



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

PARLIAMENT  
OF KENYA  
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THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 04 MAR 2021

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Hon. Amos Kimani

PERK-AT THE-TABLE: Perpetua Muiya

**OF  
THE AUDITOR-GENERAL**

**ON**

**ETHICS AND ANTI-CORRUPTION  
COMMISSION**

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





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**ETHICS AND ANTI - CORRUPTION COMMISSION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



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## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

The Ethics and Anti-Corruption Commission (EACC) is a statutory body established under the Ethics and Anti-Corruption Commission Act, 2011. Its mandate is to combat and prevent corruption, economic crime and unethical conduct in Kenya through law enforcement prevention, public education, promotion of standards and practices of integrity, ethics and anti-corruption. The Commission is comprised of the Chairperson, Commissioners and the Secretary/Chief Executive Officer.

### (b) Principal Activities

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

### (c) Key Management

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

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

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019.

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

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**(e) Fiduciary Oversight Arrangements**

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

**(f) Entity Headquarters**

Integrity Centre  
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

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**(h) Entity Bankers**

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

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

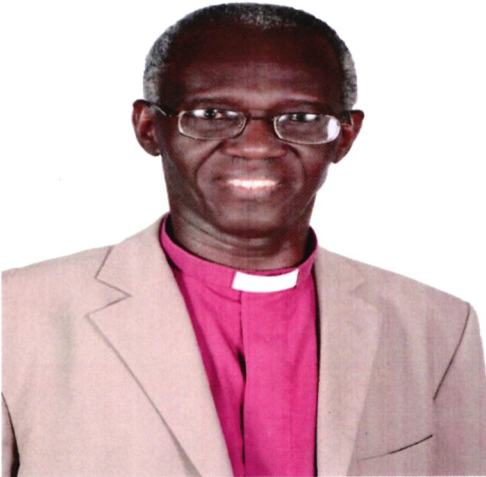

**(i) Independent Auditors**

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



**(j) Principal Legal Adviser**

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



**II. THE COMMISSIONERS**

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




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

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COMMISSION MEMBERS	
 <p data-bbox="209 790 515 860"><b>Rose Mghoi Macharia</b> <b>Commissioner</b></p>	<p data-bbox="632 293 1517 365">Commissioner Rose Mghoi Macharia was appointed a Commissioner in January 2016.</p> <p data-bbox="632 405 1517 548">She holds a Master Degree in Human Resource Development from the Institute for Development Policy and Management (IDPM) of the University of Manchester and a Bachelor Degree in Education from University of Nairobi. She was born in the year 1958.</p> <p data-bbox="632 589 1517 732">She is a seasoned Human Resource professional and has a wealth of experience in public sector management, education, people development and strategy. She has worked in the Education Sector as a Graduate Teacher, Lecturer and Senior Education Officer.</p> <p data-bbox="632 772 1517 916">She also has valuable experience in developing human capital in various State Corporations such as Higher Education Loans Board, Nyayo Tea Zones Development Corporation and Information Communication and Technology Authority.</p>
 <p data-bbox="129 1447 596 1516"><b>Mr. Twalib Mbarak, CBS</b> <b>Secretary/Chief Executive Officer</b></p>	<p data-bbox="632 994 1517 1099">Mr. Twalib Mbarak was appointed Secretary/Chief Executive Officer of the Ethics and Anti-Corruption Commission in January 2019.</p> <p data-bbox="632 1140 1517 1245">He is a holder of Master of Arts Degree in Armed Conflict and Peace Studies and Bachelor of Arts degree from the University of Nairobi. He was born in 1965.</p> <p data-bbox="632 1285 1517 1464">Mr Mbarak joined the Kenya Armed Forces in 1984 where he rose through the ranks and retired as a Major in 1999. He has also served with the National Intelligence Service (NIS), Kenya Anti-Corruption Commission (KACC) and Kenya Electricity Generating Company (KenGen).</p> <p data-bbox="632 1505 1517 1722">Mr Mbarak has extensive experience in Security, Intelligence and Investigation Management. He is a Certified Security Management Professional from the International Security Management Institute, UK. In Kenya, he founded the Association of Corporate and Industrial Security Professionals (ACISMP) an association directing the corporate security in Kenya.</p>

**III. MANAGEMENT TEAM**

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

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

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**MANAGEMENT TEAM**



Master of Science in ICT Policy and Regulation  
Bachelor of Science (Mathematics & Computer Science)  
Post Graduate Diploma in Computer Science, Strategic Leadership Development Programme Course  
Certificate Course in Governance, Ethics and Economic Crimes  
Economic Crime Intelligence Course  
Corporate Governance Course

Head of Field Services Directorate

**Mr. Jackson K. Mue - Ag. Director, Field Services**



Master of Science (Procurement & Logistics)  
Bachelor of Science (Mathematics & Physics)  
Diploma in Purchasing & Supplies Management  
Strategic Leadership Development Programme Course  
Senior Management Course  
Corporate Governance Course

Head of Supply Chain Management

**Mr. Robert K. Wachira- Deputy Director, Supply Chain Management**



Master of Business Administration (HRM)  
Bachelor of Education  
Diploma in Human Resources Management  
Strategic Leadership Development Programme Course  
Corporate Governance Course  
Senior Management Course

Head of Human Resource Management

**Ms. Ellyjoy G. Bundi- Head of Human Resource Management**

#### **IV. STATEMENT OF THE CHAIRPERSON**

The Ethics and Anti-Corruption Commission (EACC) is Constitutional body established pursuant to Article 79 of the Constitution and under Section 3 of the Ethics and Anti-Corruption Commission Act No. 22 of 2011, with the mandate to combat and prevent corruption through law enforcement, prevention, public education and promotion of standards and practises of integrity, ethics and anti-corruption.

The Commission contributes to the national aspirations espoused under the Vision 2030 and the Big Four Agenda through the discharge of the aforementioned mandate. The Government of Kenya has recorded several milestones aimed at strengthening institutions mandated to exercise oversight and accountability in public financial management. I am pleased to note that there is significant progress being made strengthening governance structures and transparency in management of public resources. The EACC appreciates the continued support by the Government of Kenya through allocation of resources.

Currently, the Commission is implementing its Strategic Plan for the period 2018-2023. In the Plan, the Commission has rationalized its strategies to focus on: high impact investigations based on personalities involved, value involved and public interest; Asset tracing and recovery of corruptly acquired assets as well as forfeiture of unexplained wealth aimed at extinguishing the benefit obtained through corrupt conduct; Corruption prevention and public education to raise awareness and enlist public support in anti-corruption initiative.

The Commission recognises the importance of collaborations and partnerships in the fight against corruption. In this regard, the Commission works with both State and Non- State Actors. The EACC is a member of the National Council on the Administration of Justice (NCAJ) that is mandated to tackle cross cutting issues that affect the administration of justice at the policy level. Some of the members include; Judiciary, Office of the Attorney General, Office of the Director of Public Prosecutions, Law society of Kenya, National Police Service, among others.

In addition, the EACC is also a member of the Multi-Agency Team (MAT) which is a collaborative framework consisting of agencies whose mandates relate to the fight against corruption. The MAT approach to fighting corruption has so far registered key outcomes through sharing of information on a real time basis and building institutional capacity by conducting joint capacity building programmes.

The Commission continues to play an active role in various regional and international forums which are key in deepening strategic partnerships in the fight against corruption. In particular, the Commission is a member of the Eastern African Association of Anti-Corruption Authorities, a body the brings together Anti-Corruption Authorities in the Eastern Africa Region.

I wish to appreciate all our strategic partners for their continued support in strengthening the anti-corruption institutional, policy and legal framework. In particular, I also acknowledge with gratitude the support from the United Nations Development Programme (UNDP) and the National Crime

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Agency (NCA) of the United Kingdom for their support in the acquisition of Personal Protective Equipment and ICT infrastructure to enable business continuity in the midst of the global COVID-19 pandemic.

