

REPUBLIC OF KENYA



*Enhancing Accountability*



PARLIAMENT  
OF KENYA  
LIBRARY

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 10 SEP 2020	DAY.
TABLED BY:	LEADER OF MAJORITY
CLEAR THE:	SUSAN MARITIM

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**ETHICS AND ANTI-CORRUPTION  
COMMISSION**

**FOR THE YEAR ENDED  
30 JUNE, 2019**



---

**ETHICS AND ANTI - CORRUPTION COMMISSION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019**

---

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

## TABLE OF CONTENT

1. Key Entity Information and Management .....	ii
2. The Commissioners .....	v
3. Management Team.....	viii
4. Chairman’s Statement.....	xi
5. Report of the Chief Executive Officer.....	xii
6. Corporate Governance Statement .....	xiv
7. Corporate Social Responsibility Statement .....	xv
8. Management Discussion And Analysis.....	xvi
9. Report of the Commission .....	xx
10. Statement of Management Responsibilities.....	xxi
11. Report of the Independent Auditors on Ethics and Anti-Corruption Commission .....	xxii
12. Statement of Financial Performance.....	1
13. Statement of Financial Position.....	2
14. Statement of Changes in Net Assets.....	3
15. Statement of Cash Flow .....	4
16. Statement of Comparison of Budget and Actual Amounts .....	5
17. Notes to the Financial Statements.....	6
18. Progress on Follow Up of Auditor Recommendations .....	20

## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

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

### (b) Principal Activities

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

### (c) Key Management

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

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

### (d) Fiduciary Management

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

#### Designation

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

#### Name

- Mr. Twalib Mbarak  
Mr. Michael Mubea  
Mr. Abdi A. Mohamud  
Mr. Vincent Okong'o  
Mr. David Too  
Ms. Lucy Kinuthia  
Mr. Jackson Mue  
Ms. Jennifer Muthoni  
Ms. Ellyjoy Bundi  
Mr. Robert Kanyi

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2019

**(e) Fiduciary Oversight Arrangements**

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

**(f) Entity Headquarters**

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

**(g) Entity Contacts**

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

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2019

**(h) Entity Bankers**

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

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

**(i) Independent Auditors**

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



**(j) Principal Legal Adviser**

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

**II. THE COMMISSIONERS**

<b>COMMISSION MEMBERS</b>	
 <p data-bbox="124 880 526 949"><b>Archbishop (Rtd) Dr. Eliud Wabukala, EBS Chairperson</b></p>	<p data-bbox="571 369 1505 474">Archbishop (Rtd) Dr. Eliud Wabukala was appointed the Chairperson of the Ethics and Anti-Corruption Commission (EACC), in January 2017. He is a retired Archbishop of the Anglican Church of Kenya.</p> <p data-bbox="571 517 1505 658">Archbishop (Rtd) Wabukala was awarded Doctor of Divinity (Hon) and holds a Master Degree in Religion from Wycliffe College, University of Toronto – Canada. He also holds a Bachelor Degree in Divinity from St. Paul’s University – Limuru. He was born in the year 1951.</p> <p data-bbox="571 701 1505 842">Previously, he served as the Chairperson of the National Anti-Corruption Campaign Steering Committee (NACCSC), The Global Future Anglican Conference and the National Council of Churches of Kenya.</p> <p data-bbox="571 884 1505 1025">Archbishop (Rtd) Wabukala is a professional teacher with many years of teaching experience and previously served; as the Academic Dean at St. Paul’s University, as a lecturer and as Chairperson of the University Council.</p> <p data-bbox="571 1068 1505 1173">He has been involved in many peace mitigations and reconciliation including the 2007 post-election violence in Kenya. Archbishop Wabukala was also involved in the reform process in South Sudan.</p>
 <p data-bbox="196 1733 453 1803"><b>Sophia Lepuchirit, Vice-Chairperson</b></p>	<p data-bbox="571 1236 1505 1341">Commissioner Sophia Lepuchirit was appointed a Commissioner in January 2016. She is the Vice Chairperson of the Ethics and Anti-Corruption Commission.</p> <p data-bbox="571 1384 1505 1525">She holds a Bachelor of Arts Degree in Public Administration and International Relations from the University of Nairobi and currently pursuing a Master Degree in Business Administration (MBA) at the African Nazarene University. She was born in the year 1959.</p> <p data-bbox="571 1568 1505 1785">Prior to her appointment, she held prominent administrative positions in several State Organizations including Jomo Kenyatta Foundation (JKF) where she served as a Director, and Kerio Valley Development Authority where she served as Chairperson. She also served as a member at the National Anti-Corruption Campaign Steering Committee.</p> <p data-bbox="571 1827 1505 1998">Ms. Lepuchirit is an anti-corruption crusader, community mobilizer, gender activist, a promoter of affirmative action for the marginalized categories and communities. She is a member of the Minority Rights Groups, London (MRG), International Working Group on Indigenous Issues (IGWIA) – Denmark, and Kenya Pastoralist Forum.</p>




Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2019

COMMISSION MEMBERS	
 <p data-bbox="156 840 491 909"><b>Dr. Dabar Abdi Maalim</b> Commissioner</p>	<p data-bbox="571 293 1506 365">Commissioner Dr. Dabar Abdi Maalim was appointed a Commissioner in January 2016.</p> <p data-bbox="571 405 1506 515">He holds a PhD in Community Health from University of Reading (UK) and Master Degree from Wales College of Medicine, Cardiff (UK). He was born in the year 1957.</p> <p data-bbox="571 555 1506 665">He has over 12 years of experience as a university academician having attained the rank of Assistant Professor at Aga Khan University, East Africa.</p> <p data-bbox="571 705 1506 956">Dr. Maalim has also consulted for various national and international institutions including the Government of Kenya, DANIDA, UNICEF-Ethiopia, and World Health Organisation (WHO) both in Kenya and Eritrea, Islamic Development Bank among others. He was the Team Leader/ Coordinator of the Millennium Villages Project (Kenya) and Associate Research Scientist – Earth Institute, Columbia University USA between November 2010 and January 2012.</p>
 <p data-bbox="156 1538 491 1608"><b>Paul Mwaniki Gachoka</b> Commissioner</p>	<p data-bbox="571 992 1506 1064">Commissioner Paul Mwaniki Gachoka was appointed a Commissioner in January 2016.</p> <p data-bbox="571 1104 1506 1288">He is an Advocate of the High Court of Kenya. He is a holder of a Bachelor of Laws Degree from the University of Nairobi and holds a Master of Arts in Philosophy and Ethics from Strathmore University. He was born in the year 1965. He is a fellow of Chartered Institute of Arbitrators and Accredited Mediator</p> <p data-bbox="571 1328 1506 1467">Commissioner Gachoka has in-depth legal experience in Kenya and is the Principal Partner at Mwaniki Gachoka and Co. Advocates, representing clients in multi-disciplinary commercial, conveyancing services and civil cases.</p> <p data-bbox="571 1507 1506 1617">He has served as a Director of several private Companies; Further, he has served as a Council Member of the Law Society of Kenya (2003 to 2006).</p>

Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2019

COMMISSION MEMBERS	
 <p data-bbox="172 792 480 864"><b>Rose Mghoi Macharia Commissioner</b></p>	<p data-bbox="571 297 1500 369">Commissioner Rose Mghoi Macharia was appointed a Commissioner in January 2016.</p> <p data-bbox="571 407 1500 555">She holds a Master Degree in Human Resource Development from the Institute for Development Policy and Management (IDPM) of the University of Manchester and a Bachelor Degree in Education from University of Nairobi. She was born in the year 1958.</p> <p data-bbox="571 593 1500 734">She is a seasoned Human Resource professional and has a wealth of experience in public sector management, education, people development and strategy. She has worked in the Education Sector as a Graduate Teacher, Lecturer and Senior Education Officer.</p> <p data-bbox="571 772 1500 920">She also has valuable experience in developing human capital in various State Corporations such as Higher Education Loans Board, Nyayo Tea Zones Development Corporation and Information Communication and Technology Authority.</p>
 <p data-bbox="145 1435 504 1507"><b>Mr. Twalib Mbarak, CBS Secretary/CEO</b></p>	<p data-bbox="571 996 1500 1068">Mr. Twalib Mbarak was appointed Secretary/Chief Executive Officer of the Ethics and Anti-Corruption Commission in January 2019.</p> <p data-bbox="571 1106 1500 1216">He is a holder of Master of Arts Degree in Armed Conflict and Peace Studies and Bachelor of Arts degree from the University of Nairobi. He was born in 1965.</p> <p data-bbox="571 1254 1500 1435">Mr Mbarak joined the Kenya Armed Forces in 1984 where he rose through the ranks and retired as a Major in 1999. He has also served with the National Intelligence Service (NIS), Kenya Anti-Corruption Commission (KACC) and Kenya Electricity Generating Company (KenGen).</p> <p data-bbox="571 1473 1500 1695">Mr Mbarak has extensive experience in Security, Intelligence and Investigation Management. He is a Certified Security Management Professional from the International Security Management Institute, UK. In Kenya, he founded the Association of Corporate and Industrial Security Professionals (ACISMP) an association directing the corporate security in Kenya.</p>

### III. MANAGEMENT TEAM

MANAGEMENT TEAM		
	<p>Master of Arts in Armed Conflict &amp; Peace Studies</p> <p>Bachelor of Arts (Political Science and Sociology)</p> <p>Dip in Armed conflict and Peace Studies</p> <p>Diploma Advanced Intelligence Course, Advanced Intelligence Course, FBI undercover Certification Course, Seminar for Senior Management</p>	<p>He is the head of the Secretariat and responsible for the day to day management of the Commission</p>
	<p>Master in International Relations</p> <p>Bachelor of Laws (LLB)</p> <p>Bachelor of Commerce</p> <p>Diploma in Law</p> <p>Strategic Leadership Development Programme Course</p> <p>Corporate Governance Course</p>	<p>Deputise CEO in the day to day management of the Commission</p>
	<p>Master of Science (Security and Risk Management)</p> <p>Bachelor of Laws (LLB)</p> <p>Senior Leadership and Management Course</p> <p>Police Training, Basic Investigations Course</p>	<p>Head of the Investigation Directorate</p>

**Mr. Twalib Mbarak, CBS - Secretary/CEO**

**Mr. Michael Mubea - Deputy Chief Executive officer**

**Mr. Abdi A. Mohamud, MBS - Director, Investigation**

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2019

**MANAGEMENT TEAM**



Master of Business Administration  
Bachelor of Laws (LLB)  
Diploma in Law  
Strategic Leadership Development Programme  
Course  
Senior Management Course;  
Corporate Governance Training Course;

Head of Legal Services  
Directorate

**Mr. David K. Too, OGW - Director, Legal Services**



Master of Social Science (Development  
Administration)  
Bachelor of Arts (Political Science)  
Strategic Leadership Development Programme  
Course  
Certification in Governance Ethics and Anti -  
Corruption Reforms

Head of Ethics and  
Leadership Directorate

**Ms. Lucy W. Kinuthia - Director, Ethics & Leadership**



Master of Arts (Economics & Social Studies)  
Master of Arts in Economic Policy  
Management  
Bachelor of Arts (Economics)  
Strategic Leadership Development Programme  
Course  
Corporate Governance Course

Head of Preventive  
Services Directorate

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






Master of Business Administration (Finance)  
Bachelor of Commerce -Accounting Option.  
Certified Public Accountant-K,  
Strategic Leadership Development Programme  
Course  
Corporate Governance Course  
Senior Management Course

Head of Finance and  
Planning Directorate

**Ms. Jennifer Kimani- Director - Finance and Planning**

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2019

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

#### IV. CHAIRMAN'S STATEMENT

The Ethics and Anti-Corruption Commission (EACC) is a Constitutional Commission established pursuant to Article 79 of the Constitution of Kenya, 2010. The Commission supports Kenya Vision 2030 and the Big Four Agenda through its broad mandate of law enforcement, prevention, public education and the promotion of ethical standards and practices. The Government of Kenya has made various strides to strengthen institutions mandated to fight corruption. I am happy to note that significant progress has been made in the fight against corruption.

