

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

22 FEB 2023

DAY

TABLED  
BY:

Hon. OWEN BAYA, MP

DEPUTY LEADER OF MAJORITY

OF

CHRISTINE NDIRITU

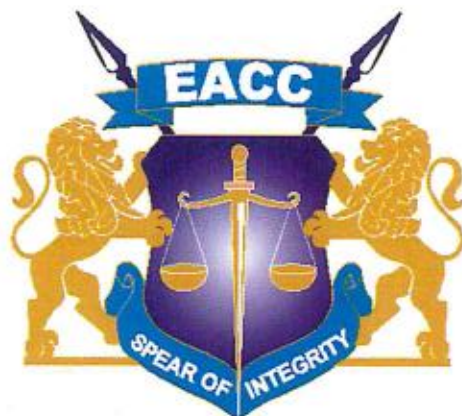
**THE AUDITOR-GENERAL**

**ON**

**ETHICS AND ANTI-CORRUPTION  
COMMISSION**

**FOR THE YEAR ENDED  
30 JUNE, 2022**





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**ETHICS AND ANTI - CORRUPTION COMMISSION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
30<sup>TH</sup> JUNE 2022**

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





# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

## TABLE OF CONTENTS

## PAGE

1. Key Entity Information and Management.....	ii
2. The Commission .....	vi
3. Management Team.....	viii
4. Statement of the Chairperson .....	xiii
5. Report of the Secretary/Chief Executive Officer .....	xiv
6. Statement Of Performance Against Predetermined Objectives for FY 2021/2022 .....	xv
7. Corporate Governance Statement.....	xviii
8. Management Discussion and Analysis.....	xix
9. Environmental and Sustainability Reporting .....	xxiv
10. Report of the Commission.....	xxix
11. Statement of Commission's Responsibilities .....	xxx
12. Report of the Independent Auditors For The Ethics And Anti-Corruption Commission .....	xxxii
13. Statement of Financial Performance for the Year Ended 30 June 2022 .....	1
14. Statement of Financial Position As At 30 June 2022.....	2
15. Statement of Changes in Net Assets for the Year Ended 30 June 2022.....	4
16. Statement of Cash Flows for the Year Ended 30 June 2022 .....	5
17. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2022 .....	7
18. Notes to the Financial Statements .....	8
19. Appendix 1: Recording of Transfers from Other Government Entities.....	22
20. Appendix 2: Progress on Follow Up of Auditor Recommendations .....	24

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

## 1. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

The Ethics and Anti-Corruption Commission (EACC) was established under the Ethics and Anti-Corruption Act on 27<sup>th</sup> August, 2011. The Entity is domiciled in Kenya and has branches in the regions of Bungoma, Eldoret, Garissa, Isiolo, Kisii, Kisumu, Machakos, Malindi, Mombasa, Nakuru, and Nyeri.

The EACC is structured in an elaborate framework for performance of functions enumerated in the EACC Act, 2011. The Chairperson of Commission leads a team of Commissioners who are in charge of Policy, Oversight and Strategy. The Commission Secretary who is also the Chief Executive Officer leads the secretariat. The secretariat functions are cascaded in the Directorates of: Investigations; Legal Services and Asset recovery; Ethics and Leadership; Preventives Services; Corporate Services; Finance and Planning; and Field Services and Coordination. The Directorates are headed by respective Directors.

### (b) Principal Activities

The principal mandate of the EACC is to combat and prevent corruption, economic crimes and unethical conduct through Law Enforcement, Prevention, Public Education and Promotion of Ethical Standards and Practices. This mandate is derived from Articles 79 and 252 of the Constitution; the EACC Act, No.22 of 2011; the Leadership and Integrity Act (LIA) Act No.19 of 2012; Public Officers Ethics Act, No. 4 of 2003; Anti-Corruption and Economics Crimes Act No. 4 of 2003; and the Bribery Act, No.47 of 2016 among other relevant laws and legislation.

**Vision :** An Integrity Driven Kenyan Society.

**Mission:** To promote integrity and combat corruption through law enforcement, prevention and education.

**Core Objectives:** enumerated in EACC Strategic Plan (2018-2023) are: Policy, Legal and Regulatory Framework; Enforcement; Prevention and Public Awareness; and Institutional Capacity.

**Functions:** Develop codes of ethics and promotion of standards and best practices in integrity and anti-corruption for State and public offices; investigate and recommend to the Director of Public Prosecutions the prosecution of any acts of corruption, bribery, economic crimes or violation of codes of ethics; oversee the enforcement of codes of ethics and recommend appropriate action to be taken against State Officers or Public Officers alleged to have engaged in unethical conduct; advise, on its own initiative, any person on any matter within its functions; Raise public awareness on ethical issues and educate the public on the dangers of corruption and enlist and foster public support in combating corruption; monitor the practices and procedures of public bodies to detect corrupt practices and to secure the revision of methods of work or procedures that may be conducive to corrupt practices; and Institute and conduct proceedings in court for purposes of the recovery or protection of public property,

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

or for the freeze or confiscation of proceeds of corruption or related to corruption, or the payment of compensation, or other punitive and disciplinary measures.

