opportunity to buy or build a house using mortgage loan that is repayable within a term of up to twenty years and also facilitates staff to acquire motor vehicles through provision of loan to purchase vehicles that is repayable within a term of up to five years.

The EACC Staff Mortgage and Car Loan Scheme emanates from the Car Loan and Mortgage Schemes for State and Other Public Officers of Government of Kenya that was established in December 2014 by the Salaries and Remuneration Commission's (SRC) in collaboration with the National Treasury. The Commission is grateful to the National Treasury and the Salaries and Remuneration Commission for their respective roles in enabling the Scheme achieve its objectives of facilitating staff access the facility.

The Commission has set up a revolving fund to facilitate its operations and its funding is provided by the National Treasury. The Commission provides the governance and management capabilities to run the funds. The loan entitlement and conditions are stipulated in detailed Staff Mortgage and Car Loan Scheme policies and regulations.

A Staff Mortgage and Car Loan Scheme Advisory Committee has been set up to oversee the administration and implementation of the Scheme. A service provider; Housing Finance Company Limited (HFC) has been procured to facilitate the administration of the Scheme.

It is anticipated that the provision of this facility shall encourage the staff to continue undertaking their duties and responsibilities with zeal and true Kenyan patriotism.

ARCHBISHOP (RTD) ELIUD WABUKALA, EBS
CHAIRMAN



III. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Commission has the pleasure of presenting the EACC Staff Mortgage and Car Loan Scheme's financial statements for the financial year 2016/2017. The financial statements comprise of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Net Assets and Statement of Cash Flows. The Commission employed prudent financial management in line with Government Financial Regulations and International Public Sector Accounting Standards (IPSAS) resulting in facilitation of efficient and effective administration of the Scheme.

The financial year 2016/17 is the maiden year for the Scheme's operation and the activities included application for loans through the Staff Mortgage and Car Loan Scheme Advisory Committee for review, recommendation and forwarding to service provider for processing and disbursement. In the current financial year, the scheme issued twenty eight house Mortgage loans and twenty four car loans to staff. It is expected that the Fund will be more active in the subsequent financial years.

In financial year 2016/17, the Scheme capital was built up to Kshs 600 million. The commission will continue to mobilise budgetary allocations in subsequent financial years to enable all staff access the facility.

I grateful to all stakeholders for the successful establishment, funding and administration of the Scheme. I encourage all staff members to utilise the facility for improvement of their welfare and to remain resilient and focused in the performance of their duties.

HALAKHE D. WAQO, CBS, MCIARb
SECRETARY/CHIEF EXECUTIVE OFFICER



IV. CORPORATE GOVERNANCE STATEMENT

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

The Commission has put in place the following standing committees for oversight purposes; Enforcement, Preventive Services, Corporate Services and Risk and Audit. These committees are comprised of the commissioners and officers co-opted from various directorates. In addition an internal audit department charged with continuous review of systems of internal controls and overall risk management is in place.

Programmes are monitored against the set targets and appropriate feedback provided. Operational performance is monitored on a monthly basis through periodic financial reporting of actual expenditure versus budget performance which provides feedback to user departments on appropriate action plans. Quarterly financial statements are also produced to facilitate continuous evaluation of the overall financial performance of the Commission. The Commission prepares annual statutory financial statements which are audited by the Office of Auditor General who certifies them before inclusion in the annual report.



REPORT OF THE COMMISSION AND THE SCHEME

The Commission and the Scheme submit report together with the audited financial statements for the year ended June 30, 2017 which show the state of the Commission's and the Scheme'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. EACC Staff Mortgage and Car loan is a scheme that supports the Commission's staff to acquire homes and purchase cars.

Results

The results of the EACC Staff Mortgage and Car Loan Scheme for the year ended June 30, 2017 are set out on page **131** to **142**.

Directors

The members of the Commission who served during the year are shown on page **88** in accordance with Ethics and Anti-Corruption Act, 2011.