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

The Commission recognises the critical role played by strategic State and Non- state partners in the fight against corruption and continues to maintain and strengthen its linkages. The Commission works closely with key stakeholders in the justice system under the National Council on the Administration of Justice(NCAJ) to deliberate on cross cutting issues that affect the administration of justice and find solutions at the policy level. Some of the stakeholders include; Judiciary, Office of the Attorney General, Office of the Director of public Prosecution, Law society of Kenya, National Police service among others.

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

The Commissions actively played its role in various regional and international collaborations which are key in the fight against corruption. In particular, the Commission as a member of the Eastern African Association of Anti-Corruption Authorities participated in various programmes and activities including joint exchange programmes.

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

God bless Kenya.



**ARCHBISHOP (RTD) ELIUD WABUKALA, EBS**  
**CHAIRMAN**

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

I am pleased to share the Financial Statements for Financial Year 2018/2019. In the period under review, the Commission was allocated **Ksh. 3,167,040,000** for its programmes and activities.

The financial statements comprise the Statement of Financial performance, Statement of Financial Position, Statement of Changes in Net Assets and Statement of Cash Flows. The Commission continued to employ prudent financial management in line with Public Finance Management Act and Regulations and International Public Sector Accounting Standards (IPSAS) resulting in prudent financial management and reporting.

The Commission draws its mandate from the Constitution and various statutes that include the Ethics and Anti-Corruption Commission Act, 2011 and the Leadership and Integrity Act, 2012 amongst others. The Commission also enforces the Anti-Corruption and Economic Crimes Act, 2003 which is the principal law that provides for the investigations, prosecution and adjudication of corruption and economic crimes offences in Kenya.

The Commission's mission is to promote integrity and combat corruption through law enforcement, prevention and education that is reflected in increased programmatic outcomes. During the reporting period, the Commission registered improved output in terms of: concluded cases in court, loss averted through disruption of corruption network, asset recovery and reviewed its ICT Modernization Plan to enhance its efficiency and productivity.

During the period under review, the Commission finalized and forwarded to Office of the Director of Public Prosecutions (ODPP) a total of 234 files on corruption, economic crime and ethical breaches, representing an increase from the previous year's total of 183 files. The Commission also completed 113 investigations on violations of Chapter Six of the Constitution and Leadership and Integrity Act, 2012. The Commission recovered assets valued at approximately Kshs. 4.5 billion and filed in court 18 applications for preservation of assets valued at approximately Kshs. 3.8 billion. Further, 12 illegally acquired public assets with an estimated value of Kshs. 2.7 billion were traced and the recovery process is ongoing. Disruption of corruption networks was undertaken averting a possible loss of estimated at Kshs. 14.4 billion.

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2019

The Commission facilitated 25 public entities to develop and implement codes for public officers and enforced the requirement for appointed/elected State Officers from the County Assembly of Kisii, County Executive Committees of Mandera, and Nyeri, Commission on Administrative Justice, Public Service Commission, National Police Service Commission, National Police Service and Ministry of Education to sign and commit to the Specific Leadership and Integrity Codes. The Commission developed three generic administrative procedures for Responsible Commissions in the County Governments to enhance compliance by public officers in submission of Declaration of income, assets and liabilities.

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



**TWALIB MBARAK, CBS**

**SECRETARY/CHIEF EXECUTIVE OFFICER**

## **VI. CORPORATE GOVERNANCE STATEMENT**

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

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

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

## **VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

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

## VIII. MANAGEMENT DISCUSSION AND ANALYSIS

In line with EACC Act, 2011; the Commission has the mandate to combat and prevent corruption, economic crime and unethical conduct. This is largely achieved through law enforcement, prevention, public education and promotion of ethical standards and practices.

### 1.0 Operational Performance

The Commission has implemented programmes to intensify the war against corruption and unethical conduct. Some of the notable achievements in 2013-2019 include but not limited to:

#### 1.1 Reports on Corruption Received by the Commission

The Commission receives reports from the different sources and classify them appropriately as indicated in figure below.

Summary of Reports Received and Processed (2013-2019)

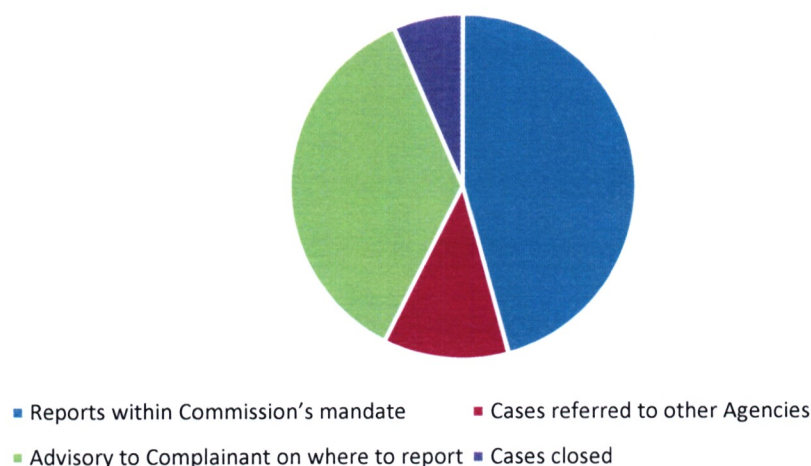


Figure 1: Summary of Reports received and processed

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

Upon completion of investigation, the files are submitted to prosecutor for independent evaluation and determination. Table 1-3 show the results of the cases forwarded to the Office of the Director of Public Prosecutions (ODPP).

