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By the leader of
majority party
Hon. Aden Duale
on Tuesday
21.3.2017
[Signature]

REPORT

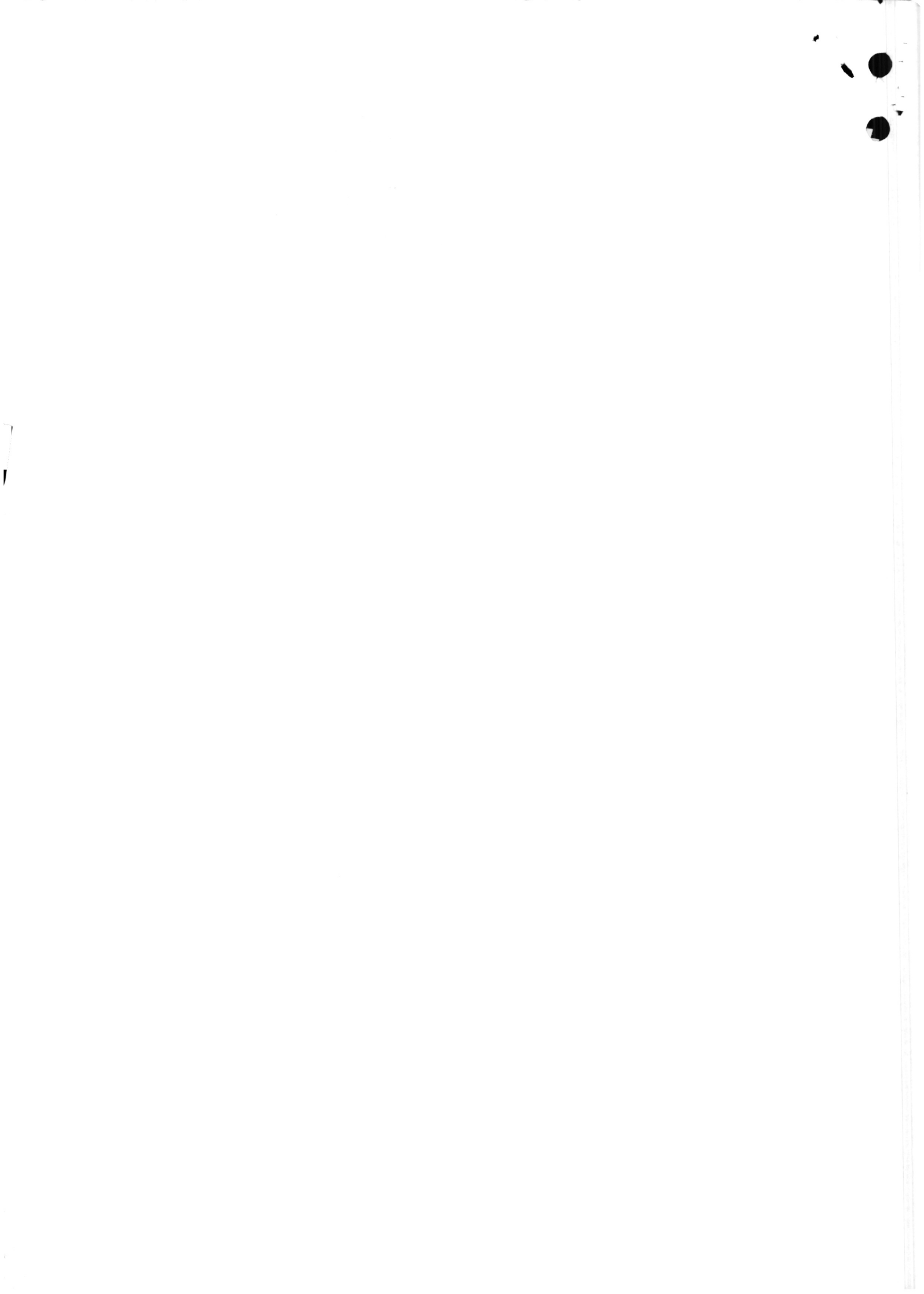
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
ANTI-COUNTERFEIT AGENCY

FOR THE YEAR ENDED
30 JUNE 2016





**anti
counterfeit
agency**

educate, enforce, eliminate

ANTI-COUNTERFEIT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

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

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I. KEY AGENCY INFORMATION AND MANAGEMENT

(a) Background information

The Anti-Counterfeit Agency was established under Section 3 of the Anti-Counterfeit Act No. 13 of 2008 as a corporate body under the State Corporations Act, Chapter 446 of the Laws of Kenya.

The Agency falls within the Ministry of Industry, Trade and Cooperatives that is mandated to provide a policy framework and an enabling environment for industrialization, trade and cooperative development in Kenya. The Ministry is expected to play a key role in the realization of Kenya Vision 2030 whose goal is to make Kenya a newly-industrializing, middle-income economy by the year 2030. To achieve this goal, the economy is expected to grow at 10% per annum for the next two decades. Six economic sectors have been identified to generate this growth. These are tourism, agriculture, manufacturing, wholesale and retail trade, business process outsourcing and financial services.

(b) Principal Activities

The principal activity/mission of the Agency is to enlighten and inform the public on matters relating to counterfeiting; combat counterfeiting, trade and other dealings in counterfeit goods in Kenya in accordance with the Anti-Counterfeit Act 2008 or any other written law; devise and promote training programs to combat counterfeiting; and co-ordinate with national, regional or international organizations involved in combating counterfeiting.

(c) Key Management

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

No.	Designation	Name
1.	Ag. Executive Director	Dr. John Akoten
2.	Deputy Director Enforcement & Legal Services	Mr. Johnson Adera
3.	Ag. Deputy Director Research & Awareness	Mrs. Agnes Karingu
4.	Ag. Deputy Director Finance & Administration	Ms. Fridah Kaberia

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Executive Director	Dr. John Akoten
2.	Deputy Director Enforcement & Legal Services	Mr. Johnson Adera
3.	Ag. Deputy Director Research & Awareness	Mrs. Agnes Karingu
4.	Ag. Deputy Director Finance & Administration – July 2015 – January 2016	Mr. Michael Aremon
5.	Ag. Deputy Director Finance & Administration – February 2016 – To date	Ms. Fridah Kaberia

(e) Fiduciary Oversight Arrangements

The Agency's board is established under section 6 of the Anti-Counterfeit Act 2008 and comprises of nine (9) members. The chairman is appointed by the cabinet secretary Ministry of Industry, Trade and Cooperatives from amongst the two independent members experienced in matters relating to Intellectual property rights; consumer protection, or trade; the Principal Secretary in the ministry for the time being responsible for matters relating to industrialisation or his or her representative; the Principal Secretary in the ministry for the time being responsible for matters relating to finance or his or her representative; the Executive Director appointed by the Board; the Commissioner-General of the Kenya Revenue Authority, who may be represented by the Commissioner of Customs; the Attorney General or his representative, the Managing Director of the Kenya Bureau of Standards; the Chief Executive of the Kenya Association of Manufacturers or a representative and two members appointed by the Cabinet Secretary, not being public officers who have experience in matters relating to Intellectual property rights; consumer protection, or trade.

The Board is expected to meet quarterly and has a formal schedule of matters reserved to it. Board papers are generally circulated well in advance of the Board meetings by the Executive Director. Directors are required to disclose all areas of conflict of interest to the Board and are excluded from voting on such areas. The key function of the Board is to guide and control the performance and management of the affairs of the Agency.

This includes the duty to ensure that the functions of the Agency are carried out in an efficient, transparent and ethical manner and that no particular person or body is given undue preference or subjected to any undue disadvantage. The Board considers and approves general performance targets, both strategic and business, and the annual budgets of the Agency.

In order to fulfil its Fiduciary Oversight Arrangements, the Board has set up 3 (three) principal Committees which sets forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedure for appointment and removal and committee reporting to the Board. This is intended to facilitate efficient decision making of the Board in discharging its duties and responsibilities.

These are:

1. Audit and Risk Management Committee;
2. Human Resource, Finance and General Purposes Committee; and
3. Technical Committee

(f) Headquarters

P.O. Box 47771 - 00100
Telposta Towers, 4th Floor
Kenyatta Avenue
Nairobi, Kenya

(g) Contacts

Telephone: (+254)-(0)20-2280000

E-mail: info@aca.go.ke
Website: www.aca.go.ke

(h) Bankers

Kenya Commercial Bank
Kipande House Branch
P.O. Box 30012 – 00100
Nairobi – Kenya

(i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084-00100
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 BOARD OF DIRECTORS

Board of Directors of the Agency are:

- 1) Mr. Polycarp Igate – Chairman, Board of Directors
- 2) Dr. John Akoten – Ag. Executive Director, Anti-Counterfeit Agency
- 3) Mr. Charles Ongwae - Managing Director, Kenya Bureau of Standards
Chair, Human Resource, Finance and General Purpose Committee.
- 4) Ms. Phyllis Wakiaga - Kenya Association of Manufacturers.
Chair, Audit Committee
- 5) Mr. Martin Gumo – National Treasury
- 6) Colonel James Kariuki - Kenya Revenue Authority
- 7) Mr. Emmanuel Bitta – Office of Attorney General
- 8) Mr. Charles Mahinda – Ministry of Industry, Trade & Co-operatives
- 9) Mr Stephen Mutoro- Consumers Federation of Kenya (COFEK)



Mr. Polycarp Igate
Chairman,
Board of Directors
July 2015 – January 28, 2016

Date of Birth: 1972
Has a post graduate degree in Finance from EASA Business School, Spain and a bachelor's degree in Economics. He is the Chairman of Kenya Association of Manufacturers (KAM) and Bishop Gatimu Ngandu Girls. He sits in the following Boards; Uchumi Ltd, Saham Insurance, K-REP Bank and Haco Tiger Brands. His background is in consumer goods. He has worked previously for Coca-Cola, Africa Online, Wines of the World and East Africa Breweries.
He is currently the Managing Director of VIVO Energy Kenya and Chairman of Petroleum Institute of East Africa.