The Commission remains committed to deliver on its mandate and calls upon all Kenyans to own the fight against corruption and play their civic duty of reporting all forms of corrupt conduct and uphold integrity.

God bless Kenya.



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



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

The Ethics and Anti-Corruption Commission hereby submit its Financial Statements for Financial Year 2019/2020. During the period under review, the Commission was allocated by the National Treasury a total of Kshs. 3,104,620,000 to undertake its programmes and activities.

The Financial Statements comprise of the Statement of the Financial Performance, Statement of the Financial Position, Statement of Changes in Equity and Statement of Cash Flows. The Commission has continued to ensure probity and prudence in the management of its resources in accordance to the provisions of the Public Finance Management Act, 2012 and the attendant Regulations. The Statements of the Commission are also prepared in conformity to the International Public Sector Accounting Standards (IPSAS) on prudent financial management and reporting.

The mandate of the Commission is derived from the Constitution and various Statutes such as; the Ethics and Anti-Corruption Commission Act No. 22 of 2011, The Anti-Corruption and Economic Crimes Act No. 3 of 2003, the Public Officer Ethics Act of 2003, the Leadership and Integrity Act of 2012 and the Bribery Act of 2016, among others. The Commission also enforces the Anti-Corruption and Economic Crimes Act, 2003 which is the principal law that provides for the investigations, prosecution and adjudication of corruption and economic crimes offences in Kenya.

The Mission of EACC is to promote integrity and combat corruption through law enforcement, prevention and education. This is reflected in the reinvigorated interventions and outcomes thereof in pursuit of an integrity driven Kenyan Society. During the reporting period, the Commission recorded an improvement in the number of cases concluded in court, value of loss of public funds averted through disruption of corruption network, value of assets traced and recovered. The Commission has also reviewed its ICT Modernization Plan to enhance its efficiency and effectiveness.

To this end, during the financial year 2019-2020, the Commission finalized and forwarded to Office of the Director of Public Prosecutions (ODPP) a total of 163 files on corruption, economic crime and ethical breaches. A total of 89 investigations were completed on violations of Chapter Six of the Constitution and Leadership and Integrity Act, 2012. The value of assets recovered was approximately Kshs.11.8 Billion and filed in court 14 applications for preservation of assets valued at approximately Kshs. 9.4 Billion. Further, 35 illegally acquired public assets with an estimated value of Kshs. 6.4

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Billion were traced and the recovery process is ongoing. Disruption of corruption networks was undertaken averting a possible loss of estimated at Kshs. 1.4 Billion.

The Commission facilitated 41 public entities to develop and implement codes for public officers and enforced the requirement for appointed/elected State Officers from the County Assembly of Kisii, County Executive Committees of Mandera, and Nyeri, Commission on Administrative Justice, Public Service Commission, National Police Service Commission, National Police Service and Ministry of Education to sign and commit to the Specific Leadership and Integrity Codes. The Commission developed three generic administrative procedures for Responsible Commissions in the County Governments to enhance compliance by public officers in submission of Declaration of income, assets and liabilities.

I wish to thank the Chairperson, Commissioners and members of staff for their dedication and commitment in realisation of set out goals and objectives.



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

## VI. REVIEW OF ETHICS AND ANTI-CORRUPTION FY 2019/2020

The mandate of the Commission is to combat and prevent corruption, economic crime and unethical conduct in Kenya through law enforcement, preventive measures, public education and promotion of ethical standards and practices. This mandate is derived from Article 79 and 252 of the Constitution; the Ethics and Anti-Corruption Commission Act, 2011; the Leadership and Integrity Act, 2012; the Public Officer Ethics Act, 2003; the Anti-Corruption and Economic Crimes Act, 2003; and the Bribery Act, 2016 among other relevant laws.

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

Ethics and Anti-Corruption Commission has 4 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: **Policy, Legal and Regulatory Framework**

Pillar 2: **Enforcement**

Pillar 3: **Prevention and Public Awareness**

Pillar 4: **Institutional Capacity**

Ethics and Anti-Corruption Commission develops its annual work plans based on the above four (4) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Ethics and Anti-Corruption Commission achieved its performance targets set for the FY 2019/2020 period for its four (4) strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Activities	Key Performance Indicators	Achievements
Pillar 1: <b>Policy, Legal and Regulatory Framework</b>	To strengthen policy, legal and regulatory framework	<ol style="list-style-type: none"> <li>1. Review and propose new laws, amendments and regulations</li> <li>2. Support finalization of the national ethics and anti-corruption policy</li> <li>3. Review asset tracing and recovery laws, processes and procedures</li> <li>4. Review and amend ADR policy</li> </ol>	<ol style="list-style-type: none"> <li>1. Effective policy, legal and regulatory framework</li> <li>2. Compliance with international and regional instruments</li> <li>3. National Policy on Ethics and Anti-Corruption</li> <li>4. Enhanced recovery of corruptly acquired and unexplained assets</li> </ol>	<ul style="list-style-type: none"> <li>• Published National Ethics and Anti-Corruption Policy: sessional paper No.2 of 2018</li> </ul>

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<p><b>Pillar 2: Enforcement</b></p>	<p>To enhance law enforcement against corruption and unethical conduct</p>	<ol style="list-style-type: none"> <li>1. Analyze reports</li> <li>2. Undertake investigations</li> <li>3. Integrate intelligence in investigations</li> <li>4. Integrate technology in investigations</li> <li>5. Analyze evidence and make recommendations</li> <li>6. Support prosecution of corruption, economic crimes and ethical breaches</li> <li>7. Undertake asset tracing and recovery</li> </ol>	<ol style="list-style-type: none"> <li>1. Improved quality of investigations</li> <li>2. Improved recovery of corruptly acquired assets</li> </ol>	<ul style="list-style-type: none"> <li>• 6,021 reports on corruption, economic crime and unethical conduct were received and processed out of which 2233 reports received were relevant to the Commission's mandate.</li> <li>• 163 case files on corruption and economic crime were finalized and submitted to the Office of the Director of Public Prosecution (DPP) for action.</li> <li>• completed 86 investigations on violations of Chapter Six of the Constitution and Leadership and Integrity Act,</li> <li>• 26 proactive investigations which resulted in averting loss of public funds of approximately Kshs. 1,3709,133, 538, 000</li> <li>• 65 sting and trap operations in bribery-prone areas in various Government MDAs and private sector were carried out</li> <li>• Fifty-five (55) cases on corruption, economic crime and unethical conduct were finalized in court out of which 23 were convictions, 28 acquittals and 4 withdrawals</li> <li>• Thirty-five (35) asset tracing inquiries in respect of illegally acquired and unexplained assets were carried. the assets traced was Kshs. 6,369,277,251</li> <li>• Fourteen (14) applications for preservation of assets were filed. The assets were valued at approximately Kshs. 9,389,997,485.4</li> <li>• 23 recovery suits involving assets with</li> </ul>
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				<p>an estimated value of Kshs. 5,000,000,000 were filed</p> <ul style="list-style-type: none"> <li>Public assets with an estimated value of Kshs. 11,802,424,845.30 were recovered</li> </ul>
<p><b>Pillar 3: Prevention and Public Awareness</b></p>	<ul style="list-style-type: none"> <li>To enhance public education, communication and awareness</li> </ul>	<ol style="list-style-type: none"> <li>Conduct public education and awareness</li> <li>Entrench ethics and anti-corruption in institutions of learning</li> <li>Position the Commission to enhance corporate brand</li> <li>Create and maintain effective collaboration with the media and other stakeholders</li> <li>Establish the Academy</li> <li>Develop and implement curriculum</li> </ol>	<ol style="list-style-type: none"> <li>Improved levels of awareness on corruption and ethics</li> <li>Increased public support in the fight against corruption and unethical conduct</li> <li>Improved levels of integrity in the private and civil society sectors</li> <li>Commission visibility improved</li> <li>Improved access to EACC services Commission visibility improved</li> <li>Improved access to EACC services</li> <li>Timely sharing of information internally and externally</li> <li>Improved levels of knowledge, skills and attitude on corruption and unethical conduct</li> <li>Improved levels of transparency and accountability</li> <li>Improved levels of professionalism</li> <li>Improved technical capacity Increased awareness about the commission</li> <li>Improved levels of knowledge, skills and attitude on corruption and unethical conduct</li> <li>Improved levels of transparency and accountability</li> </ol>	<ul style="list-style-type: none"> <li>45 professional networks and approximately 30,056 members were reached</li> <li>To undertake proactive sensitization in targeted spots the commission had 23 shot spots</li> <li>General sensitization in various institutions was done where 3417 persons were sensitized</li> <li>821 members of Corruption Prevention Committees (CPCs) from 37 institutions were trained</li> <li>Another 45 sensitization programs were carried out in which 5,864 people in their respective institutions were sensitized.</li> <li>The school media integrity education programmes reached over 9.6 Million learners, teachers and other listeners across the Country.</li> </ul>