Auditors

The Auditor General is responsible for the statutory audit of Ethics and Anti-corruption Commission's Staff Mortgage and Car Loan Scheme in accordance Public Audit Act, 2003 and the Ethics and Anti-Corruption Commission Act, 2011.



V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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



VI. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 164 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 and by extension those of the EACC Staff Mortgage and Car Loan Scheme which give a true and fair view of the state of affairs of the Commission at the end of the financial year. The Management is also required to ensure that the Commission and the Scheme keep proper accounting records which disclose with reasonable accuracy the financial position of the Commission and the Scheme. The Management is also responsible for safeguarding the assets of the Commission and the Scheme.

The management is responsible for the preparation and presentation of the Scheme's Financial Statements, which give a true and fair view of the state of the affairs of the Scheme for and as at the end of the financial year ended on June 30, 2017. 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; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Management accepts responsibility for the Scheme's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Reporting Standards (IPSAS), and in the manner required by the Public Finance Management Act and the Ethics and Anti-corruption Act. The management is of the opinion that the Scheme's financial statements give a true and fair view of the state of the Scheme's transactions during the financial year ended June 30, 2017, and of the Scheme's financial position as at that date. The Management further confirms the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme financial statements as well as the adequacy of the systems of internal financial controls.

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

Approval of the financial statements

The Scheme's Financial Statements were approved by the Commission on 28th July 2017 and signed on its behalf by:

Arch Bishop (Rtd) Eliud Wabukala, EBS
Chairperson

Halakhe D. Waqo, CBS, MCI Arb
Secretary/Chief Executive Officer



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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON ETHICS AND ANTI-CORRUPTION COMMISSION STAFF HOUSE MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Ethics and Anti-Corruption Commission staff house mortgage and car loan scheme set out on pages 1 to 13, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive receipts and payments; 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 staff house mortgage and car loan scheme as at 30 June 2017, and 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 Ethics and Anti-Corruption Commission Act, 2011.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Commission in accordance with ISSAI 30 on Code of Ethics. I have fulfilled my other ethical responsibilities in accordance with other ethical requirements applicable to performing audit of the financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Management's Responsibility for the Financial Statements

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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Report of the Auditor-General on the Financial Statements of Ethics and Anti-Corruption Commission Staff House Mortgage and Car Loan Scheme for the year ended 30 June 2017



In preparing the financial statements, management is responsible for assessing the Scheme's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the Scheme or to ease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

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.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 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.

As part of an audit 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a



material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify my opinion.

My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements.

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.

From the matters communicated with management, I determine those matters that were of most significance in the audit of financial statements of the current period and are therefore the key audit matters.

These matters are described in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

FCPA Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

05 December 2017

Report of the Auditor-General on the Financial Statements of Ethics and Anti-Corruption Commission Staff House Mortgage and Car Loan Scheme for the year ended 30 June 2017



**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2016-2017 Kshs.	2015-2016 Kshs.
Revenue from exchange transactions			
Interest on Bank Balance	3	17,148,466	-
Interest on Individuals' Staff House Mortgage and Car Loans	4	4,702,090	-
Total Revenue		21,850,556	-
Expenses			
3% Commission to service provider	5	3,526,568	-
Total Expenses		3,526,568	-
Surplus before tax		18,323,988	-
Taxation		-	-
Surplus for the period		18,323,988	-

**STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017**

	Notes	2016-2017 Kshs.	2015-2016 Kshs.
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	342,800,542	300,000,000
Short term receivables from Staff House Mortgage	7	13,858,383	-
Short term receivables from Staff Car Loan	7	6,900,835	-
		<u>363,559,760</u>	<u>300,000,000</u>
NON CURRENT ASSETS			
Long term receivables from Staff House Mortgage	8	227,647,490	-
Long term receivables from Staff Car Loan	8	27,116,738	-
		<u>254,764,228</u>	<u>-</u>
Total Assets		<u>618,323,988</u>	<u>300,000,000.00</u>
Liabilities			
Current Liabilities		-	-
Non-Current Liabilities		-	-
Total liabilities		<u>-</u>	<u>-</u>
Net Assets			
Revenue Reserve (Accumulated fund)	9	18,323,988	-
Mortgage and Car Loan Revolving fund	10	600,000,000	300,000,000.00
Total Net Assets and Liabilities		<u>618,323,988</u>	<u>300,000,000.00</u>