## (c) Key Management

The EACC day-to-day management is under the following key organs:

- Commissioners;
- Accounting Officer/ Secretary/CEO;
- Executive Management.

## (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022.

Designation	Name
1. Secretary / Chief Executive Officer	Mr. Twalib Mbarak, CBS
2. Deputy Chief Executive Officer/Dir. Investigations	Mr. Abdi A. Mohamud, MBS
3. Directorate of Preventive Services	Mr. Vincent Okong'o
4. Directorate of Legal Services & Asset Recovery	Mr. David Too, OGW
5. Directorate of Ethics and Leadership	Mr. John Lolkoloi, OGW
6. Directorate of Field Services & Coordination	Mr. Jackson Mue, OGW
7. Directorate of Finance and Planning	Mr. Joel Mukumu
8. Department of Human Resource Management	Ms. Ellyjoy Bundi
9. Department of Supply Chain Management	Mr. Eddie Odhiambo

## (e) Fiduciary Oversight Arrangements

### *Audit and Risk Committee*

Audit and Risk Committee form a key element in the governance process by providing an independent expert assessment of the activities of top management, the quality of risk management, financial reporting, financial management and internal audit, to the Commission.

### *Finance Planning and Supply Chain Management Committee*

The Committee reviews and offers guidance on policies and reports related to the financial and Supply Chain Management functions.

### *Parliamentary Oversight Committees*

National Assembly Department of Justice and Legal Affairs Committee (JLAC) ensures transparency and openness of EACC activities; hold EACC accountable; provides financial accountability; and uphold the rule of law.



# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

## ***Enforcement Committee***

The Committee is tasked with the responsibility of reviewing, adjudicating and advising on investigations of corruption cases presented by team of investigators and lawyers from the Directorates of: Investigations; Legal Services and Asset Recovery; Field Services and Coordination; and Ethics and Leadership.

## ***Corruption Prevention, Education & Public Engagement Committee***

The Committee is tasked with the responsibility of reviewing and advising on corruption prevention strategies and policies.

## ***Support Services Committee***

The Committee reviews and advises on strategies and policies touching on Human Resource Management, Corporate Affairs and Public Communication, Administration and ICT. The Head of Corporate Affairs and Public Communication is the secretary to the Committee.

<b>Commission Committees</b>	<b>Members</b>
Enforcement	Commissioner Col. (Rtd) Alfred Mshimba - Chairperson Commissioner Dr. Monica Muiru
Corruption Prevention, Education and Public Engagement	Commissioner Col. (Rtd) Alfred Mshimba - Chairperson Commissioner Dr. Monica Muiru
Support Services	Commissioner Dr. Monica Muiru - Chairperson Commissioner Col. (Rtd) Alfred Mshimba
Audit & Risk	Lawrence Nyalle (Independent Chairperson) Jane Micheni (Representative, National Treasury) Commissioner - to be appointed
Finance, Planning and Supply Chain Management	Commissioner Dr. Monica Muiru - Chairperson Commissioner Col. (Rtd) Alfred Mshimba

## **(f) Entity Headquarters**

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



# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

## **(g) Entity Contacts**

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

## **(h) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000 - 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
Headquarters  
P.O. Box 69695-00400  
Nairobi, Kenya

## **(i) Independent Auditors**

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

## **(j) Principal Legal Adviser**


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

Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

2. THE COMMISSION

Ref	Commission Members	Details
1.	 <p><b>Archbishop (Emeritus) Dr. Eliud Wabukala, EBS -Chairperson</b></p> <p>Holds Doctor of Divinity (Hon) and holds a Master Degree in Religion from Wycliffe College, University of Toronto – Canada. In addition, Bachelor Degree in Divinity from St. Paul’s University – Limuru.</p>	<p>Chairperson and Independent Commissioner</p> <p>Born in the year 1951; 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>Previously 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>He has been involved in many peace mitigations and reconciliation including the 2007 post-election violence in Kenya. Archbishop (Emeritus) Dr. Wabukala, EBS was also involved in the reform process in South Sudan.</p>
2.	 <p><b>Commissioner Dr. Monica Muiru Vice-Chairperson</b></p> <p>Doctor of Philosophy in Business &amp; Management from Egerton University, Master Degree in Accounting and Finance, Bachelor of Commerce Degree in Business Administration from University of Nairobi</p>	<p>Vice Chairperson and Independent Commissioner</p> <p>Born in the year 1965; She is a trained, experienced and internationally exposed business professional and academic scholar with many years of experience in accounting, finance and management.</p> <p>Previously served as a lecturer at Egerton University and worked at Kenya Broadcasting Corporation (KBC), East African Standard, Mellon Bank in Pittsburgh USA and Motient Corporation, Reston, Virginia, USA.</p> <p>She is a fellow of the Chartered Institute of Marketing, a member of Zonta International and an Associate member of the American Chartered Institute of Accounting.</p>



Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

3.	 <p><b>Commissioner Col. (Rtd) Alfred Mshimba</b></p> <p>MBA in Strategic Management from the University of Nairobi and a Bachelor's Degree in Business Administration. He is an expert in logistics and supply chain management</p>	<p><b>Independent Commissioner</b></p> <p>Born in the year 1959 and appointed on 14th December, 2021. Col. Mshimba is a retired career military officer with over 30 years' experience in leadership, administration, human resource management, procurement and diplomacy.</p> <p>In addition, Commissioner Col. (Rtd) Mshimba, has been recognized for his service and was honoured by receiving the Military Observer, United Nations Western Sahara Morocco (MINRUSO) Medal among other accolades.</p>
4.	 <p><b>Mr. Twalib Mbarak, CBS Secretary/Chief Executive Officer</b></p> <p>Master of Arts Degree in Armed Conflict and Peace Studies (University of Nairobi) Bachelor of Arts degree (University of Nairobi)</p>	<p><b>Chief Executive Officer and Secretary to the Commission</b></p> <p>Born in 1965; Served as Major at Kenya Armed Defence Forces, Senior Officer at National Intelligence Service (NIS), Kenya Anti-Corruption Commission (KACC) and Kenya Electricity Generating Company (KenGen).</p> <p>Experienced 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>





Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

3. MANAGEMENT TEAM


	Management	Details
1.	 <p><b>Mr. Twalib Mbarak, CBS</b> <b>Secretary/Chief Executive Officer</b></p> <p>Master of Arts in Armed Conflict &amp; Peace Studies Bachelor of Arts (Political Science and Sociology)</p>	Provides strategic, financial and operational leadership and coordinate and work with the Commissioners and senior leadership team.
2.	 <p><b>Mr. Abdi A. Mohamud, MBS</b> <b>Ag. Deputy Chief Executive Officer/Director of Investigations</b></p> <p>Master of Science (Security and Risk Management) Bachelor of Laws (LLB)</p>	Supports the Secretary/Chief Executive Officer (CEO) in leading the Commission's executive team, and in managing the day to day operations, resources and staff. In addition, provide leadership in policy formulation, implementation, and advisory in investigative role of the Commission. Further, manage directorates function s and activities.





Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2022

3.	 <p><b>Mr. David K. Too, OGW</b> <b>Director, Legal Services &amp; Asset Recovery</b></p> <p>Master of Business Administration Bachelor of Laws (LLB), Diploma in Law</p>	<p>Provide Directorate's leadership in policy formulation, implementation, and advisory on relevant laws. In addition, lead asset recovery related to corruption and overall management of the Directorate's functions and activities.</p>
4.	 <p><b>CPA John Lolkoloi, OGW</b> <b>Director, Ethics &amp; Leadership</b></p> <p>Master of Business Administration (Strategic Management), Bachelor of Commerce (Finance), Certified Public Accountant of Kenya</p>	<p>Provide Directorate's leadership in implementation of LIA, Act 2012, development of ethical standards and practices in public service and overall management of the Directorate's functions and activities.</p>

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2022

5.	 <p><b>Mr. Vincent O. Okong'o</b> <b>Director, Preventive Services</b></p> <p>Master of Arts (Economics &amp; Social Studies), Master of Arts in Economic Policy Management</p>	<p>Provide Directorate's leadership in policy formulation, implementation and advisory on preventive measures including prevention, public awareness, training, research; and overall management of the Directorate's functions and activities.</p>
6.	 <p><b>CPA Joel I. Mukumu</b> <b>Director, Finance and Planning</b></p> <p>Master of Business Administration (Finance), Bachelor of Commerce - Accounting Option. Certified Public Accountants of Kenya</p>	<p>Provide Directorate's leadership in implementation of PFMA, Act 2012, and policy formulation, implementation and coordination of the Finance and Budget functions of the Commission. In addition, lead overall management of the Directorate's functions and activity.</p>

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2022

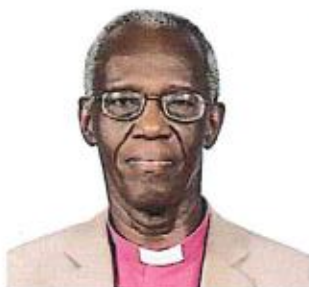
7.	 <p><b>Mr. Jackson K. Mue, OGW</b> <b>Director, Field Services &amp; Coordination</b></p> <p>Master of Science in ICT Policy and Regulation, Bachelor of Science (Mathematics &amp; Computer Science). Post Graduate Diploma in Computer Science</p>	<p>Provide Directorate's leadership in coordination of Commission functions at regional levels, partnerships, and support the office of Secretary/Chief Executive Officer in general administration and overall management of the Directorate's functions and activity.</p>
8.	 <p><b>Mr. Eddie Odhiambo</b> <b>Assistant Director, Supply Chain Management</b></p> <p>Master of Business Administration Bachelor of Science (Statistics &amp; Computer Science), Diploma in Purchasing and Supplies Management Chartered International Procurement Professional</p>	<p>Provide leadership in implementation of Public Procurement and Disposal Act, 2015 and related regulations in supply chain management functions of the commission and overall management and supportive function of the Commission.</p>