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			<p>14. Improved levels of professionalism</p> <p>15. Improved technical capacity Improved levels of knowledge, skills and attitude on corruption and unethical conduct</p> <p>16. Improved levels of transparency and accountability</p> <p>17. Improved levels of professionalism</p> <p>18. Improved technical capacity</p>	
	<ul style="list-style-type: none"> <li>To enhance the prevention of corruption and unethical practices</li> </ul>	<ol style="list-style-type: none"> <li>Undertake system reviews in public institutions</li> <li>Support sectors, institutions and stakeholders in mainstreaming corruption prevention under the Bribery Act</li> <li>Provide advisory services on corruption prevention</li> <li>Develop and promote standards and best practices in ethics and integrity</li> <li>Monitor the implementation of prevention interventions</li> <li>Conduct integrity verifications for elective and appointive positions</li> <li>Support public entities to mainstream ethics and integrity</li> </ol>	<ol style="list-style-type: none"> <li>Reduced corruption loopholes in systems of work</li> <li>Improved deterrence of corruption and unethical conduct</li> <li>Reduced incidences of corruption in the private sector</li> <li>Improved levels of professionalism</li> <li>Improved quality of leadership in society</li> <li>Increased accountability in leadership</li> <li>Improved societal values</li> <li>Enhanced participation</li> <li>Reduced corruption and unethical conduct</li> <li>Evidence based anti-corruption intervention</li> <li>Anti-corruption interventions informed by research</li> </ol>	<ul style="list-style-type: none"> <li>Fifteen (15) MDAs were advised in the light of supporting sectors, institutions and stakeholders in mainstreaming corruption under the Bribery Act</li> <li>9 reports of Corruption Risk Assessments (CRAs) undertaken in various Counties. The CRA reports covered: Nyandarua County Executive, Nyandarua County Assembly; Kitui County Executive; Kitui County Assembly; Narok County Executive; Narok County Assembly; Vihiga County Executive; Makeni County executive; and Makeni County Assembly.</li> <li>Three (3) examination reports covering systems, policies, procedures and practices were finalized and released in the Ministry of Environment, Sheikh Khalifa Bin Zayed Al-Nahyan Secondary and Technical School Mombasa, and in the centralized procurement of ICT items and services by the ministry of ICT</li> </ul>

Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2020

		<ol style="list-style-type: none"> <li>8. Monitor compliance with provisions of Chapter 6 and LIA</li> <li>9. Support compliance and management of Declaration of Income, Assets and Liabilities (DIALs) system</li> <li>10. Establish purposive partnerships and coalitions</li> <li>11. Undertake research and planning</li> </ol>		<ul style="list-style-type: none"> <li>• Nine hundred and forty-eight (948) advisories were provided to MDAs on corruption prevention</li> <li>• 36,029 declaration forms and 3,979 verification requests were processed with the view to conduct integrity verifications for elective and appointive positions</li> <li>• Forty-one (41) codes for 49 institutions were approved so as to build technical capacity of public entities to mainstream ethics and integrity</li> <li>• In enforcing Chapter Six of the Constitution, 140 advisories were issued, 381 notices and 41 cautions to public entities and persons for violation of Chapter Six and LIA, 2012</li> <li>• Development of Kenya Integrity Plan (KIP 2019-2023) increased the number of partnerships from 15 to 20 sectors</li> <li>• Commemorated the African Anti-Corruption Day and International Anti-Corruption day was undertaken</li> </ul>
<b>Pillar 4: Institutional Capacity</b>	To enhance institutional capacity of the Commission	<ol style="list-style-type: none"> <li>1. Grow staff compliment</li> <li>2. Improve staff skills and competencies</li> <li>3. Manage performance</li> <li>4. Review terms and conditions of service and welfare</li> <li>5. Mobilize financial resources</li> <li>6. Manage financial resources</li> </ol>	<ol style="list-style-type: none"> <li>1. Enhanced performance</li> <li>2. Improved staff welfare</li> </ol>	<ul style="list-style-type: none"> <li>• A total of 487 staff were trained</li> <li>• Fifty-six (56) car loans and mortgages were approved (17 car loans and 39 mortgages)</li> </ul>

## VII. CORPORATE GOVERNANCE STATEMENT

The Ethics and Anti-Corruption Commission (EACC) is established under Section 3 of the Ethics and Anti-Corruption Commission Act No. 22 of 2011. The Commission consist of a Chairperson and four other Members appointed in accordance with the provisions of the Constitution and the EACC Act.

The functions of the Commissioners include; policy formulation, strategic direction, establishing and maintaining strategic linkages and partnerships with other stakeholders in the rule of law and other governance sector, among others. The chairperson and members of the Commission are appointed for a single term of six years. They serve on a part-time basis and their remuneration and allowances are set by the Salaries and Remuneration Commission.

The office of the Chairperson or a Member of the Commission may fall vacant if the holder dies, resigns, is convicted, absent from three consecutive meetings of the Commission without good cause, or is removed from office under any of the circumstances specified in Article 251 of the Constitution.

The Commission's operations and financial management are overseen by the Chief Executive Officer who is the Accounting Officer and Secretary to the Commission. The current operations are guided by the Strategic Plan 2018-2023, and an approved annual Budget based on programs and activities. The Budget is derived from detailed Work Plans which inform and guide the development of annual Procurement Plans.

In order to ensure efficiency and effectiveness in the implementation of its programmes and activities, the Commission has established the following Committees:

S/No.	Committee	Chairpersons
1.	Finance and Supply Chain Management	Vice Chairperson / Commissioner Sophia Lepuchirit
2.	Law Enforcement	Commissioner Paul Mwaniki Gachoka
3.	Support Services	Commissioner Rose Mghoi Macharia
4.	Corruption Prevention, Education and Public Engagements	Commissioner Dr. Dabar Abdi Maalim

These Committees co-opt their membership from technical directorates of the Commission to ensure seamless implementation of the strategic direction provided by the Commission.

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2020

In addition to the Internal Audit Department, which is charged with the responsibility to continuously review systems and internal controls, the Commission has established the Risk and Audit Committee to undertake the statutory functions as provided under the Public Finance Management Act, 2012.

During the year under review, the Commission met regularly as was deemed necessary to dispatch its business through its Ordinary and Special meetings. In all the Commission and Committee meetings, there was adequate quorum to conduct the business of the Commission. Disclosure of conflict of interest is a requirement under the establishing law and a member is obligated to disclose the fact and not to take part in the consideration or deliberations thereof.