Dr. John Akoten
Ag. Executive Director

Date of Birth: 31/12/1967
Has a PhD in International Development Studies (IDS) from the National Graduate Institute for Policy Studies (GRIPS) in Tokyo, Japan; a master's degree in IDS from the same university; and a bachelor's degree from the Jomo Kenyatta University of Agriculture and Technology, Kenya. He is currently the Acting Executive Director at the Anti-Counterfeit Agency. Previously, he worked at the Institute of Policy Analysis and Research as a Research Fellow rising to Acting Executive Director, where he acquired almost five years of experience in administration.



Mr. Charles Ongwae
MD, Kenya Bureau of Standards (KEBS)

Date of birth: 01/01/1960
He is a holder of Bachelor of Commerce (Accounting option) degree and a Masters of Business Administration in Strategic Management from the University of Nairobi. He is a qualified Accountant with CPA (K). He is currently the Managing Director Kenya Bureau of Standards (KEBS). Previously, he worked as the Managing Director Barclays Bank of Uganda.




Ms. Phyllis Wakiaga
CEO, Kenya Association of Manufacturers

Date of birth: 1/12/1981
She is a holder of Masters in Business Administration, Higher Diploma in Human Resource, Diploma in Law and Bachelor of Law Degree from the University of Nairobi. She is currently the CEO of Kenya Association of Manufacturers (KAM). Previously, she held the position of Head of Policy Research and Advocacy in the same institution.



Mr. Martin Gumo
National Treasury

Date of Birth: 01/11/1954
He is a holder of Bachelor of Commerce (Accounting option) degree and Masters of Science in Finance from the University of Nairobi. He is a qualified Accountant with CPA (K). He is currently the Deputy Director, Macro and Fiscal Affairs in the National Treasury. Previously, he worked as a Senior Assistant Commissioner of Value Added Tax (VAT) with the Kenya Revenue Authority.

 <p>Colonel James Wahome Kariuki Kenya Revenue Authority</p>	<p>Date of Birth: 16/04/1962 He is a holder of Master of Strategic Studies from Air University, United States of America. He has undergone various training courses and workshops for pilots and defence. He is currently the Deputy Commissioner Border Control with the Kenya Revenue Authority. Previously, he worked as a Colonel in charge of operations at Airforce and Defence Headquarters.</p>
 <p>Mr. Charles Mahinda Ministry of Industry, Trade & Co-operatives</p>	<p>Date of Birth: 05/07/1961 He is a holder of Bachelor of Science (Statistics/Economics) degree from Panjab University, India and post graduate programme in International Executive Management (PGPIM) in International Management Institute, New Delhi, India. He is currently the Ag. Director, Industrial Sector Support and Project Manager/Team Leader in Special; Economic Zones Development Project. Previously he worked as the Ag. Director of Medium & Large Industries in the Ministry of Industrialization.</p>
 <p>Mr. Emmanuel Bitta Office of Attorney General</p>	<p>Date of Birth: 29/07/1977 He is a holder of Bachelor of Laws degree from Bangalore University, holds post graduate Diploma in Law from Kenya School of Law. He is currently the Senior Principal State Counsel; Head of Judicial Review and Public Procurement Section; Head of Commercial & Arbitration Section. Previously, he worked in the Civil Litigation Department in the office of Attorney General rising through the ranks from State Counsel II, State Counsel I, Senior State Counsel and Principal State Counsel.</p>



Mr Stephen Simiyu Mutoro
Consumers Federation of Kenya (COFEK)

Date of Birth: 1975

He is a holder of Bachelor of Art (Literature) and Master of Art (Criminology) both from University of Nairobi. He has worked in government, private sector and civil society collectively for over 20 years. He is currently the Secretary General of the Consumers Federation of Kenya (Cofek). He has served in various boards of parastatals such as National Water Company and Water Resources Management Authority.

III. MANAGEMENT TEAM



Dr John Akoten is the Ag. Executive Director.

Dr. John Akoten; PhD, MSc, BSc



Mr Adera is the Deputy Director Enforcement & Legal Services.

Mr. Johnson Adera; LLM, LLB, CPS-K



Mrs. Karingu is the Ag. Deputy Director Research & Awareness

Mrs. Agnes Karingu; MBA, BSc
Ag. Deputy Director Research & Awareness



Ms. Kaberia is the Ag. Deputy Director Finance & Administration

Ms. Fridah Kaberia; MBA, BA (Econ), CPA(K)



Mr. Michael Aremon; B Com, CISA

Mr Aremon is the Assistant Director Strategy, Planning and Quality Assurance.



Mr. Elijah Ruttoh; M Econ, B.Ed

Mr Ruttoh is the Assistant Director, Research.



Ms. Rephah Kitavi; Msc Finance, BA (Econ), CPA (K), CISA

Ms. Kitavi is the Chief Internal Auditor.

IV. CHAIRMAN'S STATEMENT

The financial year 2015/2016 marks the last year in the implementation of the Agency's first strategic plan, 2011-2016. This being the sixth year since inception of the Agency and following the introduction of the performance contracting, the Agency has maintained its performance score of "Very Good". At the backdrop of serious and chronic financial challenges that the Agency continues to face, this achievement is commendable and should be maintained.

These challenges have impacted negatively on the Agency's endeavour to expand its programs and to recruit the needed human resources. Some of the challenges have been compounded by the government's endeavour to restrict recruitment in order to tame the ever ballooning public wage bill. To-date, the Agency has only achieved 20% of its human resource needs due to budgetary constraints. It is for this reason that the Agency is not present in most of the key entry points for counterfeit goods.

However, during the year under review, the Agency opened three more regional offices in Kisumu, Eldoret and Garissa in order to reduce enforcement operational costs and bring services close to its key stakeholders.

Towards its mandate to coordinate with national, regional and international institutions, coupled with inadequate capacity, the Agency collaborated with government agencies and institutions in the war against counterfeiting. During the year under review, the Agency collaborated with several enforcement agencies. Inter-agency committees on illicit trade were formed in which the Agency took an active role. These committees include the Ministerial committee on dumping, adulteration and LPG Illegal activities, Inter-agency taskforce on control of potable spirit and combat of illicit brews, and Border control and operations coordination committee.

The institutions participating in these committees include the Ministry of Interior, Anti-Counterfeit Agency, Kenya Revenue Authority, Ministry of Health, Immigration Services, Kenya Plant Health Inspectorate Service, Kenya Bureau of Standards, among others. Some of the key outputs of these committees include the closure of 115 firms engaging in the production and sale of illicit alcoholic drinks, setting up of operational inter-agency committees in key entry and exit points in different parts of the country, seizure of counterfeit goods and prosecution of the suspects.

Governance plays an important role in the performance of an institution. The Agency's board of directors is an oversight body that promotes good corporate governance, provides policy direction and ensures resources are utilized efficiently and effectively. During the year under review, the Agency provided training opportunities for the members of the board to attend a number of governance-related courses to enhance their skills.

The government also introduced *Mwongozo*, the code of governance for state corporations. All board members were sensitized on the *Mwongozo* by the State Corporations Advisory Committee and thereafter they signed the code as an indication that they will individually adhere to it.

One of the principles of the Mwongozo is to have a board size of 7-9 members. For this reason, the Anti-Counterfeit Act was amended to reduce the board size from 15 to 8 to conform to the Mwongozo. The Act continues to be amended to take into account the dynamics in the counterfeiting sector and the need to fast track the resolution of counterfeiting cases.

Another governance challenge was the freezing of the recruitment of the Executive Director due to the ongoing parastatal reforms. The process has taken long and this led to the Agency operating without a substantive Chief Executive Officer for a long time.

I note that as the Agency increases its fight against counterfeiting, suspects devise strategies of discouraging the Agency's efforts to combat counterfeiting. This has been noted in the LPG sector where suspects sue the Agency in the High Court to obtain injunctions and orders to have their goods or vehicles that were impounded during operations being released to them pending the hearing of their cases. By this action, suspects continue with their illegal business. This frustrates the Agency's efforts to discourage counterfeiting and to protect consumers from harmful and dangerous products.

The Agency falls under the Ministry of Industry, Cooperatives and Trade. I wish to thank the Ministry for the resources that it received during the year. This was the first time that the Agency received the highest budgetary allocation of Kshs 361.6 million, though part of this allocation was not finally disbursed to the Agency. With these resources, the Agency, through the Ministry was able to collaborate with the Kenya Police Service in which 31 police officers were seconded to the Agency to help in combating counterfeiting and providing security. Unfortunately, due to lack of adequate funds, this program could not be sustained.