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2022

9.	 <p><b>Ms. Ellyjoy G. Bundi</b> <b>Ag. Deputy Director, Human Resource Management</b></p> <p>Master of Business Administration (HRM) Bachelor of Education, Diploma in Human Resources Management</p>	<p>Provide Commission leadership in human capital management and relevant labour laws, implementation of key human resource aspect not limited to succession, development, retention, training, and overall management of the Commission staff related functions and activity.</p>
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#### 4. STATEMENT OF THE CHAIRPERSON



The Ethics and Anti-Corruption Commission has continued to discharge its mandate and support the national aspirations espoused in the Constitution and various government blueprints. In doing so, the Commission plays an integral part of protecting public resources to ensure realization of the economic development agenda of the Country.

Notably, the Commission under its Strategic Plan for the period 2018-2023, has identified and amplified four (4) key pragmatic strategies focusing on high-impact investigations, robust tracing and recovery of corruptly acquired assets, corruption prevention and forging, and maintaining strategic partnerships with state and non-state actors.

The strategies aim at causing maximum deterrence, extinguish benefits accrued from corrupt conduct, raise awareness on the dangers of corruption and foster a whole-of-society, and government approach to fighting corruption and unethical conduct. I am pleased to note that these strategies are bearing fruits based on the activities reported and the value of assets recovered for the benefit of the public.

EACC acknowledges with gratitude the immense support that we have continued to receive from the national government through budgetary allocation to facilitate effective discharge of the mandate. The allocation has gradually increased over the years, which is a clear testament of the commitment by the government to reduce the prevalence of corruption.

The Commission also appreciates all our development partners who have supported various programmes and activities. Through partnership, we have managed to bridge the resource gap particularly in the area of capacity building. A number of our officers were able to receive highly specialized anti-corruption trainings from reputable organizations including the FBI. Similarly, we appreciate all other forms of support that we received during the period under review including acquisition of modern investigation tools and equipment.

In addition, local and regional partners have been instrumental in supporting our programmes and activities. In particular, I commend the National Council on Administration of Justice, which has remained vibrant and vocal in ensuring the criminal justice system is responsive, efficient and effective.

God bless Kenya, God bless EACC.



ARCHBISHOP (EMERITUS) DR. ELIUD WABUKALA, EBS  
CHAIRPERSON

5. REPORT OF THE SECRETARY/CHIEF EXECUTIVE OFFICER



The Ethics and Anti-Corruption Commission is pleased to present the Annual Report and Financial Statements for the Financial Year ended 2021/22. The Report is prepared pursuant to section 27 of Ethics and Anti-Corruption Commission Act, 2011 and section 45 of the Leadership and Integrity Act (LIA, 2012).

The annual accounts of the Commission are prepared, audited and reported in accordance with the Public Audit Act, 2003 (No. 12 of 2003) and Public Finance Management Act, 2012, as well as, in consonance to the International Public Sector Accounting Standards (IPSAS) on prudent financial management and reporting

The Report contains financial statements, which include Statement of Financial Position; Statement of Financial Performance; Statement of Changes in Net Assets; Statement of Cash Flows; Statement of Comparison of Budget and Actual Amounts and other explanatory notes.

During the period under review, the Commission's Recurrent budget ceiling was **Kshs 3,518,530,000** after an additional budget during supplementary II of **Kshs. 260,000,000**. In addition, a Development budget of **Kshs 67,493,119** was utilized to refurbish the Integrity Centre and automate EACC processes.

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

Further, the Commission enhanced its institutional capacity through recruitment of additional staff and providing continuous trainings to enhance skills and competencies. The Commission also expanded its investigation infrastructure through acquisition of additional specialised equipment and tools.

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



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



# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

## 6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

EACC has Four strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2018/2019- FY 2022/2023. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Policy, Legal and Regulatory Framework

Pillar/theme/issue 2: Enforcement

Pillar/theme/issue 3: Prevention and Public Awareness

Pillar/theme/issue 4: Institutional Capacity

EACC develops its annual work plans based on the above four pillars/Themes/Issues. Assessment of the Commission's performance against its annual work plan is done on a quarterly basis. The EACC achieved its performance targets set for the FY 2021-2022 period for its four strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issue	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: <b>Policy, Legal and Regulatory Framework</b>	Strengthening policy, legal and regulatory framework	1.No. of Laws reviewed and amendment(s) proposed  2.Effective policy, legal and regulatory framework  3.No. of regulations reviewed and amendment proposed  4.Country review report on review of Chapter 2 and (UNCAC and AUCPCC	•Propose new amendments of the laws  •Policy, legal and regulatory framework  •Regulations reviewed and amendment proposed  •Participate in Kenya's UNCAC  •Undertake AUPCC review	•Amendment of Anti-Corruption and Economic Crimes Act, 2003 (No.3 of 2003) •Leadership and Integrity Act, 2012 (No. 19 of 2012) •Amendment of the Ethics and Anti-Corruption Commission Act, 2011(No.22 of 2011) •Amendment of the Bribery Act, 2016 •Development of Model Procedures for Prevention of Corruption and Bribery
Pillar/theme/issue 2: <b>Enforcement</b>	Enhancing law enforcement in the fight against corruption and unethical conduct	1.No. of reports analyzed  2.No. of Completed Investigation  3.No. ethical breaches	1.Reports received and analysed 2.Investigation completed on corruption and economic crimes 3. Ethical breaches	1. 5,036 reports on were received and analyzed and 1,916 reports were relevant to the Commission's mandate. 2. 457 completed files

**Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2022**

		<p>investigated and completed</p> <p>4. No. of Files forwarded to ODPP for determination</p> <p>5.No. of sting Operations</p> <p>6. No. of preservation applications filed and value in Kshs in million</p> <p>7.No. of suits, petitions and judicial review applications defended</p> <p>8.No. and value (Ksh. million) of disruptions executed</p> <p>9. Value of assets recovered</p>	<p>investigations completed</p> <p>4. Files forwarded to ODPP for determination</p> <p>5. Sting operations undertaken</p> <p>6 Preservation suits filed in the Court and value in Kshs (million)</p> <p>7. Suits, petitions and judicial review applications defended</p> <p>8. No. and value (Ksh. million) of disruptions</p> <p>9. Value of assets recovered</p>	<p>3.52 files of ethical breaches investigated</p> <p>4. 97 cases forwarded to ODPP for action.</p> <p>5. 76 Sting/covert operations and 103 integrity testing</p> <p>6.17 preservation suits filed in Court valued Kshs 968 million</p> <p>7.30 Suits, petitions and judicial review applications defended</p> <p>8.25 and Kshs 4 billion disrupted</p> <p>9. Kshs 1.776 billion Assets recovered</p>
<b>Pillar/theme/issue 3: Prevention and Public Awareness</b>	Enhancing public education, communication and awareness on corruption and unethical practices	<p>1.No. of print media, programmes conducted</p> <p>2.No. of Information Education Communication materials developed and disseminated</p> <p>3.No. of targeted spots reached</p> <p>4.No. of networks Reached</p> <p>5.Portable Adili (Integrity) content developed</p>	<p>1.Print media, programmes conducted</p> <p>2. Information Education Communication IEC materials disseminated</p> <p>3.Targeted spots reached</p> <p>4. Networks reached</p> <p>5.Online portal engagement</p>	<p>1.Media programmes: 40 Radio stations,10 Television stations; 30 print media articles featured in various print media outlets and the Commission's Website</p> <p>2. 15 types of IEC were developed and 54,496 disseminated</p> <p>3. 3 Targeted spots reached</p> <p>4. 54 networks reached</p> <p>5.Six modules on Portable Adili developed</p>
	Enhancing the prevention of corruption and unethical practices	<p>1.No of advisories on the Corruption Prevention Indicator under the Performance Contracting (PC)</p>	<p>1. Advisories on the Corruption Prevention Indicator under the Performance Contracting (PC)</p>	<p>1. 86 advisories on the Corruption Prevention Indicator under the Performance Contracting (PC)</p>



**Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2022**

		framework to MDAs 2.No. of System review reports 3.No of Corruption risks assessments 4.No. of Corruption Prevention Committees 5. Number of Integrity Assurance Officers Trained 6. No of system reviews monitored 7. Number of targeted research 8. Programme evaluation	framework to MDAs 2.System review reports 3.Corruption risks assessments 4.Corruption Prevention Committees 5. Integrity Assurance Officers Trained 6.System reviews monitored 7. Number of targeted research 8. Programme evaluation conducted	framework offered to MDAs 2.22 System review reports 3.Six Corruption Risks Assessments 4.57 Corruption Prevention Committees 5. 995 Integrity Assurance Officers Trained 6.5 system reviews monitored 7.One targeted research 8. Zero Programme evaluation
<b>Pillar/ theme/ issue 4: Institutional Capacity</b>	Enhancing institutional capacity of the Commission	<ul style="list-style-type: none"> <li>•Implementation of revised EACC structure</li> <li>• Number of staff recruited and placed</li> <li>• Budget Estimates</li> <li>• Workplace audit Internal audit programme report</li> <li>• ICT Network audit report</li> </ul>	<ul style="list-style-type: none"> <li>• Implement approved revised organizational structure</li> <li>• Recruit staff</li> <li>• Approved budget estimates</li> <li>• ICT upgrade</li> <li>• Audit and risk management</li> <li>• Workplace audit report</li> <li>• Conduct Network audit report</li> </ul>	<ul style="list-style-type: none"> <li>• Revised organogram implemented</li> <li>• 26 new staff recruited</li> <li>• Common and specialized training undertaken</li> <li>• Integrity Centre refurbishment ongoing</li> <li>• Madison house offices refurbished</li> <li>• ICT upgrade- Servers, 94 computers</li> <li>• Upgraded 20 EACC fleet of motor vehicle</li> <li>• Electronic IC entrance /exit system</li> </ul>

## **7. CORPORATE GOVERNANCE STATEMENT**

The Ethics and Anti-Corruption Commission (EACC) is a Constitutional Commission created pursuant to Article 79 of the Constitution of Kenya 2010 and established under Section 3 of the Ethics and Anti-Corruption Commission Act No. 22 of 2011. The mandate of the Commission is to combat and prevent corruption, economic crimes and unethical conduct through law enforcement, prevention, public education and promotion of ethical standards and practices.