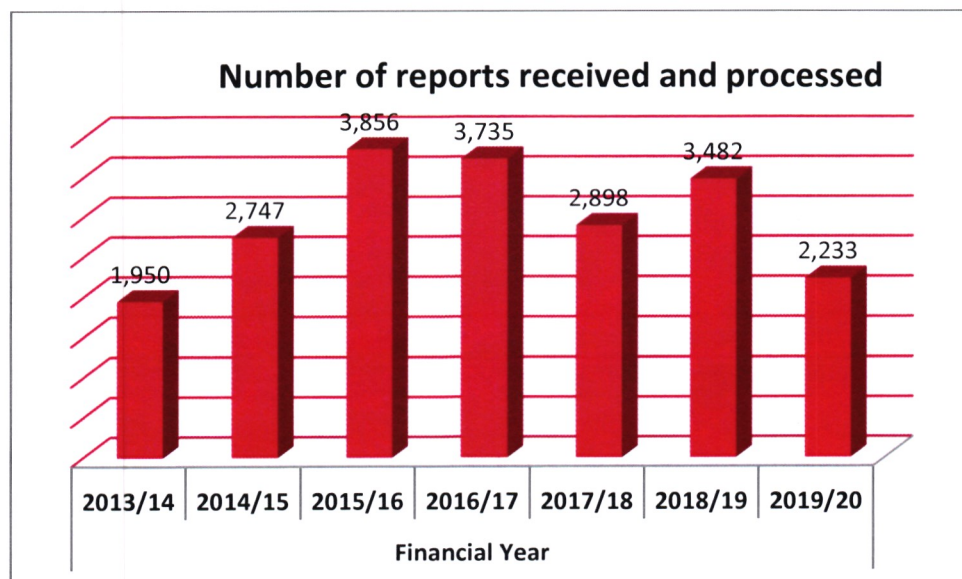
The Commission continues to strengthen its policies and procedures manuals and has initiated the development of a Service Charter to provide a mechanism of assessing its efficiency and effectiveness in service delivery. In addition, the Commission was inducted upon appointment and continuously undertake high-level capacity building programmes in the areas of corporate governance and leadership.

Finally, the quarterly financial statements are produced to facilitate continuous evaluation of the overall financial performance of the commission. The Commission is also required to prepare annual statutory financial statements which are audited by the Office of Auditor General.

**VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

**8.1 Reports on Corruption Received by the Commission**

The Commission received, analyzed and processed 6,021 reports on corruption and unethical conduct during 2019/20 Financial Year, out of which 2,233 reports were within the Commissions mandate and therefore recommended for investigations Figure1 illustrates the trend of reports received from 2013/2014 to 2019/2020 Financial Years.



**Figure 1: Summary of Reports received and processed**

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

Once the cases for investigation are identified, investigation is carried and the files are submitted to the prosecutor for scrutiny and recommendation. Table 1-3 show the results of the cases forwarded to the Office of the Director of Public Prosecutions (ODPP).

Table 1 shows the average concurrence rate to prosecute between EACC and DPP is 89 percent. Furthermore, the Table 1 depict increase in the flow of the reports until the year under review 2019/20 when there was a drop.

**Table 1: Reports to ODPP with Recommendation to Prosecute**

Year	No. of Reports	Accepted	Not Accepted	Concurrence rate
2013/14	44	43	1	99%
2014/15	75	74	1	99%
2015/16	136	131	5	96%
2016/17	97	89	8	92%
2017/18	143	94	6	65%
2018/19	78	77	1	99%
2019/20	43	40	3	93%
<b>Total</b>	<b>616</b>	<b>548</b>	<b>25</b>	<b>89%</b>

Table 2 presents the results of reports to ODPP with recommendation for administrative action. On average, 89 percent concurrence rate is observed.

Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2020

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

Year	No. of Reports	Accepted	Not Accepted	Concurrence rate
2013/14	9	7	2	78%
2014/15	8	8	0	100%
2015/16	4	3	1	99%
2016/17	7	7	0	100%
2017/18	10	7	3	70%
2018/19	13	13	0	100%
2019/20	10	9	1	90%
<b>Total</b>	<b>61</b>	<b>54</b>	<b>7</b>	<b>89%</b>

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

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

Year	No. of Reports	Accepted	Not Accepted	Concurrence rate
2013/14	17	14	3	82%
2014/15	22	19	3	86%
2015/16	27	25	2	92%
2016/17	26	25	1	99%
2017/18	27	21	6	78%
2018/19	33	31	2	94%
2019/20	19	17	2	89%
<b>Total</b>	<b>171</b>	<b>152</b>	<b>19</b>	<b>89%</b>

Table 4 presents reports to ODPP with recommendation for further investigation for the year 2019-2020 as well as those awaiting the DPPs recommendation by quarter.

**Table 4: Reports returned for further investigation and waiting DPP recommendation**

Action	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total
Files returned for further investigations	13	12	11	14	50
Files awaiting Director of Public Prosecutions' action	11	18	0	13	42

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2020

## 8.3 Outcome of Cases Finalized in Court

The cases that are scrutinized by ODPP and seen fit for prosecution are taken to court and table 4 provides the results of 64 percent conviction rate.

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

Year	No of cases finalized	Conviction	Acquittal	Discharge	Conviction rate
2013/14	2	1	-	1	50%
2014/15	1	1	-	-	100%
2015/16	14	11	-	3	79%
2016/17	25	18	7	-	72%
2017/18	44	35	9	-	79%
2018/19	78	51	23	4	65%
2019/20	55	23	28	4	41%
<b>Total</b>	<b>220</b>	<b>140</b>	<b>67</b>	<b>12</b>	<b>64%</b>

## 2.1 Assets Recovered

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

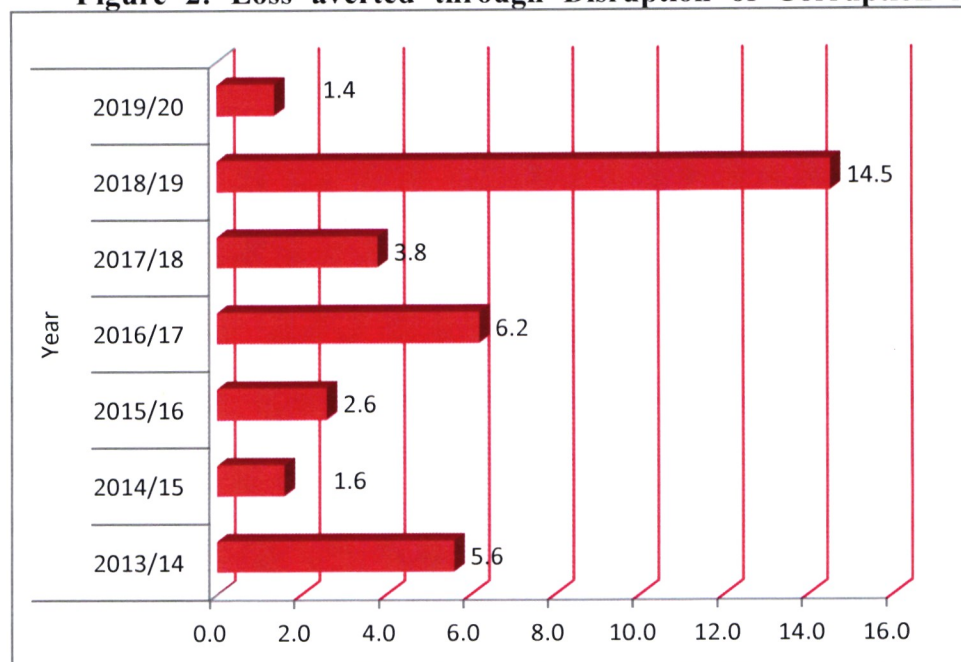
**Table 5: Assets Recovered**

Year	Assets Recovered from 2013-2020						2018/19	2019/20
	2013/14	2014/15	2015/16	2016/17	2017/18			
Value of public assets Recovered (Kes.)	2.0 b	140.3m	700m	256m	352.2m	4.5b	11.8b	

## 8.4 Loss averted through Disruption of Corruption Networks

Intelligence gathering has helped the Commission avert possible loss of the public funds as shown in Figure 2.