On behalf of the Board of Directors and Management, I wish to extend my appreciation to all our stakeholders and development partners in collaborating and engaging with the Agency in the war against counterfeits. Let us continue with this fight to ensure that the Kenyan economy is free from counterfeit goods in accordance to its vision.

God bless the Anti-Counterfeit Agency!



Chairman of the Board

Date.....*hce* 21/12/2016

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

Introduction

The Agency falls under the State Department for Trade in the Ministry of Industry, Trade and Cooperatives as per Executive order No. 1/2016. We have been working to support the Ministry's Key Result Area of Global Competitiveness through combating counterfeiting as our main mandate.

The Agency came into operation in June 2010 with a current staff establishment of 71 employees, which is only 20% of the desired staff establishment. Subject to the necessary approvals from government, the Agency intends to increase this number progressively to 378 by 2019.

Corporate strategy

In line with the Anti-Counterfeit Act, the Agency's vision is to have a counterfeit-free Kenya. The Agency aims to achieve this by suppressing the supply side of counterfeiting through active enforcement and through collaborations with relevant stakeholders.

Secondly, the Agency also aims to suppress the demand side of counterfeiting by creating awareness on matters of counterfeiting. The Agency is also focused on bringing services closer to the public by ensuring high level of service delivery in all its regional offices across the country.

Enforcement activities

The following were the achievements regarding enforcement activities for the Financial Year 2015/2016;

Description	Achievement
File Intellectual Property Rights complaints (No. of cases)	212
Investigate Intellectual Property Rights infringement (No. of cases)	291
Prosecute suspected counterfeiters (No. of cases)	66
Value of goods seized (Kshs, million)	235.04
Value of goods destroyed (Kshs, million)	12.3

Public awareness activities

During the year under review, the Agency was able to undertake the following public awareness and outreach activities:

- Collaborated and Coordinated with other Ministry, Country, Departments and Agencies (MCDA's) and Intellectual Property Right (IPR) holders to prohibit Counterfeiting. The Agency collaborated with other stakeholders in Mombasa & Nairobi Shows; Inter-Agency taskforce on control of potable spirit and combat of illicit brews with the National Authority for the Campaign Against Drug Abuse (NACADA); enforcement manual trainings in the Eastern region, Lake region, Mt Kenya region & Nairobi region; County forums in Kisumu,

West Pokot, Trans-Nzoia, Nandi, Uasin Gishu, Elgeyo Marakwet & Baringo; Career weeks with learning institutions; among many others.

- Conducted workshops, seminars, conferences and open fora. The Agency participated in the Kenya Private Sector Alliance (KEPSA) workshop on Easy Access to Trade and Project Finance and High Quality Procurements from China; Energy Regulatory Commission (ERC) Forum on Downstream petroleum, renewable energy & electricity in Nanyuki; National Council for the Administration of Justice-Kenya Association of Manufacturers (NCAJ-KAM) trainings and the World Anti-Counterfeit day.

Research activities

During the year under review, we have been able to undertake the following research activities:

- To carry out a baseline survey on the level of counterfeiting in urban Kenya. The study revealed among many other parameters that the level of counterfeiting in urban Kenya stands at 23.86%.
- To carry out market research to determine the level of counterfeiting in Kenya. The study reveals that from various parameters that give an indication of the level of public awareness on counterfeiting in Kenya; the overall level of public awareness in urban Kenya is 52.39%.
- To carry out organizational Risk Assessment survey to establish nature & prevalence of risks and assess the Agency preparedness to manage risks. The study revealed that the Agency relies abundantly on the funding from the government and there are no other sources of revenue to support the organization's operations. This brings the agency to financial risks that will lead to delays in various implementations towards achieving its mandate common mission. Furthermore the funds from the government are not enough, therefore slowing down the progression of the agency.
- To carry out Market Intelligence survey to establish the counterfeiting trends on seeds and fertilizers in North Rift Kenya. The study revealed that the trend of counterfeiting in seeds and fertilizers in the region in the last three years has been increasing and it is very rampant during the planting season.

Expenditure trends

The Agency was operationalized in June 2010 with a recurrent budget of Kshs 202 million, financial year 2011/2012 the Agency was allocated a recurrent budget of Kshs 200,016,840. During the financial year 2012/2013, the Agency was allocated a recurrent budget of Kshs. 172,951,200 and a capital development budget of Kshs.36,000,000. During the Financial Year 2013/2014 the Agency was allocated Kshs. 172,051,200 recurrent grants and Kshs. 59,875,000 development budget. During the Financial Year 2014/2015, the Agency was allocated a recurrent budget of Kshs. 158,600,000 and Capital Development budget of Kshs. 20,000,000. During the Financial Year 2015/2016, the Agency was allocated a recurrent budget of Kshs. 237,352,500 and Capital Development budget of Kshs. 56,250,000. However, some of these funds were disbursed to the Agency by the parent Ministry two

weeks to the end of the period thereby impacting negatively on the implementation of the annual program and performance contract.

Constraints and challenges;

In many ways, the Financial Year 2015/16 was both challenging and incredibly eventful. With adequate funding to carry out its operations and continued support from the various stakeholders the Agency will effectively deliver on its mandate.

In conclusion, I would like to sincerely thank our Board of Directors for their continued support, staff of the Agency for the dedicated service and all our stakeholders for their faith and confidence in the Agency. We look forward to greater collaboration with all our stakeholders as we endeavour to enhance our service delivery to the people of Kenya.



Dr. John Akoten
Ag. Executive Director

Date: 21/12/2016

VI. CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensuring that the Agency's strategic objectives are achieved through its corporate governance practices. The Board and management undertake to perform their duties with diligence, integrity and vigilance. The Board is committed to ensuring that the Authority complies with applicable laws and statutes.

The Agency's board is established under section 6 of the Anti-Counterfeit Act 2008 and comprises of nine (9) members. The chairman is appointed by the cabinet secretary Ministry of Industry, Trade and Cooperatives from amongst the two independent members experienced in matters relating to Intellectual property rights; consumer protection, or trade; the Principal Secretary in the ministry for the time being responsible for matters relating to industrialization or his or her representative; the Principal Secretary in the ministry for the time being responsible for matters relating to finance or his or her representative; the Executive Director appointed by the Board; the Commissioner-General of the Kenya Revenue Authority, who may be represented by the Commissioner of Customs; the Attorney General or his representative, the Managing Director of the Kenya Bureau of Standards; the Chief Executive of the Kenya Association of Manufacturers or a representative and two members appointed by the Cabinet Secretary, not being public officers who have experience in matters relating to Intellectual property rights; consumer protection, or trade.

Role of the Board

The members are responsible for the overall management of the Agency. They are responsible for determining the organization's mission, vision, purpose and core values of the Agency. In addition the Board has the role to set and oversee strategy and approve significant policies of the organization. Further, the Board needs to ensure that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its stakeholders.

The Board approves the organizational structure, annual budget and monitors the Agency's performance to ensure sustainability through the quarterly reports presented by Management. This ensures that adequate resources are allocated to the core objectives of the Agency in order to enhance the corporate image of the Agency.

The Board hires the Executive Director and senior management; level of Assistant Directors and Deputy Directors. It is also mandated to ensure effective communication with stakeholders.

Key Board Activities

The Board meets at least once a quarter depending on the exigencies of the business. Members receive adequate notice for meetings and detailed board papers on issues to be discussed are transmitted before the meetings.

During the year under review the Agency's board held 6 full board meetings. The Human Resource, Finance & General Purposes committee held 5 meetings; Technical Committee held 3 meetings and Audit & Risk Committee held 4 meetings.

The Board attended training on high performance boards' programme in Zanzibar. In order to fulfil its Fiduciary Oversight Arrangements, the Board has set up 3 (three) principal Committees which sets forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedure for appointment and removal and committee reporting to the Board. This is intended to facilitate efficient decision making of the Board in discharging its duties and responsibilities. These are:

▪ **Audit and Risk Management Committee;**

The Audit and Risk Management Committee is appointed by and shall act at the direction of the Board, to review policy papers and make recommendations on the functions delegated to them. The terms of reference of the Audit and Risk Management Committee shall be to assist the Board in the oversight of:-

- The integrity of the financial statements of the Agency.
- The review of the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- The review of the internal and external audit findings and recommendations and proposing corrective and preventive action where necessary.
- The internal and external auditor's qualifications and independence.
- The performance of the Agency's internal audit function and the external independent auditors.
- The compliance by the Agency with legal and regulatory requirements.
- The effective management by the Agency of financial and non-financial risks.
- The maintenance of an effective and efficient risk management capability by the Agency.

▪ **Human Resource, Finance and General Purposes Committee;**

The Human Resource, Finance and General Purposes Committee is appointed by and shall act at the direction of the Board, to review policy papers and make recommendations on the functions delegated to them. The terms of reference of the Committee shall be:-

Finance Matters:-

- To Review and make recommendations to the Board on the financial strategy of the Agency ensuring its adequacy and soundness in providing for the Agency's current operations and long-term stability.
- To review, discuss and make recommendations to the Board concerning significant financial planning, management and reporting issues of the Agency.
- To review and make recommendations to the Board on financial issues arising from the annual financial statements of the Agency.
- To Review and discuss the Agency's procurement procedures to ensure that they are effective and in accordance with legal and regulatory requirements for the time being in force.
- To support the Agency in the achievement of procurement plans.
- To monitor and review the managements' strategy toward ensuring efficiency and integrity of the Agency's procurement systems.
- Perform such other duties and responsibilities as may be assigned to the Committee by the Board of Directors from time to time.