Table 1: Reports to ODPP with Recommendation to Prosecute

Year	No. of Reports	Accepted	Not Accepted	Concurrence rate
2013/14	44	43	1	99%
2014/15	75	74	1	99%
2015/16	136	131	5	96%
2016/17	97	89	8	92%
2017/18	143	94	6	65%
2018/19	78	77	1	99%
<b>Total</b>	<b>573</b>	<b>508</b>	<b>22</b>	<b>88%</b>

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2019

It is illustrated that the average concurrence rate to prosecute between EACC and DPP is 88 percent. In addition, it can be deciphered from table 1 above that the flow of the reports has tremendously increased.

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

Year	No. of Reports	Accepted	Not Accepted	Concurrence rate
2013/14	9	7	2	78%
2014/15	8	8	0	100%
2015/16	4	3	1	99%
2016/17	7	7	0	100%
2017/18	10	7	3	70%
2018/19	13	13	0	100%
<b>Total</b>	<b>51</b>	<b>45</b>	<b>6</b>	<b>88%</b>

Table 2 presents the results of reports to ODPP with recommendation for administrative action. On average, 88 percent concurrence rate is observed.

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

Year	No. of Reports	Accepted	Not Accepted	Concurrence rate
2013/14	17	14	3	82%
2014/15	22	19	3	86%
2015/16	27	25	2	92%
2016/17	26	25	1	99%
2017/18	27	21	6	78%
2018/19	33	31	2	94%
<b>Total</b>	<b>152</b>	<b>135</b>	<b>17</b>	<b>88%</b>

Table 3 shows reports to ODPP with recommendation for closure for the six-year period. It is clear that the Commission has achieved 88 percent concurrence rate.

### 1.3 Outcome of Cases Finalized in Court

The cases given greenlight by ODPP for prosecution are taken to court and table 4 provides the results of 71 percent conviction rate.

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

Year	No of cases finalized	Conviction	Acquittal	Discharge	Conviction rate
2013/14	2	1	-	1	50%
2014/15	1	1	-	-	100%
2015/16	14	11	-	3	79%
2016/17	25	18	7	-	72%
2017/18	44	35	9	-	79%
2018/19	78	51	23	4	65%
<b>Total</b>	<b>164</b>	<b>117</b>	<b>39</b>	<b>8</b>	<b>74%</b>

#### 1.4 Assets Recovery

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

Assets Recovered from 2013-2018/19						
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Recovered Public Assets (Kes.)	2.0 b	140 m	700 m	256 m	411 m	4.5 b

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

Intelligence gathering has helped the Commission avert possible loss of the public funds as shown in table 6.

**Table 6: Loss averted through disruption of corruption networks.**

Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Amount (Kes)	5.6b	1.6b	2.6b	6.2b	3.8b	14.5b

#### 1.6 Institutional Systems Reviews Reports

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

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

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

The Commission undertook integrity verification for compliance with the provisions of Chapter Six of the Constitution for 5,998 applicants seeking appointment to state and public offices. The Commission facilitated development of Specific Leadership and Integrity Codes for state officers in public entities and monitored declarations of income, assets and liabilities by public officers. Three petitions have been instituted for removal of State officers from

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2019

office for violation of Chapter Six of the Constitution and the Leadership and Integrity Act, 2012.

**Table 7: Integrity verification statistics**

S/No.	Institution	No. of officers cleared	No. of officers not cleared
1.	National Government	2,414	17
2.	County Governments	3,483	28
3.	Private Institutions	101	0
	Totals	5,998	45
4.	Self-declaration forms received		58,875

## 1.8 Financial Performance

The Commission is committed to prudent financial management in line with Public Finance Management Act, 2012 as well as optimal utilization of the budget. The Commission is funded by the Government through The National Treasury. Consequently, the Commission recorded a budget absorption of 99 percent. This demonstrates increased programme performance in the period under review.

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2019

## **IX. REPORT OF THE COMMISSION**

The Commission submits its report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Commission's affairs.

### **Principal activities**

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

### **Results**

The results of the entity for the year ended June 30, 2019 are set out on page 1 to 20.

### **Commissioners**

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

### **Auditors**

The Auditor General is responsible for the statutory audit of Ethics and Anti-Corruption Commission in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act, No 34 of 2015 and the Ethics and Anti-Corruption Commission Act, 2011.

## X. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 26 of the Ethics and Anti-Corruption Act, require the Management to prepare Financial Statements in respect of EACC, which give a true and fair view of the state of affairs of the Commission at the end of the financial year and the operating results of the Commission for the period 2018/2019. The Management is also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Management is also responsible for safeguarding the assets of the Commission.

The management is responsible for the preparation and presentation of the Commission's Financial Statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Management accepts responsibility for the Commission's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Reporting Standards (IPSAS), and in the manner required by the Public Finance Management Act and the Ethics and Anti-Corruption Act. The management is of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2019, and of the Commission's financial position as at that date. The Management further confirms the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

The Commission's Financial Statements were approved by the Commission on 3<sup>rd</sup> Decembe..... 2019 and signed on its behalf by:



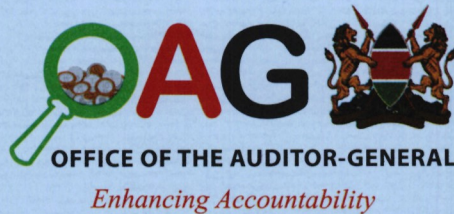
Arch Bishop (Rtd) Eliud Wabukala, EBS  
Chairperson



Twalib Mbarak, CBS  
Secretary/Chief Executive Officer

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON ETHICS AND ANTI-CORRUPTION COMMISSION FOR THE YEAR ENDED 30 JUNE, 2019**

---

### REPORT ON THE FINANCIAL STATEMENTS

#### **Opinion**

I have audited the accompanying financial statements of Ethics and Anti-Corruption Commission set out on pages 1 to 20, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flow and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Ethics and Anti-Corruption Commission as at 30 June, 2019, 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 Ethics and Anti-Corruption Commission Act, 2011.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

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

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness

and Effectiveness in Use of Public Resources section of this report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

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

As reported in the previous year, the Ethics and Anti-Corruption Commission remitted an amount of Kshs.1,518,000,000 to the National Land Commission for compulsory acquisition of the Integrity Centre Building which houses the Commission's offices.