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



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

### 8.5 Institutional Systems Reviews Reports

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

2013/14	Kenya Institute of Curriculum Development (KICD) and National Cereals and Produce Board
2014/15	Parliamentary Service Commission and Ports of entry in Kenya
2015/16	Ministry of Education (Free Primary Education programme)
2016/17	Ministry of Lands and Physical Planning and Pricing of pharmaceuticals and non-pharmaceuticals Supplies in the Kenya Health Sector (pending official release)
2017/18	Examination into the systems, policies, procedures and practices of the Ministry of Lands, and Physical Planning
2018/19	Examination into the systems, policies, procedures and practices of the Ministry of Environment and Forestry and Examination into the policies, procedures and practices in the centralized procurement of ICT equipment and services at the Ministry of Information, Communications and Technology
2019/20	Examination into the systems, policies, procedures and practices of the Ministry of Environment, Sheikh Khalifa Bin Zayed Al-Nahyan Secondary and Technical School Mombasa, and in the centralized procurement of ICT items and services by the ministry of ICT

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2020

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

The Commission undertook integrity verification for compliance with the provisions of Chapter Six of the Constitution for 3,979 applicants seeking appointment to state and public offices. The Commission facilitated development of Specific Leadership and Integrity Codes for state officers in public entities and monitored declarations of income, assets and liabilities by public officers. Three petitions have been instituted for removal of State officers from office for violation of Chapter Six of the Constitution and the Leadership and Integrity Act, 2012.

**Table 6: Integrity verification statistics**

S/No.	Institution	No. of officers cleared	No. of officers not cleared
1.	National Government	1994	20
2.	County Governments	1906	9
3.	Private Institutions	79	0
4.	Self-declaration forms received	3,979	29

### 1.3 Financial Performance

The Commission is committed in carrying out financial management in line with Public Finance Management Act, 2012. The Commission is funded by the Government through The National Treasury. The Commission recorded budget absorption of 97 percent with approved budget for FY 2019/2020. This is 2% lesser than the budget absorption for the Financial Year 2018/2019, mainly occasioned by Covid-19 pandemic.

## **IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

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

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

Below is a brief highlight of our achievements in each pillar

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

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

Moreover, there have been continuous and incremental disbursements from the exchequer to the Commission each year. The Commission's budget has increased from Ksh. 2,957,220,000 to Ksh. 3,072,200,000 between 2015 and 2020. This indicates government commitments in fight against corruption. Further, recent developments in the war against graft have sparked greater interest and commitment from partners and donors. Donors have been participating by offering both operational and technical support.

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

### **2. Employee Welfare**

The Commission has a policy on recruitment which states the Commission's commitment to ensuring that the one third gender rule is observed as well promotes affirmative action to ensure diversity in the workplace. In addition, the Commission's Shortlisting and Interview Guidelines ensure that recruitment processes are geared towards observing and promoting regional and gender balance. Currently the percentage gender distribution is 39.8% female and 60.2% male, while the ethnic representation within the Commission is thirty-one (31) ethnic tribes out the forty (46) existing ethnic communities. The Commission also has a Career Progression Guidelines which outlines the growth of job holders and specifies the requirements of each position thus making officers aware of the requisite skills required

to grow in their careers. The policies are reviewed from time to time as the Commission determines but within two (2) to three (3) years. The Commission has an Annual Training Plan which is funded to ensure that all staff get an opportunity to be trained based on the training needs identified in the course of their work and during the performance appraisal. The Commission also supports officers to be in good professional standing with their professional bodies by facilitating their Annual Subscription and Continuous Professional Development (CPD) training. Further staff are trained in career development courses, specialised skills and seminars and workshops.

The Commission has a robust Performance Management System that comprise tools such as the Target Setting Form and the Annual Performance Appraisal Form which guides the target setting and appraisal processes in the Commission. Targets are set at the beginning of the financial year and appraisal is done at the end of the year based on the targets agreed between the supervisor and the supervisee at the beginning of the year. All staff are sensitised on the use of the tools which are reviewed every two to three years. The Commission recommends officers for National honours and awards and issues commendation letters in recognition of exemplary performance. Further proposals to consider reviewing allowances paid to staff have been submitted to Salaries and Remuneration Commission (SRC) for consideration, within the financial year under review. The Commission has a Health and Safety Policy that is in compliance with the Occupational Safety and Health Act of 2007.

### **3. Market Place Practices**

Ethics and Anti-Corruption Commission operates in an environment with a wide range of risk profiles, making anti-bribery a central focus of our concern for compliance. Public Procurement Code of Ethics for Procuring Entities provides comprehensive coverage on anti-bribery and anti-corruption guidelines, addressing such issues as fraud, bribery, conflicts of interest, among others. Further, the Commission has established guidelines on management of conflict of interest geared towards promoting ethics and integrity in the workplace. Together, these policies emphasize the fact that Ethics and Anti-Corruption Commission strictly prohibits bribery in any form, including but not limited to kickbacks, indirect bribery, unlawful political contributions, and improper charitable contributions.

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

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2020

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

## **4. Community Engagements**

The EACC's corporate social responsibility is based on the fact that, as part of the Kenyan society, we have responsibilities that go beyond our legal obligations for the benefit of the society at large. Our corporate social responsibility entails community engagement, supporting community activities, responding to emerging challenges, donating to charities, helping the needy and application of ethical conduct and participating in matters of topical national interest in Kenya. Our Corporate Social Responsibility, CSR, strategy involves building relationships and partnerships and working together with organizations that we believe advance the wellbeing of Kenyans. The EACC's CSR decisions are made in the best interest of the society. During the year under review, the Commission, offered support to the families affected by the landslide in West Pokot County.

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

The Commission submits its report together with the audited financial statements for the year ended June 30, 2020 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, 2020 are set out on page 1 to 20.

### **Commissioners**

The Commission members who served during the year under review, are shown on pages v to vii, in accordance with Ethics and Anti-Corruption Act, 2011.

### **Dividends/Surplus remission**

The entity did not make any surplus during the year 2019/2020 and hence no remittance to the consolidated fund.

### **Auditors**

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

## **XI. STATEMENT OF MANAGEMENT RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 26 of the Ethics and Anti-Corruption Act, require the Management to prepare Financial Statements in respect of EACC, which give a true and fair view of the state of affairs of the Commission at the end of the financial year and the operating results of the Commission for the period 2018/2019. 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.

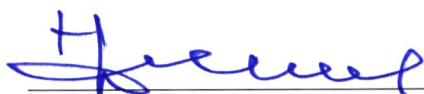
The management is responsible for the preparation and presentation of the Commission's Financial Statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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, 2020, 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 **October 6, 2020** and signed on its behalf by:



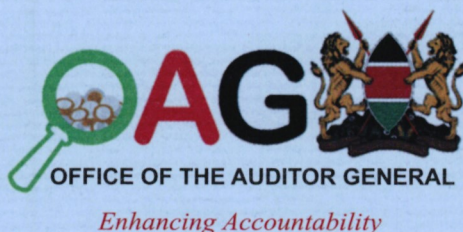
**Archbishop (Rtd) Eliud Wabukala, EBS  
Chairperson**



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

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## **REPORT OF THE AUDITOR-GENERAL ON ETHICS AND ANTI-CORRUPTION COMMISSION FOR THE YEAR ENDED 30 JUNE, 2020**

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### 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 20, which comprise of the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in equity, statement of cash flow and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ethics and Anti-Corruption Commission as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Ethics and Anti-Corruption Commission Act, 2011.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

##### **Declining Financial Performance**

During the year under review, the Commission reported a deficit of Kshs.116,545,540 (2018/2019 - deficit Kshs.20,108,198). The cumulative deficits for the two years have

resulted in depletion of revenue reserves by Kshs.136,653,738 from Kshs.712,225,241 in the prior year to Kshs.167,480,766 as at 30 June, 2020. Although Management has disclosed at Note 29 to the financial statements that the deficits are mainly due to depreciation and unremitted Exchequer, the Commission's performance is on a downward trend and if strategies are not put in place to reverse the trend, the Commission is likely to experience financial difficulties in future.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Valuation of Property, Plant and Equipment**

As reported in the previous year, the Commission remitted Kshs.1,518,000,000 to the National Land Commission (NLC) for compulsory acquisition of the Integrity Centre Building which houses the Commission's offices.