Human Resource Matters:-

- Review the Agency's executive remuneration strategy to ensure that management is rewarded appropriately for its contributions to Agency growth and that the executive remuneration strategy supports organization objectives and stakeholder interests.

- Review the overall remuneration policy for all employees of the Agency and recommend to the Board of Directors the amendment and administration of incentive and other remuneration plans for the employees (including allowances, retirement and other benefits).
- Review the corporate goals and objectives relevant to the performance of the management, including an annual review of their performance in light of these goals and objectives.
- Review the organization structure of the Agency and ensure it is manned by staff with the relevant skills and experience, and recruitment for management positions is competitive whether internally or externally.
- Review and monitor the performance of the Agency as it affects employees, including, but not limited to, issues such as gender sensitivity and morale.
- Review and recommend to the Board of Directors any employment or severance agreement with executive officers.
- Monitor the Agency's management succession plan and implementation of succession strategies adapted by the Board of Directors.
- Perform or delegate to the management, the review and monitoring of the trustee functions of the Agency with respect to the employee pension or welfare benefit scheme sponsored by the Agency.
- Consult with management on major policies affecting employee relations and welfare of the staff of the Agency.

▪ **Technical Committee;**

The Technical Committee is appointed by and shall act at the direction of the Board, to review policy papers and make recommendations on the functions delegated to them. The purpose of the Technical Committee shall be to:-

- Review the fundamental technical basis of the Agency's operations in order to enable the Board of Directors to make informed, strategic operational decisions and vote on related matters.
- Ensure that in all recommendations from the management, world-class standards are developed, practiced and leveraged throughout the Agency to create stakeholder value and ensure that statutory mandates are effectively fulfilled.
- Review and monitor the Agency's research and development reports.
- Review and monitor operational strategy based on current social, economic and political factors.
- Review technology systems as well as major investments in new operational models, partnerships and alliances.
- Review issues affecting the acceptance of the Agency's policy prescriptions by government and other stakeholders.
- Review significant emerging issues, policy briefs and regulatory improvements.
- Review all proposals made to or by the Agency for amendments to the Act and Regulations and make appropriate recommendations to the Board of Directors.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

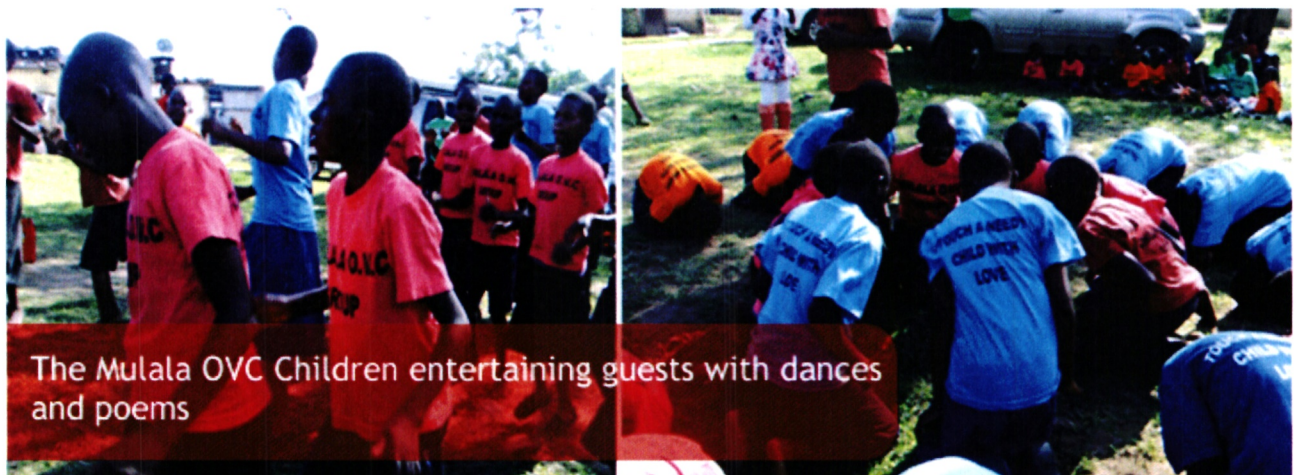
As an Agency we acknowledge our responsibility to the environment and to the most vulnerable groups of people in the society. The Agency actively encourages members of staff to recognize these responsibilities, support initiatives and behave in a responsible manner towards the society.

At the end of each calendar year members of staff are sensitized and encouraged to donate clothes, food stuff and money to particular local charities.

The Agency through the AIDS Control Unit (ACU) committee agreed to support children living with HIV/AIDS, orphans and vulnerable children (OVC) by visiting a children's home and donating clothes, dry foods and money. The ACU focused on OVC centers outside Nairobi as most of the OVC centers based in Nairobi are regularly visited by organizations as part of their CSR programs. The ACU reached out the Mulala community and they identified their OVC centre as it was in dire need. As part of our CSR program, the ACA family visited Mulala OVC centre. Mulala OVC centre is located near Emali town in Makueni County.

Sharing the Christmas Cheer with the Society

The ACA family charitably donated cash, clothes and dry foods and some staff members together with the ACU committee members embarked on a day trip to Mulala to offer the children and guardians the gifts generously donated by the staff. Mulala community was very grateful and the County Representative noted that the prevalence of AIDs and HIV was due to the proximity of the Mulala to Emali town which is a popular pit stop for trailer and long distance drivers.



The Mulala OVC Children entertaining guests with dances and poems



The Agency ensures progressive involvement of youth in Internship, Industrial Attachment/Apprenticeship programs that target youth for skills transfer. The target for the period was to involve 30 youth in Internship/Industrial Attachment/ Apprenticeship programs. This was 43% of the total in-post staff strength. The Agency surpassed this target and engaged 32 youths in the programme.

VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2015 which show the state of the Agency's affairs.

Principal activities

The principal activities of the Agency continue to be to enlighten and inform the public on matters relating to counterfeiting; combat counterfeiting, trade and other dealings in counterfeit goods in Kenya in accordance with the Act or any other written law; devise and promote training programs to combat counterfeiting; and co-ordinate with national, regional or international organizations involved in combating counterfeiting

Results

The results of the Agency for the year ended June 30, 2016 are set out on page 1.

Directors

The members of the Board of Directors who served during the year are shown from pages v to vii.

Auditors

The Auditor General is responsible for the statutory audit of the Agency in accordance with the Public Audit Act, 2015.

By Order of the Board



Dr. John Akoten
Ag. Executive Director

Date: 21/12/2016

IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81(1) of the Public Finance Management Act, 2012 and section 14(3) of the State Corporations Act, require the Directors to prepare financial statements in respect of the Agency, which give a true and fair view of the state of affairs of the Agency at the end of the financial year and the operating results of the Agency for that year. The Directors are also required to ensure that the Agency keeps proper accounting records which disclose with reasonable accuracy the financial position of the Agency. The Directors are also responsible for safeguarding the assets of the Agency.

The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year ended on June 30, 2016. 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 Agency; (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 Agency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

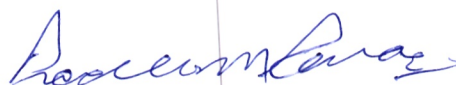
The Directors accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2016, and of the Agency's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Agency which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

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



Ag. Executive Director

Date 21/12/2016



Chairman of the Board

Date 21/12/2016

X. REPORT OF THE INDEPENDENT AUDITORS ON THE ANTI-COUNTERFEIT AGENCY

REPUBLIC OF KENYA

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NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON ANTI-COUNTERFEIT AGENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Anti-Counterfeit Agency set out on pages 1 to 43, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

Report of the Auditor-General on the Financial Statements of Anti-Counterfeit Agency for the year ended 30 June 2016

Agency's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

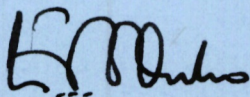
Irregular Procurement of Legal Services

During the year under review, the Agency entered into a contract for legal services with two (2) legal firms, and instructed the firms to represent it on various legal cases that were in court in which it was involved. This is Contrary to Article 156 of the Constitution and Section 17 of the Office of the Attorney General Act No. 49 of 2012 and the Attorney General Circular Ref. AG/1/2010 of 3 May 2010 which provides that ministries and departments that need to engage private advocates must consult the Attorney General for approval and issuance of no objection and that all legal fees payable to any private advocate or law firm under the above arrangements must be approved and authorized by the Attorney General. Further, a review of these contracts revealed that the firms were sourced without regard to the Public Procurement and Disposal Act, 2005. No certificates of appointment were issued to the law firms in respect of every case as per the requirements of the Attorney General's circular Ref. AG/CONF/6/E/247/VOLII of 16 April 2014.

The Agency received fee notes totalling to Kshs. 11,311,000 from the two law firms and paid only Kshs. 510,300 leaving an unpaid balance of Kshs. 10,800,700 due to budget constraints. By engaging in numerous private legal representations without appropriate approvals by the Attorney General's office, the Agency is in breach of the law and this may lead to loss of public funds through poor representation as well as making irregular/unauthorised expenditure.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Anti-Counterfeit Agency as at 30 June 2016, 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 Anti-Counterfeit Act, 2008.