Arch Bishop (Rtd) Eliud Wabukala, EBS
ChairpersonHalakhe D. Waqo, CBS, MCI Arb
Secretary/Chief Executive Officer



**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2017**

	Accumulated fund	Staff car loan and mortgage fund	Revenue reserve	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 30 June 2015	-	-	-	-
Staff car loan and mortgage fund		300,000,000		300,000,000
Surplus/(deficit) for the period	-		-	-
Balance as at 30 June 2016	-	300,000,000	-	300,000,000
Staff car loan and mortgage fund		300,000,000		300,000,000
Surplus/(deficit) for the period			18,323,988	18,323,988
Balance as at 30 June 2017	-	600,000,000	18,323,988	618,323,988

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2017**

	2016-2017 Kshs.	2015-2016 Kshs.
Cash Flows From Operating Activities		
Surplus/ (Loss) from operations	18,323,988	-
Income From Operations		
(Increase)/Decrease in receivables & prepayments	(20,759,218)	-
Net Cash Flows From Operating Activities	(2,435,230)	-
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	-	-
Staff Mortgage and Car Loan long term receivables	(254,764,228)	-
Purchase of intangible assets	-	-
Net Cash Utilized in Investing Activities	(254,764,228)	-
Cash Flows From Financing Activities		
Staff Mortgage and Car Loan Fund	300,000,000	300,000,000
Net Cash From Financing Activities	300,000,000	300,000,000
Net Increase in Cash and Cash Equivalents	42,800,542	300,000,000
Bank and Cash equivalents at Beginning of Year	300,000,000	-
Bank and Cash Equivalents at End of Year	342,800,542	300,000,000



**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FY2016/17**

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2016-2017	Kshs	2016-2017	Kshs	2016-2017	Kshs	2016-2017	Kshs	2016-2017	Kshs
Revenue										
Public contributions and donations	-	-	-	-	-	-	0	-	-	-
Government grants and subsidies	-	-	-	-	-	-	-	-	-	-
Staff Mortgage and Car loan Fund	300,000,000		-		300,000,000		300,000,000		-	
Other income	-	-	-	-	-	-	21,850,556		21,850,556	
Total income	300,000,000		-		300,000,000		321,850,556		21,850,556	
Expenses										
Compensation of employees	-	-	-	-	-	-	-	-	-	-
Use of Goods and services	-	-	-	-	-	-	3,526,568		(3,526,568)	
Finance cost	-	-	-	-	-	-	-	-	-	-
Rent paid	-	-	-	-	-	-	-	-	-	-
Transfer to House Mortgage and Car loan Fund	300,000,000		-		300,000,000		300,000,000		-	
Development Vote	-	-	-	-	-	-	-	-	-	-
Total expenditure	300,000,000		-		300,000,000		303,526,568		(3,526,568)	
Surplus/(Deficit) for the period							18,323,988		18,323,988	

The 100% variance the budgeted other income and use of goods and services versus the actuals are explained as follows:

Other income and use of goods and services were not budgeted for in the consolidated budget because previously they were accounted for as items in the statement of financial position. They have now been accounted for as "other income" and "use of goods and services" respectively in the new separate financial statements for the scheme, in line with the audit recommendation.



VIII. NOTES TO THE FINANCIAL STATEMENTS

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

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

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

2. Summary of significant accounting policies

a) Revenue recognition

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 entity 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 entity.

Interest income

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

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis



for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if there 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.

e) Intangible assets–IPSAS 31

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

f) Research and development costs

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

- 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 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.

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
- Changes in the market in relation to the asset

m) Subsequent events

There have been no events subsequent to the financial year with significant impact in the financial statements for the year ended 30 June 2017.