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

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

Although the National Land Commission in their letter ref. NLC/V&T/AG/001(13) dated 27 June, 2017 requested for valuation services from the Ministry of Lands and Physical Planning, valuation of the property was done by the National Land Commission. No evidence was availed by the National Land Commission to clarify whether the Ministry of Lands and Physical Planning played any role in the valuation of the property despite the fact that the Department of Land Valuation in the Ministry is mandated to provide valuation services which forms a basis for revenue collection or the determination of appropriate market rents and market values for leasing or sale and purchase for and by all National and County Government entities.

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

#### **Lack of Title Deed**

As disclosed under Note 14 to the financial statements, included in property, plant and equipment is Kshs.1,543,382,916 being additions to land and building following the compulsory acquisition of the Integrity Centre Building. As previously reported, the National Land Commission was indicated to have transferred and vested the property in the Principal Secretary-National Treasury, to hold it in trust for the Ethics and Anti-Corruption Commission. During the audit, we could not ascertain whether the ownership documents were actually remitted to the National Treasury and a copy of the Title Deed has not been availed for audit review to signify the completion of the acquisition process.

In absence of the Title Deed, it has not been possible to ascertain the ownership of the EACC land or whether the documents were transferred to the National Treasury

Further, available information indicates that the National Land Commission has not availed copies of the development plans (architectural, structural, electrical, mechanical and civil works drawings) to the Commission in respect of the property by the time of concluding the audit. According to the Ethics and Anti-Corruption Commission, this has hampered effective planning for the maintenance of essential electro-mechanical services and possible refurbishment and redevelopment of the Integrity Centre building.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue sustaining services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to have the Commission cease operations.

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

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

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

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

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become

inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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

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

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

**Nairobi**

**20 August, 2020**

Ethics and Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2019

**STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 30 JUNE 2019**


	Notes	2018-2019 Kes.	2017-2018 Kes.
<b>Revenue from non-exchange transactions</b>			
Exchequer Receipts-Recurrent	3	3,156,104,310	3,053,249,724
Other Income	9	537,932	-
<b>Total Revenue</b>		<b>3,156,642,242</b>	<b>3,053,249,724</b>
<b>Expenses</b>			
Employee costs	4	2,178,114,612	2,115,094,832
Commissioners Expenses	5	28,242,802	25,466,439
Depreciation and amortization expense	6	107,451,074	113,941,782
Repairs and maintenance	7	36,325,074	37,680,631
General expenses	8	787,052,418	589,063,679
Transfer to HFC Loan Scheme	26	40,000,000	130,000,000
<b>Total Expenses</b>		<b>3,177,185,980</b>	<b>3,011,247,364</b>
<b>Other gains/(losses)</b>			
Gain/Loss on sale of assets	9	435,540	2,039,057
<b>Surplus before tax</b>		<b>(20,108,198)</b>	<b>44,041,417</b>
Taxation		-	-
<b>Surplus/Deficit for the period</b>		<b>(20,108,198)</b>	<b>44,041,417</b>


Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2019


**STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2019**

	Notes	2018-2019 Kes.	2017-2018 Kes.
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10	129,378,313	138,394,574
Receivables from non-exchange transactions	11	22,963,152	42,770,789
Inventories	12	16,985,518	15,522,423
Receivables from exchange (NLC)	13		1,518,000,000
		<b>169,326,984</b>	<b>1,714,687,786</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant and equipment	14	2,033,805,081	504,495,172
Asset recovery Bank Account	19	111,082,326	-
Intangible Assets	15	20,988,387	28,955,728
Long term receivables from exchange (Gratuity bank investment)	16	59,070,412	4,405,281
		<b>2,224,946,206</b>	<b>537,856,181</b>
<b>Total Assets</b>		<b>2,394,273,190</b>	<b>2,252,543,967</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	17	22,019,909	15,296,959
Current portion of borrowings(Accrued liabilities and charges)	18	26,078,916	696,000
		<b>48,098,825</b>	<b>15,992,959</b>
<b>Non-Current Liabilities</b>			
Non-Current provisions(Asset recovery account)	19	111,082,326	43,887,197
Non-current employee benefit obligation(Gratuity fund)	23	62,536,427	-
		<b>173,618,753</b>	<b>43,887,197</b>
<b>Total liabilities</b>		<b>221,717,578</b>	<b>59,880,156</b>
<b>Net Assets</b>			
Acquisition Development fund	22	1,268,000,000	1,268,000,000
Reserves( Accumulated fund)	21	712,225,241	732,333,439
Accumulated surplus	20	192,330,372	192,330,372
		<b>2,172,555,613</b>	<b>2,192,663,811</b>
<b>Total Net assets and liabilities</b>		<b>2,394,273,191</b>	<b>2,252,543,967</b>

  
Arch Bishop (Rtd) Eliud Wabukala, EBS  
Chairperson

  
Joel I. Mukumu  
Ag. Director Finance & Planning

  
Twalib Mbarak, CBS  
Secretary/Chief Executive Officer

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2019

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Reserve / Accumulated fund</b>	<b>Acquisition Development Fund</b>	<b>Revenue reserve</b>	<b>Total</b>
	<b>Kshs</b>		<b>Kshs</b>	<b>Kshs</b>
<b>Balance as at 30 June 2017</b>	<b>192,330,372</b>	-	<b>688,292,022</b>	<b>880,622,394</b>
Development Fund		1,268,000,000		1,268,000,000
Surplus/(deficit) for the period	-	-	44,041,417	44,041,417
<b>Balance as at 30 June 2018</b>	<b>192,330,372</b>	<b>1,268,000,000</b>	<b>732,333,439</b>	<b>2,192,663,811</b>
Surplus for the period	-		(20,108,198)	(20,108,198)
<b>Balance as at 30 June 2019</b>	<b>192,330,372</b>	<b>1,268,000,000</b>	<b>712,225,241</b>	<b>2,172,555,613</b>