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

Nairobi

28 February 2017

XI. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2016

		2016	2015
Revenue from non-exchange transactions			
Recurrent - Government Grant		237,352,500	158,600,000
Development – Program-Based Activities	3	56,250,000	11,625,000
Revenue from exchange transactions			
Finance income – external investments	4	496,751	566,683
Other Income	5	7,525,734	9,093,851
Total revenue		301,624,985	179,885,534
Expenses			
Employee costs	6	142,243,693	89,606,754
Board of Directors Expenses	7	5,715,573	5,234,124
Depreciation and amortization expense	8	20,533,940	14,697,099
General expenses	9	114,967,126	89,648,261
Total expenses		283,460,332	199,186,238
Surplus/(Deficit) for the period		18,164,653	(19,300,704)

The notes form an integral part of the Financial Statements

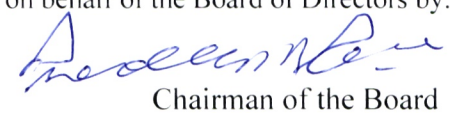
XII. STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

Assets		2016	2015
Current assets		Ksh	Ksh
Cash and cash equivalents	10	95,799,108	94,729,090
Receivables from non-exchange transactions	11	3,568,245	2,757,292
Inventories	12	1,011,053	1,656,124
		100,378,406	99,142,506
Non-current assets			
Property, plant and equipment	13	43,024,791	28,536,048
Intangible assets	14	2,894,905	2,866,307
		45,919,696	31,402,355
Total assets		146,298,102	130,544,861
Liabilities			
Current liabilities			
Trade and other payables from non-exchange transactions	15	4,753,663	5,682,388
Staff Gratuity	16	31,104	31,103
		4,784,767	5,713,491
Accumulated Funds			
Revenue Reserves		22,172,963	4,008,310
Government Grant		119,340,372	120,823,060
		141,513,335	124,831,370
Total Accumulated Funds and liabilities		146,298,102	130,544,861

The Financial Statements set out on pages 1 to 19 were signed on behalf of the Board of Directors by:


 Ag. Executive Director

Date... 21/12/2016...


 Chairman of the Board

Date... 21/12/2016...

XIII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2016

	Government Grant Kshs	Accumulated surplus Kshs	Total Kshs
Balance as at 30 JUNE 2014	102,305,748	23,309,014	125,614,764
Deficit for the period	-	(19,300,704)	(19,300,704)
Depreciation	(1,482,688)	-	(1,482,688)
Development Funds	20,000,000	-	20,000,000
Balance as at 30 JUNE 2015	120,823,060	4,008,310	124,831,370
Surplus for the period		18,164,654	18,164,654
Depreciation	(1,482,688)	-	(1,482,688)
Development Funds		-	-
Balance as at 30 JUNE 2016	119,340,372	22,172,964	141,513,336

XIV. STATEMENT OF CASH FLOWS

Cash flows from operating activities		
Operating Activities	2016	2015
Surplus/(Deficit) for the Year	18,164,654	(19,300,704)
Development Government Grant	-	20,000,000
Adjustments for items not involving movement of cash		
Add: Depreciation	8 20,533,940	14,697,099
Cash Flow from Operation activities before Increase or Decrease in Working Capital	38,698,594	15,396,395
Working Capital Changes		
(Increase)/Decrease in Receivables	12,000	(27,500)
(Increase)/Decrease in Inventories	645,070	(312,169)
(Increase)/Decrease in Pre payments	(822,954)	361,014
Increase/(Decrease) in Payables	(928,723)	3,885,881
	(1,094,607)	3,907,226
Net cash flows from operating activities	37,603,987	19,303,621
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	13 & 14 (36,533,969)	(4,845,153)
Net cash flows used in investing activities	(36,533,969)	(4,845,153)
Net increase in cash and cash equivalents	1,070,018	14,458,468
Cash and cash equivalents at 1 st JULY	94,729,090	80,270,622
Cash and cash equivalents at 30th JUNE	10 95,799,108	94,729,090*

*Prior year adjustment of cash and cash equivalents as explained in Note 21.

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Recurrent Budget	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2016	2016	2016	2016	2016
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Government grants- Recurrent	246,600,000	(9,247,500)	237,352,500	237,352,500	-
Government grants- Development	75,000,000	(18,750,000)	56,250,000	56,250,000	-
Finance Income	-	-	500,000	496,751	(3,249)
Other Incomes	-	-	4,500,000	7,525,734	3,025,734
Total income	321,600,000	(27,997,500)	298,602,500	301,624,985	3,022,485
Expenses					
Compensation of employees	185,300,000	(14,977,760)	170,322,240	159,835,495	10,486,745
Board Services	9,000,000	(1,000,000)	8,000,000	5,715,573	2,284,427
Goods and services	86,300,000	(7,019,740)	79,280,260	59,334,997	19,945,263
Rent paid	41,000,000	-	41,000,000	38,040,327	2,959,674
Depreciation	-	-	-	20,533,940	(20,533,940)
Total expenditure	321,600,000	(22,997,500)	298,602,500	283,460,332	15,142,168

Surplus for the period	-	(5,000,000)	-	18,164,654
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Capital Budget

Retained Reserves	40,000,000	-	40,000,000
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Total income	40,000,000	-	40,000,000	-
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Expenses

Purchase of assets	40,000,000	-	40,000,000	36,533,969	3,466,031
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Total Capital expenditure	40,000,000		40,000,000	36,533,969	3,466,031
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Surplus for the period					3,466,031
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Notes to explain the variance:

1. Depreciation
This is a non-cash item hence not budgeted for.
2. Compensation of employees
Recruitment of Executive Director and Deputy Director Positions was not finalized as budgeted for during the financial year.
3. Goods and services
Recurrent budget was slashed by Kshs. 9,247,500 whereas Development budget was reduced by Kshs. 18,750,000 during the financial year.

XVI. NOTES TO THE FINANCIAL STATEMENTS**1. Statement of compliance and basis of preparation – IPSAS 1**

The Agency'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 Agency and all values are rounded to the nearest whole number. The accounting policies have been applied to 2015/2016 financial year presented.

The financial statements have been prepared on the basis of historical cost. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies**a) Revenue recognition****i) Revenue from non-exchange transactions – IPSAS 23****Fees, taxes and fines**

The Agency recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Agency and the fair value of the asset can be measured reliably.

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 Agency and can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9***Rendering of services***

The Agency recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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 Agency.

Interest income

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

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Agency. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Agency 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) 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 Agency 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.

d) Leases – IPSAS 13

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Agency. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Agency also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Agency will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Agency. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

f) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Agency determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Agency has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

g) Financial Instruments Disclosures – IPSAS 30

- The Agency has taken insurance policies on its assets to mitigate against operational risks. The Agency is further in the process of reviewing the ACT in order to capture changes in the business environment and mitigate against arising business continuity risks.

i) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

IPSAS 29.65

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

h) 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.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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 Agency.

i) Provisions – IPSAS 19

Provisions are recognized when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Agency 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 Agency 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.

Contingent assets

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

j) Nature and purpose of reserves

The Agency creates and maintains reserves in terms of specific requirements. Agency to state the reserves maintained and appropriate policies adopted.

k) Changes in accounting policies and estimates – IPSAS 3

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

l) Nature and purpose of reserves

The Agency creates and maintains reserves in terms of specific requirements. Agency to state the reserves maintained and appropriate policies adopted.

m) Changes in accounting policies and estimates – IPSAS 3

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

n) Employee benefits – IPSAS 25

Retirement benefit plans

The Agency provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which an Agency pays fixed contributions into a separate Agency (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

o) Related parties – IPSAS 20

The Agency regards a related party as a person or an Agency with the ability to exert control individually or jointly, or to exercise significant influence over the Agency, or vice versa. Members of key management are regarded as related parties and comprise the councilors, the executive mayor, mayoral committee members, the city manager, deputy city manager and senior managers.

Members of the key management are regarded as related parties and comprise of the Executive Director and Deputy Directors. Their remuneration for the year was Kshs. 19,553,294.

p) 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 various commercial banks at the end of the financial year.

q) Comparative figures

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

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

The preparation of the Agency'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.

In the process of applying the accounting policies, management makes judgments, estimates and assumptions about the carrying amounts of assets and liabilities within the next financial year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date that has a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Equipment

Critical estimates are made by the Directors in determining depreciation rates of equipment

Impairment

At each statement of financial position date, the organization reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the organization estimates the recoverable amount of the cash generating unit to which the asset belongs.

Provisions and contingent liabilities

The Agency reviews its obligations at each balance sheet date to determine whether provisions need to be made and if there are any contingent liabilities.