The EACC Act provides for the functions and powers of the Commission, qualifications and procedures for the appointment of the Chairperson and Members of the Commission, and for other connected purposes. Section 4 of the Act provides for the composition of the Commission, which comprise of a Chairperson and four other Members. They are appointed in accordance with the provisions of the Constitution and the Act. The Chairperson and Members of the Commission serve for a single term of six (6) years on a part-time basis.

The functions of the Commissioners majorly threefold: policy, oversight and strategy. The Secretary to the Commission is also the Chief Executive Officer and Accounting Officer. The Secretary is responsible for strategic, financial and operational leadership. In performing its function, the commission may engage such experts as may be necessary for the performance of its functions.

In compliance with the constitutional requirement on access to services, the Commission has established 11 Regional Offices and has presence in 50 Huduma Centres across the Country to ensure reasonable access to its services in all parts of the Republic. The headquarters is at Integrity Centre in Nairobi County.

The Commission has established four (4) Committee for the effective discharge of their function. They include; Finance and Supply Chain Management, Law Enforcement, Support Services, and Corruption Prevention, Education and Public Engagements. A Commissioner chairs the committees and co-opt heads of Directorates and Departments with relevant experience and skills into the membership. There is also a Risk and Audit Committee established in accordance with the Public Finance Management Act to support the Commission through monitoring and reviewing the risk, control and governance processes.

The Commission is required to prepare an Annual Report at the end of each financial year and submit to the President and the National Assembly. The Report is an accountability tool detailing the activities of the Commission, achievements and any impediment that hinders the discharge of our mandate. The Commission also prepares Annual financial statements in accordance with the law and is audited by the Office of the Auditor General.

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

## 8. MANAGEMENT DISCUSSION AND ANALYSIS

### 8.1 Reports on Corruption Received by the Commission

The Commission received, analyzed and processed 5,036 reports in FY 2021/22, out of which 1,916 reports were within the Commission's mandate and therefore recommended for investigations. Figure 1 illustrates the trend of reports within Commission mandate from Financial Years 2017/18 to 2021/22.

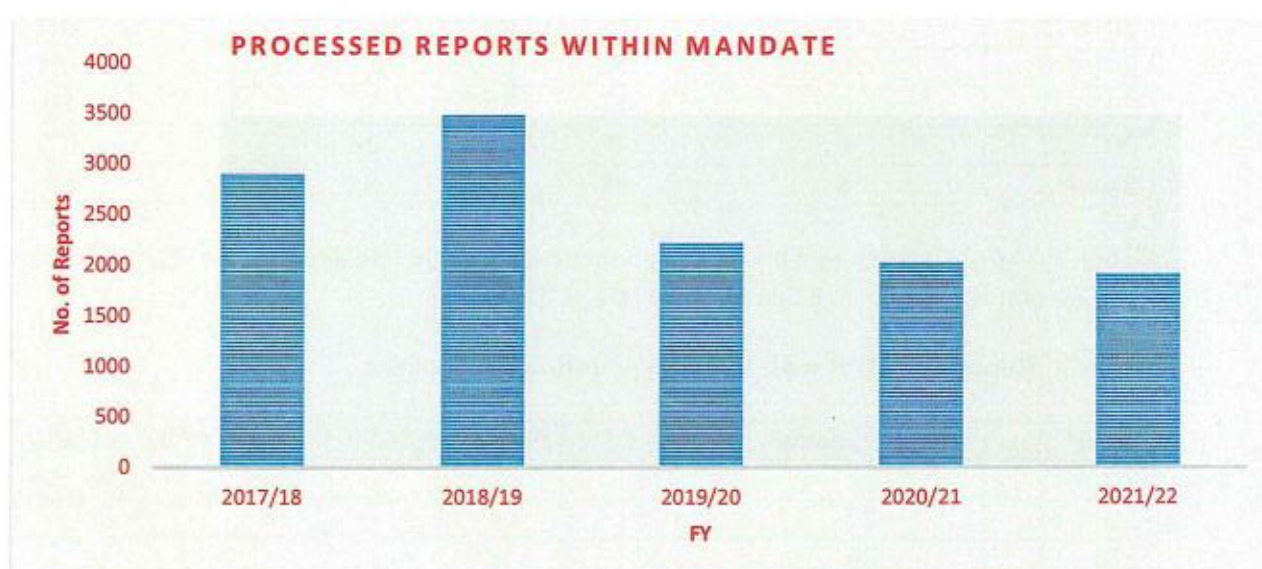


Figure 1: Summary of Reports within Commission Mandate

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

Upon satisfying threshold for investigation and relevant evidence obtained, the completed files are submitted to the prosecutor for determination. The independent review by prosecutor results in either concurrence with EACC recommendation, returned for further investigations, administration action and closure. The Commission has consistently achieved case concurrence rate of above 88% as indicated in Table 1.