According to the valuation report based on inspection conducted on 14 February, 2018, the NLC valued the property at Kshs.1,543,382,916 as detailed below: -

<b>Component</b>	<b>Acreage</b>	<b>Value (Kshs.)</b>	<b>15% Statutory Allowance (Kshs.)</b>	<b>Total Value (Kshs.)</b>
Land	1.203	691,725,000	103,758,750	795,483,750
Improvements		650,347,101	97,552,065	747,899,166
<b>Total Compensation</b>		<b>1,342,072,101</b>	<b>201,310,815</b>	<b>1,543,382,916</b>

Although the NLC had requested for valuation services from the Ministry of Lands and Physical Planning, available records indicate that the valuation of the property was however done by the NLC itself. No evidence was availed by the National Land

Commission to clarify whether the Ministry of Lands and Physical Planning played any role in the valuation of the property. This is despite the fact that the Department of Land Valuation in the Ministry is mandated to provide valuation services for and by all National and County Government entities. This exposes the National Land Commission to the risk of conflict of interest which may arise from the Commission conducting the valuation and thereafter paying the compensation thereof.

Due to failure to involve the mandated Government Valuer, Ministry of Lands and Physical Planning, it has not been possible to ascertain whether the Commission obtained value for money in the acquisition process of its headquarters, the Integrity Centre Building.

Further, according to a letter Ref, B35/NB/9720B/VOL.2/67 dated 4 March, 2020 from the State Department for Public Works, copies of the development plans (architectural, structural, electrical, mechanical and civil works drawings) submitted to the EACC by the NLC in respect of the property were not acceptable on the basis that:

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

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

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

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

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities,

financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Commission to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**12 January, 2021**

Ethics and Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2020

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2020

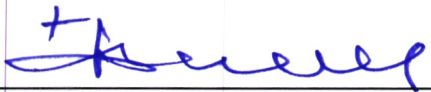
	Notes	2019-2020 Kshs.	2018-2019 Kshs.
<b>Revenue from non-exchange transactions</b>			
Exchequer Receipts-Recurrent	3	2,993,167,811	3,156,104,310
Other Income	9		537,932
<b>Total Revenue</b>		<b>2,993,167,811</b>	<b>3,156,642,242</b>
<b>Expenses</b>			
Employee costs	4	2,194,867,605	2,178,114,612
Commissioners Expenses	5	26,442,573	28,242,802
Depreciation and amortization expense	6	103,794,589	107,451,074
Repairs and maintenance	7	24,226,775	36,325,074
General expenses	8	672,247,902	787,052,418
Transfer to KCB Loan Scheme	26	90,000,000	40,000,000
<b>Total Expenses</b>		<b>3,111,579,444</b>	<b>3,177,185,980</b>
<b>Other gains/(losses)</b>			
Gain/Loss on sale of assets	9	1,866,093	435,540
<b>Deficit for the period</b>		<b>(116,545,540)</b>	<b>(20,108,198)</b>


# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2020


## STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Notes	2019-2020 Kshs.	2018-2019 Kshs.
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10	45,841,778	129,378,315
Receivables from non-exchange transactions	11	28,942,145	22,963,150
Inventories	12	15,563,728	16,985,519
		<b>90,347,651</b>	<b>169,326,984</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	1,829,221,956	2,033,805,081
Asset recovery Bank Account	20	164,745,743	111,082,327
Intangible Assets	15	13,992,958	20,988,387
Long term receivables from exchange (Gratuity bank/ investment)	16	34,466,834	59,070,411
		<b>2,042,427,491</b>	<b>2,224,946,206</b>
<b>Total Assets</b>		<b>2,132,775,142</b>	<b>2,394,273,190</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	18	26,741,805	22,019,908
Current portion of borrowings (Accrued liabilities and charges)	19	26,774,916	26,078,916
		<b>53,516,721</b>	<b>48,098,824</b>
<b>Non-Current Liabilities</b>			
Non-Current provisions (Asset recovery account)	20	164,745,743	111,082,327
Non-current employee benefit obligation (Gratuity fund)	17	36,701,540	62,536,426
		<b>201,447,283</b>	<b>173,618,753</b>
<b>Total liabilities</b>		<b>254,964,004</b>	<b>221,717,577</b>
<b>Equity</b>			
Acquisition Development Fund	22(b)	1,518,000,000	1,268,000,000
Revenue Reserves	22(a)	167,480,766	712,225,241
Accumulated Fund	21	192,330,372	192,330,372
		<b>1,877,811,138</b>	<b>2,172,555,613</b>
<b>Total equity and liabilities</b>		<b>2,132,775,142</b>	<b>2,394,273,190</b>

  
**Archbishop (Rtd) Eliud Wabukala, EBS**  
**Chairperson**

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

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

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2020

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Note	Accumulated fund	Acquisition Development Fund	Revenue reserve	Total
		Kshs		Kshs	Kshs
<b>Balance as at 30 June 2018</b>		192,330,372	1,268,000,000	732,333,439	2,192,663,811
Deficit for the period				(20,108,198)	(20,108,198)
<b>Balance as at 30 June 2019</b>		192,330,372	1,268,000,000	712,225,241	2,172,555,613
Acquisition Development Fund			250,000,000	(250,000,000)	
Transfer of unspent exchequer to National Treasury	27			(57,782,438)	(57,782,438)
Deficit for the period				(116,545,540)	(116,545,540)
Land transfer to Parliamentary Service Commission	30			(120,416,497)	(120,416,497)
<b>Balance as at 30 June 2020</b>		192,330,372	1,518,000,000	167,480,766	1,877,811,138

Ethics & Anti-Corruption Commission Annual Report and  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>2019-2020</b>	<b>2018-2019</b>
	Kshs.	Kshs.
<b>Cash flows From Operating Activities</b>		
Surplus/ (Loss) from operations	(116,545,540)	(20,108,198)
Add back non-cash payment (Depreciation)	96,799,160	96,958,454
Add back non-cash payment (Amortization)	6,995,429	10,492,620
Profit on disposal of Assets	(1,866,093)	(435,540)
	<b>(14,617,044)</b>	<b>86,907,336</b>
<b>Income from Operations</b>		
(Increase)/Decrease in inventories	1,421,791	(1,463,095)
(Increase)/Decrease in receivables & Prepayments	(5,978,995)	19,807,636
(Increase)/Decrease in receivables -NLC	-	1,518,000,000
Increase/(Decrease) in payables	5,417,897	32,105,866
	<b>(13,756,351)</b>	<b>1,655,357,743</b>
<b>Net cash flows from operating activities</b>		
<b>Cash flows From Investing Activities</b>		
Purchase of property, plant and equipment	(14,349,916)	(83,542,862)
Purchase of Land and Buildings	-	(1,543,382,916)
Transfer of unspent exchequer to Treasury	(57,782,438)	-
Purchase of Intangible Assets	-	(2,525,279)
Asset recovery	53,663,416	(111,082,326)
Proceeds from disposal of plant, property and equipment	3,583,477	1,092,956
Gratuity Fund	(25,834,886)	62,536,427
	<b>(40,720,347)</b>	<b>(1,676,904,000)</b>
<b>Net cash utilized in investing activities</b>		
<b>Cash flows From Financing Activities</b>		
Asset recovery	(53,663,416)	67,195,129
Gratuity Fund	24,603,577	(54,665,130)
	<b>(29,059,839)</b>	<b>12,529,999</b>
<b>Net cash used in Financing activities</b>		
<b>Net increase in cash and cash equivalents</b>	<b>(83,536,537)</b>	<b>(9,016,258)</b>
Bank and Cash equivalents at beginning of year	129,378,315	138,394,573
<b>Bank and cash equivalent at end of year</b>	<b>45,841,778</b>	<b>129,378,315</b>