Estimates and assumptions

The Agency based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Agency. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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 Agency
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

s) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

3. Transfers from other governments

	2016 Shs	2015 Shs
Operational grant		
Recurrent - Government Grant	237,352,500	158,600,000
Development – Program-Based Activities	56,250,000	11,625,000
Disbursements from the parent Ministry during the Financial Period.	293,602,500	170,225,000

4. Finance income - external investments

	2016 Shs	2015 Shs
Cash investments and fixed deposits	496,751	566,683

5. Other income

	2016 Shs	2015 Shs
Complaint Filing Fees	3,846,480	3,632,500
Destruction & Storage Fees	3,679,254	1,108,731
British High Commission Grants	-	4,318,620
Sale of Tender Documents	-	34,000
Total other income	7,525,734	9,093,851

6. Employee Costs

	2016 Shs	2015 Shs
Employee related costs - salaries and Allowances	121,503,192	71,909,344
Casual & Interns	1,688,397	1,140,001
Employee related costs - contributions to staff gratuity	454,198	373,248
Employee related costs - contributions to NSSF, pensions and medical aids	18,597,906	16,184,161
Total Employee costs	142,243,693	89,606,754

7. Board of Directors Expenses

	2016 Shs	2015 Shs
Board Allowances	2,631,507	2,494,280
Board Travel and other Expenses	1,190,301	997,644
Board Committees, Conferences & Seminars	1,371,765	785,200
Chairman Honoraria & Tel. Allow	522,000	957,000
Total Board of Directors Expenses	5,715,573	5,234,124

8. Depreciation and amortization expense

	2016	2015
	Shs	Shs
Property, plant and equipment	18,548,485	13,362,730
Intangible assets	1,985,455	1,334,369
Total depreciation and amortization	20,533,940	14,697,099

9. General expenses

The following are included in general expenses:

	2016	2015
	Shs	Shs
Asset Tagging	585,000	-
Comm. Supplies & Services	2,431,046	1,774,436
Corporate Social Responsibility	100,000	69,999
Destruction Charges	1,076,220	1,112,139
Domestic Travel & Daily Subsistence Allowance	15,943,109	8,998,320
Finance Costs	135,249	92,425
Foreign Travel & Daily Subsistence Allowance	482,644	1,818,293
Fuel , Oil & Lubricants	2,036,700	1,875,089
General Insurance Costs	1,658,150	1,516,158
Hospitalities & Services	1,504,254	1,064,016
Membership & Subscriptions Fees	302,214	383,467
Office & Gen. Supplies/Services	4,867,721	4,072,965
Parking Charges	1,606,024	3,706,836
Printing, Advertising & Services	7,324,464	5,008,235
Professional & Consultancy Services	3,297,876	2,679,377
Promotional Activities	3,778,690	2,251,440
Provision for Audit Fees	535,398	-
Research	5,736,736	4,728,423
Rent	38,040,326	34,959,808
Routine Maintenance - Others	2,807,790	921,555
Routine Maintenance - Vehicles	1,521,064	2,008,110
Security Charges	1,826,142	1,861,956
Training Expenses	13,142,524	4,390,382
Transport Cost – For Seized Goods	381,938	212,398
Utilities - Electricity	3,845,847	4,142,434
Total general expenses	114,967,126	89,648,261

10. Cash and cash equivalents

	2016	2015
	Shs	Shs
ACA KCB Main Bank Account	86,448,780	62,617,460
ACA KCB Development Account	347,358	12,843,831
ACA KCB Revenue Account	2,449,756	13,211,336
ACA NIC Bank Limited – Short-term Deposit	6,553,214	6,056,463
Total cash and cash equivalents	95,799,108	94,729,090

11. Receivables from non-exchange contracts

Prepayments

	2016	2015
	Shs	Shs
Medical Insurance	2,724,756	2,008,801
Rent Prepayment	65,511	
Group Insurance – WIBA	105,482	112,930
General Insurance - Prepayment	437,096	492,561
Parking - Prepayment	104,400	-
Account Receivables – Staff Imprests	131,000	143,000
Total current receivables	3,568,245	2,757,292

12. Inventories

	2016	2015
	Shs	Shs
Consumable stores	1,011,053	1,656,124

13. Property, plant and equipment

	Motor Vehicles	Computers	Office Equipment	Furniture & Fittings	Leasehold Improvements	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs
At 30 June 2014	48,674,006	9,282,285	11,496,475	20,266,596	15,353,910	105,073,272
Additions	-	281,085	-	618,070	-	899,155
At 30 June 2015	48,674,006	9,563,370	11,496,475	20,884,666	15,353,910	105,972,427
Additions	17,343,275	2,479,000	3,326,000	7,988,500	3,383,141	34,519,916
At 30 June 2016	66,017,281	12,042,370	14,822,475	28,873,166	18,737,051	140,492,343
Depreciation						
At 30 June 2014	33,042,900	8,280,560	4,684,912	9,007,481	7,575,108	62,590,961
Depreciation	7,202,508	1,031,164	1,437,059	2,610,584	2,564,103	14,845,418
At 30 June 2015	40,245,408	9,311,724	6,121,971	11,618,065	10,139,211	77,436,379
Depreciation	10,375,827	1,081,944	1,852,809	3,609,146	3,111,446	20,031,173
At 30 June 2016	50,621,235	10,393,668	7,974,780	15,227,211	13,250,657	97,467,552
Net book values						
At 30 June 2016	15,396,046	1,648,702	6,847,695	13,645,955	5,486,394	43,024,791
At 30 June 2015	8,428,598	251,646	5,374,504	9,266,601	5,214,699	28,536,048

14. Intangible assets - software

Cost	Shs
At 30 June 2014	2,142,637
Additions	3,945,998
At 30 June 2015	6,088,635
Additions	2,014,053
At 30 June 2016	8,102,688
<hr/>	
Amortization and impairment	
At 30 June 2014	1,887,959
Amortization	1,334,369
At 30 June 2015	3,222,328
Amortization	1,985,455
At 30 June 2016	5,207,783
<hr/>	
Net book values	
At 30 June 2016	2,894,905
At 30 June 2015	2,866,307

15. Trade and other payables from non exchange transactions

	2016	2015
	Shs	Shs
Account Payable Liabilities	4,753,663	5,682,388
Total trade and other payables	4,753,663	5,682,388

16. Staff Gratuity

	2016	2015
	Shs	Shs
Staff Gratuity b/d	31,104	4,222,304
Gratuity for the year	494,094	1,662,848
Payments	(494,094)	(5,854,048)
Total Staff Gratuity	31,104	31,104

17. Events after the reporting period

There are no material non-adjusting events after the reporting date.

18. Contingent Liability

The Agency had pending lawsuits which relate to legal claims by suspected counterfeiters. A consignment of ink and toner cartridges valued at Kshs 4,761,600 was lost at the Kiang'ombe depot and the owner of the seized goods M/s Toner Mart Technologies had sued the Agency. Judgment in respect of this case had not been determined as at June 30, 2016. The amounts have not been provided for in these financial statements as it was not possible to accurately quantify the potential liability arising from all of them.

The Agency entered into a contract for legal services with two (2) legal firms, Sichangi Partners and Ekuru Aukot. The Agency instructed Sichangi Partners and Ekuru Aukot to represent it on various legal cases that were in court involving the Agency. Attorney General is yet to approve use of the firms for 7 of the court cases handled by Sichangi Partners and 2 by Ekuru Aukot,. The agency received fee notes totaling to Kshs.11,311,000 from the two law firms and paid only 510,300 leaving an unpaid balance of Kshs.10,800,700 awaiting approval from the Attorney General.

The Directors are of the opinion that any outstanding litigation in this respect will not have a material effect on the financial position or results of the Agency.

19. Taxation

The Agency is tax exempt by an Act of Parliament.

20. Events after the reporting period

There are no material non-adjusting events after the reporting date.

21. Prior year adjustments – Statement of Cash Flows

A decrease in payables for the financial year 2014/2015 was erroneously overstated by Kshs. 779,200 as Kshs. 4,665,081 instead of Kshs. 3,885,881 thus overstating cash and cash equivalents by the same amount.

XVII. 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 the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.1	Legal services procured without the authority of the Attorney General may be deemed to be in breach of the law and may condemn the concerned officer(s) to a liability of surcharge as provided by Article 226(5) of the Constitution.	Due to the urgency of the matters, ACA engaged the two law firms from its prequalified list to appear in court to avoid possible determination of the cases to the detriment of the Agency as it awaited the necessary approvals from the Attorney General. The Agency is still in communication with the Attorney General for appropriate approvals that include the fee notes to enable the Agency to pay the law firms.	Dr. John Akoten, Ag. Executive Director	In progress	Ongoing
2.2	During the 2014/15 financial year, it was observed that the Agency vehicle a VW Passat which was involved in an accident was towed to the Agency's depot at Kiangombe and the matter was	The Agency will ensure in future that all accidents are reported to the insurance company with a view of getting compensation. Further, the concerned officers	Dr. John Akoten, Ag. Executive Director	In progress	Ongoing