Table 1: Reports to ODPP with Recommendation to Prosecute

Year	No. of Reports	Accepted	Not Accepted	Concurrence rate (%)
2014/15	75	74	1	99
2015/16	136	131	5	96
2016/17	97	89	8	92
2017/18	143	94	49	65
2018/19	78	77	1	99
2019/20	43	40	3	93
2020/21	70	68	2	98
2021/22	97	80	17	82
<b>Total</b>	<b>739</b>	<b>653</b>	<b>86</b>	<b>88</b>

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

Table: 2 Reports to DPP with Recommendation for Administrative Action



Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

Year	No. of Reports	Accepted	Not Accepted	Concurrence rate (%)
2014/15	8	8	0	100
2015/16	4	3	1	75
2016/17	7	7	0	100
2017/18	10	7	3	70
2018/19	13	13	0	100
2019/20	10	9	1	90
2020/21	15	12	3	80
2021/22	9	9	0	100
<b>Total</b>	<b>76</b>	<b>68</b>	<b>8</b>	<b>89</b>

Table 3. shows reports to DPP with recommendation for closure for the Eight-Year period. The Commission has achieved a concurrence rate of 88 percent.

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

Year	No. of Reports	Accepted	Not Accepted	Concurrence rate (%)
2014/15	22	19	3	86
2015/16	27	25	2	93
2016/17	26	25	1	96
2017/18	27	21	6	78
2018/19	33	31	2	94
2019/20	19	17	2	89
2020/21	19	18	1	95
2021/22	48	38	10	79
<b>Total</b>	<b>221</b>	<b>194</b>	<b>27</b>	<b>88%</b>

### 8.3 Outcome of Cases Finalized in Court

The cases that are scrutinized by ODPP and seen fit for prosecution are taken to court and Table 4 provides the results of 62% (percent) conviction rate.

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

Year	No of cases finalized	Conviction	Acquittal	Discharge	Conviction rate (%)
2014/15	1	1	-	-	100
2015/16	14	11	-	3	79
2016/17	25	18	7	-	72
2017/18	44	35	9	-	79
2018/19	78	51	23	4	65
2019/20	55	23	28	4	41
2020/21	31	23	5	3	74
2021/22	60	30	27	3	50
<b>Total</b>	<b>308</b>	<b>192</b>	<b>99</b>	<b>17</b>	<b>62</b>



# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

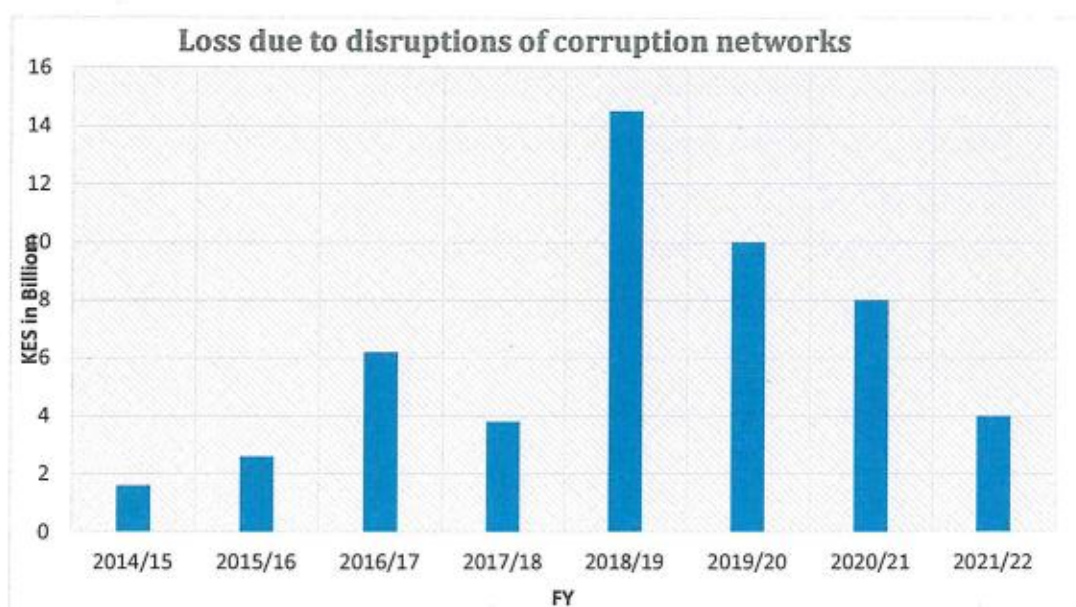
The Commission recovers assets acquired out of corruption and economic crime as deterrent measure. Table 5 presents the estimated value of assets recovered in the last eight years' period.