**3 Income from Bank Balances**

Item	2017	2016
	Shs 000	Shs 000
Staff Mortgage Bank Account Interest	9,608,134	-
Car Loan Bank Account Interest	7,540,332	-
Total Income from Bank Balances	17,148,466	-

4 Income from Individual Staff Mortgage and Car Loans; 4%

Item	2017	2016
	Shs 000	Shs 000
Individual Staff Mortgage 4% Interest	4,187,737	-
Individual Car Loan Bank 4% Interest	514,353	-
Total from Individual Staff Interest	4,702,090	-

5 Expenses; 3% Commission for service Provider

Item	2017	2016
	Shs 000	Shs 000
Individual Staff Mortgage 3% Interest	3,140,803	-
Individual Car Loan Bank 3% Interest	385,765	-
Total Expenses	3,526,568.00	-

6 Bank Balances

Item	2017	2016
	Shs 000	Shs 000
Staff Mortgage Bank Account	169,149,196	200,000,000
Car Loan Bank Account	173,651,346	100,000,000
Total Income	342,800,542	300,000,000



7 Short-Term Receivables from non-exchange contracts		
	2017	2016
	Shs 000	Shs 000
EACC Mortgage issuance	13,858,383	-
EACC Car Loan issuance	6,900,835	-
Total Short-Term receivables	20,759,218	-
8 Long-Term Receivables from non-exchange contracts		
	2017	2016
	Shs 000	Shs 000
EACC Mortgage issuance	227,647,490	-
EACC Car Loan issuance	27,116,738	-
Total Long term receivables	254,764,228	-
9 Revenue Reserve		
	2017	2016
	Shs 000	Shs 000
Balance brought forward	-	-
Surplus for the year	18,323,988	-
Total	18,323,988	-
10 Fund Balance		
Item	2017	2016
	Shs 000	Shs 000
Balance brought forward	300,000,000	-
Staff House Mortgage	200,000,000	200,000,000
Car Loan	100,000,000	100,000,000
Total Income	600,000,000	300,000,000

**11. EACC Staff Car Loan and House Mortgage Scheme**

The Commission received an exchequer amount; Kshs 300,000,000/- for Staff Car Loan and Mortgage Fund. This comprised of funding for Staff House Mortgage; Kshs 200,000,000/- and Staff Car Loan; Kshs 100,000,000/-.

EACC-HFC Staff Mortgage and Car Loan scheme**Fund Accountability Statement****As at 30th June****2017**

	<u>House Mortgage Scheme Interest</u>	<u>House Mortgage Scheme</u>	<u>Car Loan Scheme Interest</u>	<u>Car Loan Scheme</u>	<u>Total Interest</u>	<u>Total</u>
<u>Scheme Funding:</u>						
Opening balance		200,000,000		100,000,000		300,000,000
Funding for the year		200,000,000		100,000,000		300,000,000
Total Capital Funding		400,000,000		200,000,000		600,000,000
<u>Interest</u>						
Interest earned; 7% on bank balance		9,608,134		7,540,332		17,148,466
Interest earned; 4% on loans issued	4,187,737		514,353		4,702,090	
Less: 3% commission for HFC	(3,140,803)	1,046,934	(385,765)	128,588	(3,526,568)	1,175,522
Total Interest		10,655,068		7,668,920		18,323,988
Total Fund		410,655,068		207,668,920		618,323,988
Net Loans Issued		(241,505,873)		(34,017,573)		(275,523,446)
Fund Balance		169,149,195		173,651,346		342,800,542