Ethics and Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2019

**STATEMENT OF CASH FLOW**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2018-2019</b>	<b>2017-2018</b>
	Kes.	Kes.
<b>Cash flows From Operating Activities</b>		
Surplus/ (Loss) from operations	(20,108,198)	44,041,417
Add back non-cash payment (Depreciation)	96,958,454	99,466,090
Add back non-cash payment (Amortization)	10,492,620	14,475,693
Profit on disposal of Assets	(435,540)	(2,039,057)
	<b>86,907,336</b>	<b>155,944,143</b>
<b>Income from Operations</b>		
(Increase)/Decrease in inventories	(1,463,095)	1,708,034
(Increase)/Decrease in receivables & Prepayments	19,807,636	(5,348,835)
(Increase)/Decrease in receivables -NLC	1,518,000,000	(1,268,000,000)
Increase/(Decrease) in payables	32,105,866	(23,872,521)
	<b>1,655,357,743</b>	<b>(1,139,569,179)</b>
<b>Net cash flows from operating activities</b>		
<b>Cash flows From Investing Activities</b>		
Purchase of property, plant and equipment	(83,542,862)	(81,299,273)
Purchase of Land and Buildings	(1,543,382,916)	-
Purchase of Intangible Assets	(2,525,279)	(11,739,510)
Asset recovery	(111,082,326)	28,513,501
Staff Revolving Funds	-	1,268,000,000
Proceeds from disposal of plant, property and equipment	1,092,956	2,429,497
Gratuity Fund	62,536,427	(50,575,619)
	<b>(1,676,904,001)</b>	<b>1,155,328,596</b>
<b>Net cash utilized in investing activities</b>		
<b>Cash flows From Financing Activities</b>		
Refund of Surplus to the Treasury	-	-
Asset recovery	67,195,129	15,373,696
Gratuity Fund	(54,665,130)	41,758,070
	<b>12,529,999</b>	<b>57,131,766</b>
<b>Net cash used in Financing activities</b>		
<b>Net increase in cash and cash equivalents</b>	<b>(9,016,259)</b>	<b>72,891,183</b>
Bank and Cash equivalents at beginning of year	138,394,573	65,503,390
	<b>129,378,313</b>	<b>138,394,573</b>
<b>Bank and cash equivalent at end of year</b>		

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
Revenue	Kes	Kes	Kes	Kes	Kes
Government grants and subsidies	2,801,540,000	365,500,000	3,167,040,000	3,156,104,310	10,935,690
Development Expenditure	-	-	-	-	-
Gain on Disposal	-	-	-	973,472	-
<b>Total income</b>	<b>2,801,540,000</b>	<b>365,500,000</b>	<b>3,167,040,000</b>	<b>3,157,077,782</b>	<b>9,962,218</b>
Expenses					
Compensation of employees	1,375,437,646	150,000,000	2,190,584,650	2,178,114,612	12,470,038
Goods and services	1,246,009,552	215,500,000	836,662,548	752,026,004	84,636,544
Commissioners expenses	28,242,802	-	28,242,802	28,242,802	-
Finance cost	600,000	-	300,000	153,329	146,671
Rent paid	71,250,000	-	71,250,000	71,198,160	51,840
Staff Loan	80,000,000	-	40,000,000	40,000,000	-
<b>Total expenditure</b>	<b>2,801,540,000</b>	<b>365,500,000</b>	<b>3,167,040,000</b>	<b>3,069,734,906</b>	<b>97,305,094</b>
<b>Surplus for the period</b>				87,342,875	(87,342,875)
			Depreciation	107,451,074	
			Deficit	(20,108,198)	
<i>Budget notes</i>					
1. Bank charges of 51% was due to the fact that most transactions ended up being done through the Central bank which have no bank charges					
2. The variance between surplus in the Financial performance and budget statements is due to depreciation amount of Kes 107,451,074 which is not ordinarily factored in the budget.					
3. The negative variance of Kes 87,342,875 is because of Asset Acquisition figure of Kes 83,542,862 which is not an item in the statement of financial performance.					

## **NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

Income is recognized in the period in which it is received. Government and donor funding is only recognized on receipt. Income is not accrued if its recoverability is considered doubtful. Interest income is recognized on a time proportion basis using the effective interest rate method.

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

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

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

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

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

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

*Notes to financial statements continued...*

**b) Budget information – IPSAS 24**

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

**c) Investment property – IPSAS 16**

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

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

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

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

**e) Intangible assets–IPSAS 31**

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

*Notes to financial statements continued...*

**f) Research and development costs**

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

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

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

**g) Inventories – IPSAS 12**

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

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

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

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

**h) Provisions – IPSAS 19**

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

*Notes to financial statements continued...*

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

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

***Contingent liabilities***

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

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

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

**j) Cash and cash equivalents**

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

**k) Comparative figures**

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

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

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

*Notes to financial statements continued...*

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

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

	<b>2018-2019</b>	<b>2017-2018</b>
<b>Unconditional grants</b>	<b>Shs</b>	<b>Shs</b>
Operational Grant		
Quarter 1	832,932,600	617,955,354
Quarter 2	676,682,650	860,049,970
Quarter 3	851,837,400	559,200,000
Quarter 4	794,651,660	1,016,043,700
Donor Fund -GIZ	-	700
<b>Total</b>	<b>3,156,104,310</b>	<b>3,053,249,724</b>
Development Grant	-	<b>1,268,000,000</b>
<b>Total Exchequer</b>	<b>3,156,104,310</b>	<b>4,321,249,724</b>