	<p>not reported to the insurer for compensation. The management had at the time cited some difficulties and promised to undertake remedial measures over the matter.</p> <p>Consequently, the issue was kept in abeyance to be revisited during the current year.</p>	<p>have undertaken to repair the car at their cost by December 2016 failure to which they will be surcharged.</p>			
2.3.1	<p>According to the Anti-Counterfeit Act Sec 6(1) h (i) of 2008 as amended by miscellaneous amendment Act No.18 of 2014 the board should include a member with at least 10 years' experience in matters relating to intellectual property rights.</p>	<p>The appointing authority has been advised vide a letter Ref: ACA/ADM/2VOL.2/(67) dated 29th July, 2016 to appoint a member with knowledge and experience in Intellectual Property Rights.</p>	<p>Cabinet Secretary, Ministry of Industry, Investment and Trade</p>	<p>In progress</p>	<p>Not within the control of the Agency</p>
2.3.2	<p>The Anti-Counterfeit Act Sec 6(1) of 2008 as amended by miscellaneous amendment Act No.18 of 2014 vests the management of the Agency on the Board. A non-executive board is not involved in the day to day operations, this goes against sound</p>	<p>Management has submitted proposed amendments to the Office of the Attorney General on the particular section in order to clear the confusion.</p>	<p>Office of the Attorney General</p>	<p>In progress</p>	<p>Not within the control of the Agency</p>

	<p>corporate governance principles for failure to distinguish between the Board as an oversight institution separate and distinct from the management of the Agency</p>				
2.7	<p>A consignment of ink and toner cartridges valued at Kshs 4,761,600 was lost at the Kiang'ombe depot and the owner of the seized goods M/s Toner Mart Technologies had sued the Agency. It was reported that the CID had conducted an investigation and recommended the prosecution of three officers namely: Abdikadir Mohamed, Sammy Sarich and Richard Mugambi. The file was said to have been forwarded to the office of the Directorate of Public Prosecutions for action. The affected staffs were to explain the details of what transpired from the time the seizure of the suspected counterfeit goods was undertaken to</p>	<p>The proprietor of Toner Mart sued the Agency for compensation for the value of the lost goods and those damaged from flooding. The case is part heard and is yet to be concluded.</p>	High Court	In progress	Court determination of the case

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	the loss and subsequent suit by Toner Mart Technologies.				
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III. STATEMENT OF PERFORMANCE

SPECIFIC OBJECTIVE	MAIN ACTIVITIES	DETAILED ACTIVITIES	INDICATOR	TARGET	ACTUAL	VARIANCE	BUDGET ESTIMATES	ACTUAL EXPENSE	PERFORMANCE
A 1: Board expenses									
To enhance governance and institutional capacity	Provision of stewardship and oversight	Board Capacity Development and Induction	No. of trainings	3	2	(1)	3,000,000	1,371,765	Board members were trained in Zanzibar on “High Performance Boards Programme” from 13th – 16th October, 2015.
						-			State Corporations Advisory Committee conducted induction for all Board members from 28 th to 30 th September, 2015.
	Policy Engagement on the ACA institutional strengthening	Board Retreats	No.of retreats	1	-	(1)	1,000,000	1,190,301	Board retreat was postponed to the following financial year 2016/2017.
		Board meetings	No.of meetings	16	18	2	2,000,000	3,153,507	Board committee & full board meetings held
							6,000,000	5,715,573	

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ED's office									
To successfully lead and manage the organization according to the strategic direction set by the board of directors	Develop and Review policy documents	Review of Anti-Counterfeit Act and dissemination	Approved policies	1	1	-	400,000	-	Review of the Anti-Counterfeit was done and forwarded to Attorney General for approval
		Development of policy documents		2	2	-	-	-	Approval of Intelligence gathering policy and Destruction policy on counterfeit goods during the 47th meeting
		Development of ACA strategic plan		1	1	-	2,000,000	563,492	Validated Strategic plan developed
To mobilise and coordinate local and International agencies	High level stakeholder engagements	Consulataive meetings	No. of consultative meetings	4	3	(1)	-	-	Participated in 3 events ie stakeholder consultative workshop, KU career week & World consumer day

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	Participation in international fora and exchange programmes	Participation in regional and international fora	No. of forums	4	-	(4)	3,000,000	482,644	The Agency did not participate in international for a 7 exchange programmes. This is amount was reallocated.
Subtotal of Executive Director's office							5,400,000	1,046,136	

HUMAN RESOURCE & ADMINISTRATION DEPARTMENT

To Enhance Institutional Capacity	HR planning and policy development	HR Plan/ Devt/ Policies/ Surveys/ Disemination of Policy Documents	No. of policy reviewed, developed and disseminated	6	4	(2)	1,000,000	-	4 Draft policy documents were developed (staff establishment, Organization structure, HR policy and Procedure manual, career Progression guidelines)
	Running and maintenance costs	Carry out major service/repairs	No. of Maintenance schedule	4	4	-	8,000,000	7,828,013	Repairs and maintenance of the Agency's assets carried out throughout the year
	Running and maintenance costs	Assets depreciated	Asset schedule	1	1	-	-	20,533,940	No budget provided for since depreciation and amortization are non cash items

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	Capacity development and membership to professional bodies	Staff trainings	No of staff trained	50			15,500,000	14,646,778	The Agency rolled out its training program
Human Resource & Administration Sub Total							24,500,000	43,008,731	

FINANCE DEPARTMENT

To safeguard and oversee optimal utilization of financial resources within ACA	Financial statements	Printing and dissemination	No. of financial statements printed and disseminated	500	500	-	500,000	496,000	Printing of annual financial statements was done and disseminated to Parliament, Office of the Auditor General and stakeholders
		Bank charges	No. of bank statements	12	12		200,000	135,249	Bank service Charges
	Financial statements	Audited financial statements	Audit report	1	1	-	500,000	535,398	Audit report
							1,200,000	1,166,647	

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A 1:QUALITY ASSURANCE DIVISION									
Objective 1:To enhance Institutional Capacity	Planning and Strategy	Review of the Strategic plan,Staff sensitization on reviewed strategic plan	Reviewed strategic plan,attendance registers	1	1	-			Strategic plan reviewed and draft in place; staff, the management and the board was involved and sensitized on the reviewed Strategic plan 2016-2020
	Consultancy ISO Certification	Progress towards ISO 9001:2008 Certification; Internal Quality Audits & Pre-Certifications	Audit reports & Pre-certification report	1	-		1,500,000.00	1,504,000.00	ISO standard changed from ISO 9001:2008 to ISO 9001:2015 at the end of the year 2015 hence the Agency decided to pursue the new standard
	Development of the 2015/16 workplan, procurement plan, performance contract and budget	Retreat to draft workplan,procurement plan,Performance Contract and Budget	Draft budget workplan,procurement plan and Performance contract	4	4	-	-	-	Retreat did not take place, the documents were developed in house
	Overseeing Performance contracting;Implementing Performance Management system	Negotiation and vetting and cascading of Performance Contract activities, Quartely and annual reporting of the Performanc	Vetted and signed performance contract,cascaded PCs,Quarterly and annual reports	1	1		-		Performance contract approved by performance contract department implemented

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		Contract progress							
	PC Dynamic Indicators operations & Field interventions;	Activities addressing workplace HIV/AIDS , Drug abuse, gender mainstreaming, disability, environment, corruption eradication, health & safety, public complaints, national values & cohesion and ISMS committees	Committee workplans, registers, quartely reports	100 %	100%	-	2,000,000	100,000	All committee activities conducted as per committee workplan , reports submitted and certificates awarded by relevant authorities
Objective 2:To mobilize resources for the Agency	Resource Mobilization	Courtesy calls, identification of potential donors, preparation of funding proposals,	Funding proposals,courtesy calls made	1	1	-			The Agency paid a courtesy call to the India high commission. 3 members of staff were supported to undergo trainings in india.
		organizing dissemination fora for the funding proposals							

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	Total for Quality Assurance Department							3,500,000	1,604,000	
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INTERNAL AUDIT DEPARTMENT

Performance of the Agency is enhanced	Co-ordinate risk management operations	Review of the risk management policy and framework	reviewed policy	1	1			-		Risk management policy and framework reviewed
		Sensitization of Senior Management						-		Not done.
		Staff sensitization on risk management						-		Not done.
		Carry out annual risk assessment	Report	1	1			-		Risk assessment was carried out
		update of risk registers	Risk registers					-		There was no budget to train Committee members.
Subtotal Internal Audit								-		

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AWARENESS & RESEARCH DEPARTMENT									
Objective 1: To sensitize and / or train the government agencies and ministries on matters of counterfeiting for a more effective enforcement framework	Conduct training forums for Anti-Counterfeit Champions in Kenya to facilitate workplan programmes	2 Public Sector Stakeholders Forums conducted as 2 day residential training for regional blocks	No. of trainings conducted	2	6	4	1,500,000		The Agency sensitized various county governments including Kisumu, Elgeyo Marakwet, Nandi, West Pokot, Baringo and Transzoia Counties
	Conduct 1 day sensitization forums for the public sector	2 public sector sensitization forums	No. of fora	2	2	-	400,000		
	On station police sensitization	Quarterly sensitization at Police stations and their training institutes and disbursement of IEC materials	No. of fora	4	-	(4)	100,000		Not conducted
		Purchase / Preparation of materials (Copies of Acts, regulations etc)		100	100	-	100,000		The Act & Regulations were distributed