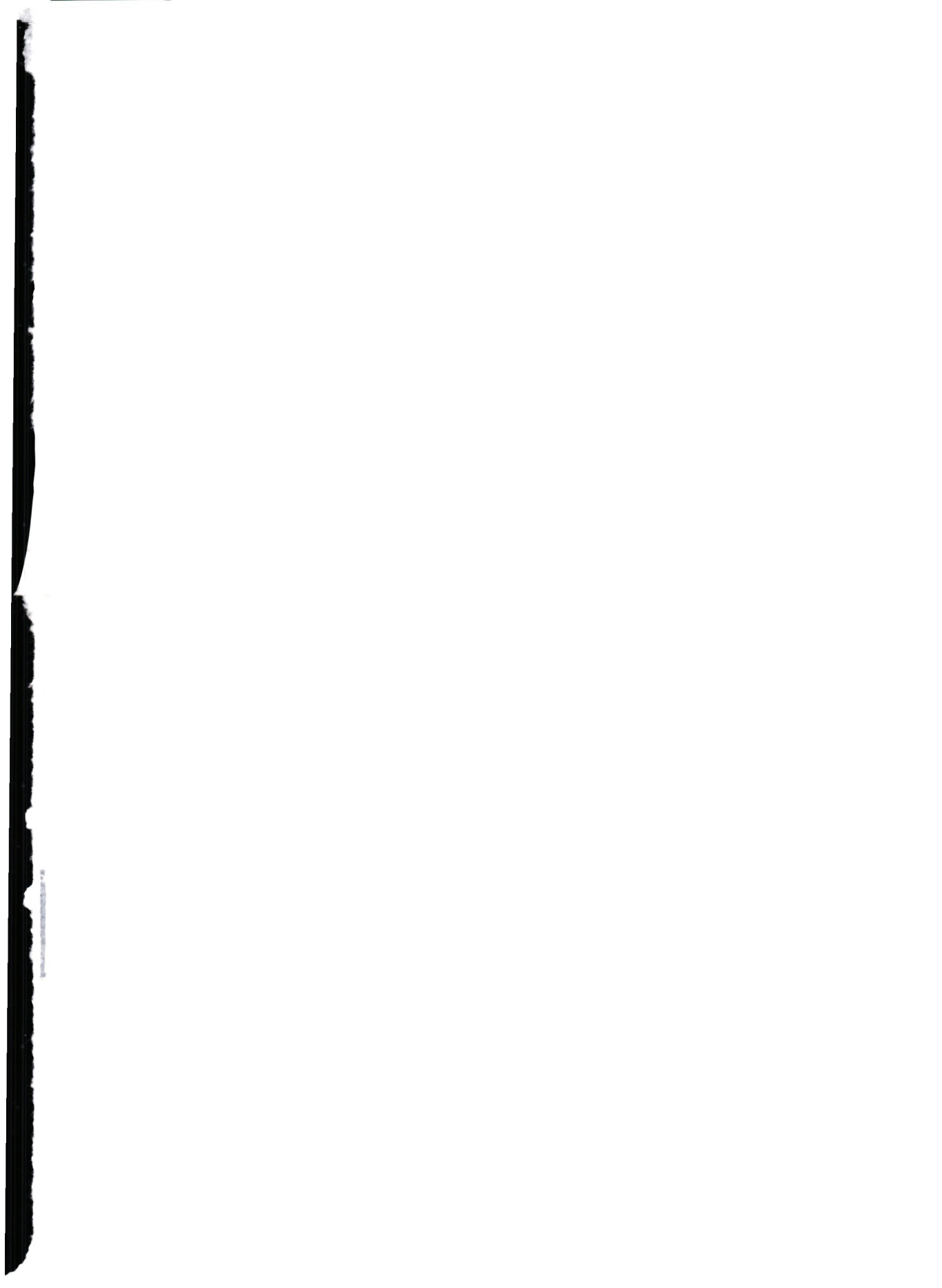


PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Financial Year 2016/17 is the first year that the Staff Mortgage Car Loan Fund has been in existence. Therefore there are no previous audit issues since the financial statements have not been audited before.

Arch Bishop (Rtd) Eliud Wabukala, EBS
Chairperson

Halakhe D. Waqo, CBS, MCI Arb
Secretary/Chief Executive Officer



EACC CONTACTS



ETHICS AND ANTI-CORRUPTION COMMISSION

HEADQUARTERS

Integrity Centre,
Jakaya Kikwete/Valley Road Junction
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