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2019

**4. Employee costs**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Salaries and wages	1,128,076,836	1,020,710,459
Employee related costs	232,773,275	385,484,772
Travel, Motor car, Accommodation and Subsistence	341,760,969	265,950,517
Housing Benefits and allowances	475,503,532	442,949,084
<b>Total Employee Costs</b>	<b>2,178,114,612</b>	<b>2,115,094,832</b>

**5. Commissioners Expenses**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Commissioners travelling Allowances	8,962,802	5,521,439
Commissioners sitting Allowances	18,620,000	19,285,000
Commissioners Airtime Allowances	660,000	660,000
<b>Total Commissioners Expenses</b>	<b>28,242,802</b>	<b>25,466,439</b>

**6. Depreciation and Amortization costs**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Property, Plant and equipment	96,958,454	99,466,090
Intangible Assets	10,492,620	14,475,692
<b>Total depreciation Costs</b>	<b>107,451,074</b>	<b>113,941,782</b>

**7. Repairs and maintenance**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Property	4,140,105	1,056,936
Equipment	866,954	3,387,253
Vehicles	28,597,555	26,138,533
Other	2,720,460	7,097,909
<b>Total Repairs &amp; Maintenance</b>	<b>36,325,074</b>	<b>37,680,631</b>

**8.General expenses**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Advertising, Publishing and Printing	52,909,711	46,611,772
Audit fees	696,000	696,000
Conferences and delegations	64,684,493	46,687,255
Consulting fees	5,103,864	34,558
Consumables	27,422,374	18,786,616
Electricity	13,494,481	12,579,442
Fuel and Oil	30,061,687	24,998,930
Insurance	187,785,150	16,931,393
Legal Expenses	9,221,822	5,154,358
Licenses and permits	50,507,088	41,132,384
Specialized materials	2,118,091	5,815,224
Postage	4,627,472	2,086,815
Rental	71,198,160	139,666,691
Confidential Expenses	107,447,217	89,195,446
Sewerage and water costs	1,254,122	1,174,156
Research and Development	17,445,947	19,411,190
Telecommunication	13,054,217	12,279,155
Training	84,732,857	71,382,902
Refurbishment of Non-Residential buildings	15,570,251	6,321,354
Bank charges	153,329	281,375
Other Expenses	27,564,088	27,836,664
<b>Total general expenses</b>	<b>787,052,418</b>	<b>589,063,679</b>

**9.Other Income**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Sale of boarded Items	537,932	-
Gain on sale of Assets	435,540	2,039,057
<b>Total gain/Loss on sale of assets</b>	<b>973,472</b>	<b>2,039,057</b>

**10. Cash and cash equivalents**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Current bank Accounts	126,634,714	106,204,605
Cash on hand and in transit	2,743,600	3,398,888
short term deposits		28,000,000
Short term deposits-interest received		791,081
<b>Total cash and cash equivalents</b>	<b>129,378,313</b>	<b>138,394,574</b>

**10( a).Detail analysis of Cash and cash equivalents**

<b>Financial Institution</b>	<b>Account Number</b>	<b>2018-2019</b>	<b>2017-2018</b>
KCB - Main A/C	1103253387	48,420,935	16,650,886
KCB - MSA Office	1106512073	1,895,414	1,773,062
CBK-GIZ Project	1000227958	700	700
KCB- Kisumu Office	1121427499	1,999,874	1,999,769
KCB- Garissa Office	1128652234	1,697,144	1,992,975
KCB- Nyeri Office	1128743523	1,648,715	1,974,010
KCB- Eldoret Office	1131040244	1,819,180	1,999,670
KCB - Malindi	1167493583	-	1,883,942
KCB - Isiolo	1167596226	1,898,308	1,881,031
KCB - Machakos	1167286790	1,505,581	1,978,990
KCB - Nakuru	1167708466	2,005,560	1,998,030
KCB - Kisii	1178636070	1,990,440	1,780,845
KCB- Malaba Office	1199273252	1,995,613	200,000
KCB-BUNGOMA	1249057019	1,974,325	-
Central Bank of Kenya	1000181141	57,782,925	54,994,579
Asset Recovery	1103256548	-	15,096,116
Investment -Asset Recovery	-	-	28,791,081
<b>Total</b>		<b>126,634,714</b>	<b>134,995,686</b>
<b>Others</b>			
Cash In hand		2,743,600	3,398,888
<b>Total</b>		<b>2,743,600</b>	<b>3,398,888</b>
<b>Grand Total</b>		<b>129,378,313</b>	<b>138,394,574</b>

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2019

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

<b>Current receivables</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Staff Imprest	2,677,271	8,029,239
Staff Advances	332,000	287,227
Other Receivables	19,953,882	34,454,323
<b>Total current receivables</b>	<b>22,963,152</b>	<b>42,770,789</b>

**12.Inventories**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Consumable stores	8,299,282	6,836,186
Provision for loss of inventory	(2,923,920)	(2,923,920)
Library books	11,610,157	11,610,157
<b>Total inventories at the lower of cost and net realizable value</b>	<b>16,985,518</b>	<b>15,522,423</b>

**13.Receivable from exchange transaction**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Opening balance	1,518,000,000	250,000,000
Transfer to land and building	(1,518,000,000)	1,268,000,000
<b>Total Land and Building</b>	<b>-</b>	<b>1,518,000,000</b>

**14.Property Plant and Equipment - Refer to the PPE schedule at pg 18**

**15.Intangible assets-software**

<b>Cost</b>	<b>Shs</b>
As At July 2017	171,856,142
Additions during the year	11,739,510
<b>As At July 2018</b>	<b>183,595,652</b>
Additions during the year	2,525,279
<b>As at June 2019</b>	<b>186,120,931</b>
<b>Amortization and Impairment</b>	
As at July 2018	154,639,924
Charge for the year	10,492,620
<b>As at June 2019</b>	<b>165,132,544</b>
<b>Net Book Value 2019</b>	<b>20,988,387</b>
<b>Net Book Value 2018</b>	<b>28,955,728</b>