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2020

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS						
	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Performance difference percentage
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Government grants and subsidies	2,941,620,000	163,000,000	3,104,620,000	2,993,167,811	111,452,189	4%
Development Expenditure	-	-	-	-	-	
Gain on Disposal	-	-	-	1,866,093	(1,866,093)	-
<b>Total income</b>	<b>2,941,620,000</b>	<b>163,000,000</b>	<b>3,104,620,000</b>	<b>2,995,033,904</b>	<b>109,586,096</b>	<b>4%</b>
<b>Expenses</b>						
Compensation of employees	1,910,826,898	302,303,222	2,213,130,120	2,194,867,605	18,262,515	1%
Goods and services	827,500,529	(136,733,222)	690,767,307	620,665,237	70,102,070	10%
Commissioners expenses	26,442,573	-	26,442,573	26,442,573	-	-
Finance cost	600,000	(250,000)	350,000	270,162	79,838	*23%
Rent paid	71,250,000	12,680,000	83,930,000	75,539,277	8,390,723	9%
Staff Loan	105,000,000	(15,000,000)	90,000,000	90,000,000	-	-
<b>Total expenditure</b>	<b>2,941,620,000</b>	<b>163,000,000</b>	<b>3,104,620,000</b>	<b>3,007,784,854</b>	<b>96,835,146</b>	<b>3%</b>
<b>Deficit for the period</b>				(12,750,950)	12,750,950	

Note\*: Finance cost was 23% lower due to incomplete implementation of KCB Quick Pay system as planned due to COVID-19 pandemic

**Deficit Reconciliation**

Deficit as per the statement of budget and actual amounts	(12,750,950)
Less Depreciation	103,794,589
Deficit as per the statement of financial performance	<b>(116,545,540)</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

### **2. Summary of significant accounting policies**

#### **a) Revenue recognition**

#### **Revenue from non-exchange transactions – IPSAS 23**

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

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

#### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Commission and can be measured reliably.

#### ***Sale of goods***

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

#### ***Interest income***

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

*Notes to financial statements continued...*

**b) Budget information – IPSAS 24**

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

**c) Investment property – IPSAS 16**

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

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

**d) Property, plant and equipment – IPSAS 17**

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

**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.

*Notes to financial statements continued...*

**f) Research and development costs**

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

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

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

**g) Inventories – IPSAS 12**

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

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

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

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

**h) Provisions – IPSAS 19**

Provisions are recognized when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service

*Notes to financial statements continued...*

Potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

**i) Changes in accounting policies and estimates – IPSAS 3**

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

**j) Cash and cash equivalents**

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

**k) Comparative figures**

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

**l) Significant judgments and sources of estimation uncertainty – IPSAS 1**

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

*Notes to financial statements continued...*

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

**Useful lives and residual values**

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

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

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

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
<b>Unconditional grants</b>		
Operational Grant		
Quarter 1	896,093,752	832,932,600
Quarter 2	678,345,330	676,682,650
Quarter 3	632,696,554	851,837,400
Quarter 4	786,032,175	794,651,660
<b>Total 2019/2020</b>	<b>2,993,167,811</b>	<b>3,156,104,310</b>
Development Grant	-	-
<b>Total Exchequer</b>	<b>2,993,167,811</b>	<b>3,156,104,310</b>

**4. Employee costs**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
Salaries and wages	1,209,483,406	1,128,076,836
Employee related costs	256,775,514	232,773,275
Travel, Motor car, Accommodation and Subsistence	226,927,836	341,760,969
Housing Benefits and allowances	501,680,849	475,503,532
<b>Total Employee Costs</b>	<b>2,194,867,605</b>	<b>2,178,114,612</b>

Subsistence expense includes Ksh 125,300 unrecovered claims under investigation.

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2020

<b>5.Commissioners Expenses</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
Commissioners travelling and accommodation expenses	7,052,573	8,962,802
Commissioners sitting Allowances	18,730,000	18,620,000
Commissioners Airtime Allowances	660,000	660,000
<b>Total Commissioners Expenses</b>	<b>26,442,573</b>	<b>28,242,802</b>

<b>6.Depreciation and Amortization costs</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
Property, plant and equipment	96,799,160	96,958,454
Intangible Assets	6,995,429	10,492,620
<b>Total depreciation Costs</b>	<b>103,794,589</b>	<b>107,451,074</b>

<b>7.Repairs and maintenance</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
Property	767,239	4,140,105
Equipment	2,026,820	866,954
Vehicles	20,010,968	28,597,555
Other	1,421,748	2,720,460
<b>Total Repairs &amp; Maintenance</b>	<b>24,226,775</b>	<b>36,325,074</b>

<b>8.General expenses</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
Advertising, Publishing and Printing	25,349,444	52,909,711
Audit fees	696,000	696,000
Conferences and delegations	54,114,008	64,684,490
Consulting fees	6,084,505	5,103,864
Consumables	22,829,031	27,422,374
Electricity	13,970,828	13,494,481

Ethics and Anti-Corruption Commission Annual Report and Financial statements for the year ended June 30, 2020

Fuel and Oil	25,487,599	30,061,687
Insurance	185,367,120	187,785,150
Legal Expenses	2,837,183	9,221,822
Licenses and permits	24,501,781	50,507,088
Specialized materials	342,000	2,118,091
Postage	4,211,473	4,627,472
Rental	75,539,277	71,198,160
Confidential Expenses	112,211,229	107,447,217
Sewerage and water costs	582,520	1,254,122
Research and Development	9,121,490	17,445,947
Telecommunication	15,035,393	13,054,217
Training	60,670,994	84,732,857
Refurbishment of Non-Residential buildings	7,047,173	15,570,251
Bank charges	270,162	153,329
Other Expenses	25,978,692	27,564,088

	<b>672,247,902</b>	<b>787,052,418</b>
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**9. Other Income**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
Sale of boarded Items	-	537,932
Gain/Loss on sale of Assets	1,866,093	435,540
<b>Total gain/Loss on sale of assets</b>	<b>1,866,093</b>	<b>973,472</b>

**10. Cash and cash equivalents**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
Current bank Accounts	45,556,149	126,634,715
Cash on hand and in transit	285,629	2,743,600
<b>Total cash and cash equivalents</b>	<b>45,841,778</b>	<b>129,378,315</b>

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

<b>Current receivables</b>	<b>2019-2020 Shs</b>	<b>2018-2019 Shs</b>
Staff Imprest	4,168,755	2,677,270
Staff Advances	182,567	332,000
Rent Deposit and Prepayments	24,590,823	19,953,880
<b>Total current receivables</b>	<b>28,942,145</b>	<b>22,963,150</b>

**12.Inventories**

	<b>2019-2020 Shs</b>	<b>2018-2019 Shs</b>
Consumable stores	6,877,491	8,299,282
Provision for loss of inventory	(2,923,920)	(2,923,920)
Library books	11,610,157	11,610,157
<b>Total inventories at the lower of cost and net realizable value</b>	<b>15,563,728</b>	<b>16,985,519</b>

**13.Receivable from exchange transaction**

	<b>2019-2020 Shs</b>	<b>2018-2019 Shs</b>
Opening balance	-	1,518,000,000
Transfer to land and building	-	(1,518,000,000)
<b>Total Land and Building</b>	<b>-</b>	<b>-</b>