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		Travel & accommodation for staff for the 2 events & police visits in the region	No. of events	2	-	(2)	1,000,000		Not conducted
Objective 2: To sensitize and /or train IPR & business persons on matters of counterfeiting for enhanced protection & enforcement of IP	Conduct sensitization forums for IPR holders and business fraternity	Conduct 3-1 day sensitization forums; conference package, Preparation of materials, and travel & accommodation for staff	No. of fora	3	5	2	1,000,000		Sensitized various IPR holders in collaboration with Polucon, KAM,CIM, KEPSA and Braz Afrique
Objective 3: Conduct public education through outreach programs	Participate in 3 Public Fairs/ Forums	Mombasa, Nairobi & Nakuru ASK shows in collaboration with stakeholders	No. of public fairs	3	2	(1)	1,750,000.00		Participated in the Mombasa and Nairobi ASK shows

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	Organize 2 road shows to educate the public	Road show crew, truck, edutainment team, travel & accomodation for staff for two - 5 days roadshows; and training of eduatinmanet team	No. of road shows	2	-	(2)	1,750,000.00		No road show due to budgetary cuts.
	Other awareness activities eg Legal Awareness week, Africa Industrialization Day, World Intellectual Property Day and others as they arise	Participate in the activities driven by the core organizations such as Legal Society of Kenya (LSK), KIPi & MOIED	No. of awareness activities	4	4	-	500,000		Conducted 4 enforcement manual trainings in the Eastern, Lake , Mt Kenya r& Nairobi regions
	Conduct sensitization in tertiary Institutions of learning	Hold consultative planning meetings, develop programs and special materials if any; conduct the senistization	No. of trainings conducted	4	1	(3)	500,000		Conducted sensitization at Kenyatta University Career week

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	Public outreach through the Commemoration World Anti-Counterfeit Day (WACD)	Hold stakeholders planning meetings, and conduct the event as planned	No. of meetings held	4	4	-	-	Successfully planned and celebrated the World Anti-counterfeit Day in conjunction with the Chartered Institute of Marketing
To establish a collaboration framework and coordinate with institutions engaged in combating counterfeiting	Carry out advocacy for IPR mainstreaming in the academic curricula in Kenya.	Develop a concept note, conduct a consultative stakeholders forums and retreats for curricula development.	No. of seminars	4	-	(4)	500,000	The Agency developed the draft curricula
	Establish collaborative partnerships with public & private tertiary learning Institutions based in Nairobi & elsewhere in the country	Hold consultative meetings, and develop a partnership road map	No. of meetings held	4	1	(3)	-	collaborated with Keyatta University
	Establish collaborative partnerships with government enforcement agencies and IPR Holders BMOs	Hold consultative meetings, and develop a partnership road map	No. of MOUs	2	-	(2)	-	Managed to have draft MOUs with NACADA, ERC and KRA

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	Establish collaborative partnerships with international agencies involved in combating counterfeiting	Participate in anti counterfeiting events and benchmarking exchange awareness programs and materials gathering	No. of events	4	1	(3)	500,000		The Agency is a member of GAAC
To improve the image and visibility of ACA through strategic communication	ACA branding & visibility	Awareness Division & Committee retreat to draft ACA Branding guidelines & review Awareness policy; presentation to the ACA Senior Management	No. of retreats	2	-	(2)	-		No retreats undertaken to enhance visibility.
		Develop IEC materials such a brochures, thematic fliers & banners, for day to day use	No. of offices supplied with IEC materials	6	6	-	-		Developed and distributed approximately 13,500 IEC materials

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	Themed IEC Materials development for road shows	No. of road shows	4	-	(4)	-	No road show due to budgetary cuts.
Carry out mass media advocacy campaigns through print and electronic media	Media campaigns during WACD,	No. of media campaigns	2	-	(2)	-	No media campaigns due to budgetary cuts.
	Publicity for 3 ASK SHOWS	No. of ASK shows	3	2	(1)	-	Publicity for mombasa and Nairobi shows conducted
	Media campaigns for the road shows	No. of media campaigns	2	-	(2)	-	No road shows conducted
	Covergae for other Awareness and Enforcement activities	No. of media campaigns	4	15	11	-	All Awareness activities were covered in media, print and social media.
Information sharing through news letters	Develop & circulate anti-counterfeitin g newsletters (e-bulletins) quarterly	Newsletters developed.	2	2	-		Developed and circulated two e-news letters
Sub Total Awareness						9,600,000	9,103,154

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RESEARCH DEPARTMENT									
Objective: To create a robust knowledge base on counterfeiting issues through research and dissemination of information to inform policy	Carry out research to determine the level of public awareness on counterfeiting in Kenya	Development of concept paper, data collection, data analysis and report writing	No. of reports	1	1	-	3,000,000		research conducted and the level of awareness is at 52.39%
	Carry out research to determine the level of counterfeiting in Kenya	Development of concept paper, data collection, data analysis and report writing	No. of reports	1	1	-	3,000,000		Research conducted and level of counterfeiting was at 23.86%
	Dissemination of research findings	Holding workshops and seminars	No. of workshops held	1	1	-	-		Dissemination of research findings were done inhouse.
	Carry out internal surveys	Development of concept papers, data collection, data analysis and report writing	No. of reports	5	5	-	-		all internal surveys were conducted and reports available
SUB TOTAL RESEARCH							6,000,000	5,736,736	
PROCUREMENT DEPARTMENT									

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To be a customer focused procurement function.	Tender process oversight and facilitation	Compling of Procurement awards, preparation of report, table the report at the TC , Prepare adverts, contact media houses, facilitate evaluation of tenders/ prequalificati on, TC agendas for adjudication and implementati on of decision	Number of quarterly reports	4	4	0	-	-	Quarterly reports submitted to relevant institutions for compliance. Printed IEC materials to sensitize the general public.

ENFORCEMENT DEPARTMENT

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To enhance efficiency and effectiveness in the enforcement of intellectual property rights	To carry out investigations and prosecutions on IPR compliants.	To investigate IPR complaints, consumer complaints & prosecute cases in court arising from above complaints	No. of investigations	250	140	(110)	14,000,000	13,943,109	The Agency conducted 140 investigations
	Specialised Materials and Supplies	Procurement of protective clothing cameras and materials that aid investigation and prosecution	No. of persons equipped with specialised Materials and supplies	100	-	(100)	-	-	Specialized materials not purchased due to budgetary cuts.
	Transportation of seized goods	Procure transport & loading services from crime scenes to depot	Reports.	4	4	-	1,000,000	381,938	Quarterly reports submitted.
	Legal services	Procure and engage legal firms	Reports.	4	4	-	6,450,000	3,297,876	Quarterly reports submitted. Legal fees paid to service providers
	Destruction of counterfeit goods	Procure services for destruction	Reports.	4	4	-	1,500,000	1,076,220	Quarterly reports submitted.

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Objective 2: To co-ordinate with national, regional or international organizations involved in counterfeiting	To coordinate with other national enforcement agencies	To coordinate with NACADA, CA, KEBS, and other enforcement agencies in illicit trade and do joint raids and also attend their discussion forums	No. of collaborations	4	3	(1)	-	-	The Agency collaborates with various Agencies and has draft MOUs with NACADA, ERC and KRA which are being pursued
Total for Enforcement and Legal Services							22,950,000	18,699,143	
HUMAN RESOURCE & ADMINISTRATION DEPARTMENT									
To Enhance Institutional Capacity	Leasehold improvements	Advertisement, evaluation and award	No. of regional offices improved	1	1	0	3,500,000	3,383,141	Eldoret regional office partitioned
	Purchase of motor vehicles and forklifts	Advertisement, evaluation and award	No. of Motor vehicles purchased	4	4	0	17,500,000	17,343,275	4 pick ups purchased

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	Payment of employee costs	Payroll, medical insurance, staff gratuity, NSSF, pensions & interns stipend	Payment voucher details for payroll	12	12	0	158,400,000	142,243,693	Timely payment of staff emoluments
	Payment of bills	Payment of rent, parking, utilities	Payment voucher details			0	55,500,000	54,056,519	Timely payments of bills
	Furniture & Fittings	Quotations, evaluation and award	No. of offices furnished	5	5	0	14,000,000	13,793,500	Furnished all the 5 regional offices ie Nairobi, Kisumu, Garrisa, Mombasa, Eldoret
Human Resource & Administration Sub Total							248,900,000	230,820,128	
ICT DEPARTMENT									
	Enhance Connectivity and Technology infrastructure	Offsite Backup	No of offsite back up	1	-	-1	-		The Agency has no offsite back up.
To enhance service delivery through automation		Lan Upgrades and Network installation	No. of offices connected and upgraded	5	5	0	3,000,000		Upgrade carried out

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	E-Asset tagging	No. of regional offices assets tagged	5	5	0	600,000	585,000	Asset tagging was carried out
	Access Control System and CCTV	No. of regional offices CCTV installed	5	2	-3	2,550,000	2,014,053	Biometric installed at the Head Office & CCTV at Kyangombe Depot.
	Antivirus renewal and updates	No. of computers installed with antivirus	70	70	0	500,000	495,000	Anti-virus updated for all assets
	Electronic Document Mangement System & QMS Automation	No.of software purchased	1	-	-1	15,000,000	-	On going project. Budget was slashed by Kshs. 17,500,000
Enhance consumer and business adoption	ICT Based Solution	No.of software purchased	1	-	-1	11,900,000	-	On going project
	Website redevelopment	No. of website redeveloped	1	1	0	-	-	Website updated regularly
ICT SubTotal						33,550,000	3,094,053	

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TOTAL BUDGET							361,600,000	319,994,301	
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