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2019

**16. Gratuity Fund Bank Account**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Balance brought forward	4,405,281	46,163,351
Additions	54,665,130	48,706,049
Payments	-	(90,464,119)
<b>Total</b>	<b>59,070,412</b>	<b>4,405,281</b>

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

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Other payables	22,019,909	15,296,959
<b>Total trade and other payables</b>	<b>22,019,909</b>	<b>15,296,959</b>

**18. Accrued liabilities and charges**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Accrued audit fees	696,000	696,000
Accrued expenses	25,382,916	-
<b>Total trade and other payables</b>	<b>26,078,916</b>	<b>696,000</b>

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2019

**19. Asset Recovery Fund Account**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Balance brought forward	43,887,197	28,513,501
Funds recovered in the year	66,015,561	16,525,885
Short term deposit	-	28,000,000
Payments	-	(29,152,189)
Interest	1,179,569	-
<b>Total</b>	<b>111,082,326</b>	<b>43,887,197</b>

The Asset Recovery Fund Account has previously been treated as cash and cash equivalent. However, for period under review it has been treated as non-current asset, noting that the funds are held by EACC in trust on behalf of the State or any other applicable party.

**20. Accumulated Fund**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Balance brought forward	192,330,372	192,330,372
Payments	-	-
<b>Total</b>	<b>192,330,372</b>	<b>192,330,372</b>

**21. Revenue Reserve**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs</b>	<b>Shs</b>
Balance brought forward	732,333,439	688,292,022
Acquisition fund	-	-
Surplus for the year	(20,108,198)	44,041,417
<b>Total</b>	<b>712,225,241</b>	<b>732,333,439</b>

**22. Acquisition Fund**

Balance B/F	1,268,000,000	-
<b>Closing Balance</b>	<b>1,268,000,000</b>	<b>1,268,000,000</b>

**23. Gratuity Fund**

Non – current employee benefit obligation. These are funds belonging to staff held in the Gratuity Fund Account awaiting distribution when they fall due.

**24. Events After the reporting period**

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

**25. Currency**

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

<b>26. Exchequer transfer to loan scheme</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Shs.</b>	<b>Shs.</b>
Transfer to staff Mortgage and Car loan Scheme	<b>40,000,000</b>	<b>130,000,000</b>

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2019

*Notes to financial statements continued...*

<b>14. Property, Plant and Equipment</b>														
	Land and Building		Plant and Equipment		Security Equipment		Furniture, Fixtures & Fittings		Motor Vehicles		Computer Equipment		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>Cost or Valuation:</b>														
<b>Depreciation Rates</b>	0		12.5%		12.5%		12.5%		25%		33.33%			
<b>As at 1st July, 2017</b>	120,416,497		89,321,906		130,294,020		70,915,690		467,410,747		181,024,168		1,059,383,028	
Additions during the year			13,206,322		34,244,244		4,318,145		(5,200,000)		29,530,562		81,299,273	
Disposal													(5,200,000)	
<b>As at 30th June 2018</b>	120,416,497		102,528,228		164,538,264		75,233,835		462,210,747		210,554,729		1,135,482,300	
Additions during the year	1,543,382,916		829,334		693,912		9,400,592		50,911,000		21,708,024		1,626,925,778	
Disposal			(1,965,267)		-		(80,000)		(2,080,580)		(3,147,260)		(7,273,107)	
<b>As at 30th June 2019</b>	1,663,799,413		101,392,295		165,232,176		84,554,427		511,041,167		229,115,493		2,755,134,971	
<b>At 1 July 2016</b>	-		<b>32,555,839</b>		<b>33,050,505</b>		<b>22,340,516</b>		<b>257,471,072</b>		<b>120,399,307</b>		<b>465,817,239</b>	
Depreciation			7,144,190		12,155,439		6,152,802		55,367,314		29,179,108		109,998,853	
Disposals			(387,452)		-		(647,241)		(11,529,580)		(26,921,219)		(39,485,492)	
<b>Depreciation and impairment</b>														
<b>At 1st July, 2017</b>	-		39,312,577		45,205,944		27,846,077		301,308,806		122,657,196		536,330,600	
Disposals			-		-		-		(4,809,560)		-		(4,809,560)	
Charge for the year			7,901,956		14,916,540		5,923,470		41,427,875		29,296,248		99,466,090	
<b>At 30 June 2018</b>	-		47,214,533		60,122,484		33,769,547		337,927,122		151,953,444		630,987,130	
Disposals			(1,414,235)		-		(64,194)		(2,043,508)		(3,093,754)		(6,615,691)	
Charge for the year			6,948,999.63		13,138,712		6,356,172		43,789,389		26,725,183		96,958,455	
<b>At 30 June 2019</b>			52,749,298		73,261,195		40,061,524		379,673,001		175,584,872		721,329,890	
<b>Net book values</b>			-		-		-		-		-		-	
<b>At 30 June 2019</b>	1,663,799,413.00		48,642,997		91,970,981		44,492,903		131,368,166		53,530,621		2,033,805,081	
<b>At 30 June 2018</b>	1,543,382,916		55,313,695		104,415,780		41,464,288		124,283,625		58,601,285		504,495,172	

*Notes to financial statements continued...*

**27. Contingency Liabilities**


The Commission has given no guarantees to third parties. In the ordinary course of business, the Commission has been sued in various cases with potential exposure estimated at Kes **28,169,130**. The Commission is a defendant or co-defendant in various litigations and claims. The outcomes of these litigations and claims are yet to be determined; hence the Commission has not made any provisions in these accounts towards contingent liabilities.

**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

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

  
**Arch Bishop (Rtd) Eliud Wabukala, EBS**  
**Chairperson**

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