**14.Property Plant and equipment - Refer to the PPE schedule page 17**

**15.Intangible assets-software**

<b>Cost</b>	<b>Shs</b>
<b>As At July 2018</b>	183,595,652
Additions during the year	<u>2,525,279</u>
<b>As At July 2019</b>	<b><u>186,120,930</u></b>
<b>Additions during the year</b>	-
<b>As at June 2020</b>	<b>186,120,930</b>
<b>Amortization and Impairment</b>	
<b>As at July 2019</b>	165,132,543
<b>Charge for the year</b>	<u>6,995,429</u>
<b>As at June 2020</b>	<b><u>172,127,972</u></b>
<b>Net Book Value 2020</b>	<b>13,992,958</b>
<b>Net Book Value 2019</b>	<b>20,988,387</b>

**16.Gratuity Fund Bank Account**

	<b>2019-2020</b>	<b>2018-2019</b>
Balance brought forward	59,070,412	4,405,281
Additions	36,171,156	54,665,130
Payments	(85,774,734)	-
Fixed Deposit Investment	25,000,000	
<b>Total</b>	<b><u>34,466,834</u></b>	<b><u>59,070,411</u></b>

**17.Gratuity Fund Account**

	<b>2019-2020</b>	<b>2018-2019</b>
Balance brought forward	62,536,427	287,227
Additions	37,461,156	46,643,066
Payments	(63,296,044)	(109,466,720)
<b>Total</b>	<b><u>36,701,540</u></b>	<b><u>62,536,426</u></b>

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

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
Creditors	9,566,644	10,248,622
Refundable Deposits	11,780,919	4,598,919
Treasury advances	4,598,919	6,169,896
Payroll payables	720,853	756,712
Unpaid Over Expenditure	74,470	245,759
<b>Total trade and other payables</b>	<b>26,741,805</b>	<b>22,019,908</b>

**19. Accrued liabilities and charges**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
Accrued audit fees	1,392,000	696,000
National lands Commission	25,382,916	25,382,916
<b>Total Accrued liabilities and charges</b>	<b>26,774,916</b>	<b>26,078,916</b>

**20. Asset Recovery Fund Account**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
Balance brought forward	111,082,327	43,887,197
Funds recovered in the year	208,193,383	66,015,561
Payments	(154,529,967)	-
Interest	-	1,179,569
<b>Total</b>	<b>164,745,743</b>	<b>111,082,327</b>

**21. Accumulated Fund**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
Balance brought forward	192,330,372	192,330,372
Payments	-	-
<b>Total</b>	<b>192,330,372</b>	<b>192,330,372</b>

**22(a). Revenue Reserve**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
Balance brought forward	712,225,241	732,333,439
Transfer of unspent exchequer to National Treasury	(57,782,438)	
Transfer to Acquisition Fund	(250,000,000)	
Land transfer to Parliamentary Service	(120,416,497)	
Deficit for the year	(116,545,540)	(20,108,198)
<b>Total</b>	<b>167,480,766</b>	<b>712,225,241</b>

**22(b). Acquisition Fund**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs</b>	<b>Shs</b>
Balance brought forward	1,268,000,000	1,268,000,000
Transfer from Revenue Reserve	250,000,000	
<b>Total</b>	<b>1,518,000,000</b>	<b>1,268,000,000</b>

**23. Events After the reporting period**

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

**24. Currency**

The Financial Statements are presented in Kenya Shillings (Kshs).

**25. Acquisition Development fund**

These were funds received for purchase of Integrity Centre

**26. Exchequer transfer to loan scheme**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Shs.</b>	<b>Shs.</b>
Transfer to staff Mortgage and Car loan Scheme	<b>90,000,000</b>	<b>40,000,000</b>

**27. Refund of Unspent Exchequer to National Treasury**

The Commission had unspent exchequer of Ksh 57,782,438 relating to financial years 2017/2018 and 2018/2019. The Amount was refunded to Treasury during the year under review

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2020

*Notes to financial statements continued...*

14	PROPERTY, PLANT AND EQUIPMENT									
	Land	Building	Motor vehicles	Furniture, Fixture & fitting	Computer Equipment	Security Equipment	Plant and Equipment	Total	Sh	Sh
<b>Cost or Valuation:</b>										
<b>Depreciation Rates</b>	-	2.5%	25%	12.5%	33.33%	12.5%	12.5%			
<b>As at 1st July 2018</b>	120,416,497	-	462,210,747	75,233,835	210,554,730	164,538,264	102,528,228	1,135,482,301		
Additions	1,543,382,916	-	50,911,000	9,400,592	21,708,024	693,912	829,334	1,626,925,778		
Disposals	-	-	(2,080,580)	(80,000)	(3,147,257)	-	(1,965,267)	(7,273,104)		
Transfers/adjustments	-	-	-	-	-	-	-	-		
<b>As at 30th June 2019</b>	1,663,799,413	-	511,041,167	84,554,427	229,115,497	165,232,176	101,392,295	2,755,134,975		
Additions			380,500		13,911,121		58,295	14,349,916		
Disposals			(15,422,956)	(799,020)	(5,092,353)		(1,141,893)	(22,456,222)		
Transfers/adjustments	(120,416,497)		-	-	-	-	-	(120,416,497)		
Land Improvements	(747,899,166)	747,899,166								
<b>As at 30th June 2020</b>	795,483,750	747,899,166	495,618,211	84,135,907	237,934,265	165,232,176	100,308,697	2,626,612,172		
<b>Depreciation and impairment</b>										
At 1 July 2018	-	-	(337,927,121)	(33,769,547)	(151,953,444)	(60,122,484)	(47,214,533)	(630,987,129)		
Depreciation	-	-	(43,789,389)	(6,356,172)	(26,725,183)	(13,138,712)	(6,949,000)	(96,958,456)		
Disposals	-	-	2,043,508	64,194	3,093,754	-	1,414,235	6,615,691		
<b>At 30 June 2019</b>	-	-	(379,673,002)	(40,061,525)	(175,584,873)	(73,261,196)	(52,749,298)	(721,329,894)		
Depreciation	-	(18,697,479)	(32,591,839)	(5,590,338)	(22,375,016)	(11,496,373)	(6,048,115)	(96,799,160)		
Disposals	-	-	14,422,146	648,320	4,842,849	-	825,523	20,738,838		
<b>As at 30 June 2020</b>	-	(18,697,479)	(397,842,695)	(45,003,543)	(193,117,040)	(84,757,569)	(57,971,890)	(797,390,216)		
<b>Net book values</b>										
At 30 June 2020	795,483,750	729,201,687	97,775,516	39,132,364	44,817,225	80,474,607	42,336,807	1,829,221,956		
At 30 June 2019	1,663,799,413	-	131,368,165	44,492,902	53,530,624	91,970,980	48,642,997	2,033,805,081		



*Notes to financial statements continued...*

**28. Contingency Liabilities**

The Commission has given no guarantees to third parties. In the ordinary course of business, the Commission has been sued in various cases with potential exposure estimated at Kes **39,615,372**. 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.

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

**30.** Following consultative discussions between Parliament, The National Treasury and EACC, during the FY 2017-2018 budgetary process, it was agreed that the land be transferred to Parliamentary Service Commission (PSC).

In return the PSC was to cede Ksh 1 Billion budgetary allocation to EACC for acquisition of EACC headquarters. Consequently, EACC was allocated additional development budget of Ksh 1 Billion which was utilized for the acquisition of Integrity Centre

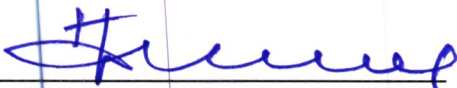
**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

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

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



Archbishop (Rtd) Eliud Wabukala, EBS  
Chairperson



Twalib Mbarak, CBS  
Secretary/Chief Executive Officer