**Table 5: Assets Recovered**

Assets Recovered from 2013-2021								
Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Value in (Kshs million) of public assets recovered	140.3	700	256	352.2	4,500	12,120	16,500	1,776

## 8.4 Loss averted through Disruption of Corruption Networks

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



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

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

## 8.5 Institutional Systems Reviews Reports

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

2014/15	Parliamentary Service Commission and Ports of entry in Kenya
2015/16	Ministry of Education (Free Primary Education Programme)
2016/17	Ministry of Lands and Physical Planning and Pricing of pharmaceuticals and non-pharmaceuticals Supplies in the Kenya Health Sector (pending official release).
2017/18	Examination into the systems, policies, procedures and practices of the Ministry of Lands, and Physical Planning.
2018/19	Examination into the systems, policies, procedures and practices of the Ministry of Environment and Forestry and Examination into the policies, procedures and practices in the centralized procurement of ICT equipment and services at the Ministry of Information, Communications and Technology.
2019/20	Examination into the systems, policies, procedures and practices of the Ministry of Environment, Sheikh Khalifa Bin Zayed Al-Nahyan Secondary and Technical School Mombasa, and in the centralized procurement of ICT items and services by the ministry of ICT
2020/21	During the year, the Commission reviewed the systems, policies, procedures and practices of operation in the various state entities, and Counties and completed reports. These are: <ul style="list-style-type: none"> <li>▪ Corruption risk assessment in the Nandi County Executive</li> <li>▪ Corruption risk assessment in the Nandi County Assembly</li> <li>▪ Corruption risk assessment in the Nyamira County Executive</li> <li>▪ Corruption risk assessment in the Nyamira County Assembly</li> <li>▪ Systems review in the Department of Housing targeting affordable Housing, Estates Management and Slum Upgrading</li> <li>▪ Systems review in the National Hygiene Program-Kazi Mtaani</li> <li>▪ Systems review into the, policies, procedures and practices of work on the establishment of technical and vocational education and training institutions</li> <li>▪ Systems review into the Agricultural Settlement Fund Trustee</li> <li>▪ Systems audit into the National Youth Service targeting various functional areas (eight reports completed)</li> </ul>
2020/21	During the year, the Commission reviewed the systems, policies, procedures and practices of operation in MDAs and Counties and completed 22 examination reports and 15 reports at National Youth Service (NYS). Some of these are enumerated;

## Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

- Universal Health Coverage Programme, Ministry of Health
- 15 National Youth Service sub stations
- The Judiciary (2)- Government Funded Projects/ operations
- Six Reports on Corruption Risk Assessments (CRAs) conducted in three counties. The CRAs were conducted in Bungoma County Executive, County Assembly of Bungoma, Mombasa County Executive, County Assembly of Mombasa, Isiolo County Executive and County Assembly of Isiolo.

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

The Commission undertook integrity verification for compliance with the provisions of Chapter Six of the Constitution for **26,481** applicants seeking appointment to state and public offices. The Commission facilitated development of Specific Leadership and Integrity Codes for state officers in **9** public entities and monitored declarations of income, assets and liabilities by public officers.

**Table 6: Integrity verification statistics**

S/No.	Institution	No. of officers cleared	No. of officers not cleared	Total Received
	National Government	24650	221	<b>24871</b>
	County Governments	1,581	29	<b>1610</b>
	Private Institutions	53	2	<b>55</b>
<b>Sub-Total</b>		<b>26,284</b>	<b>252</b>	<b>26,536</b>
1.	Self-declaration forms received	<b>85,228</b>		<b>85,228</b>

### 8.7 Financial Performance

The Commission is committed in carrying out financial management in line with Public Finance Management Act, 2012. The Commission is funded by the Government through The National Treasury. The Commission recorded budget absorption of 99 percent with approved budget of Kshs **3,586,023,119** for FY 2021/2022.



## **9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

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

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

Below is a brief highlight of our achievements in each pillar

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

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

Moreover, there have been continuous and incremental disbursements from the exchequer to the Commission each year. The Commission's budget has increased from Kshs **2,957,220,000** to Kshs **3,586,023,119** between 2015 and 2022. This indicates government commitments in fight against corruption. Further, recent developments in the war against graft have sparked greater interest and commitment from partners and donors. Donors have been participating by offering both operational and technical support.

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

### **ii. Environmental Performance**

In order to embrace sustainable waste disposal, the Commission has a Service Level Agreement for collection and disposal of various categories of waste generated in the Commission premises.

Waste Bins are equally positioned strategically in various locations of Commission premises in order to ensure clean environment. During the period under review, the management has issued various directives and made initiatives aimed at leveraging technology and embracing electronic communication as opposed to over-reliance on printed communication. This has effectively reduced consumption of paper by the Commission. The Commission has a Corporate Social Responsibility

## Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

Programme whose objectives include conservation of the environment through improvement of forest cover through tree planting.

### **iii. Employee Welfare.**

The Commission has a policy on recruitment, appointment and promotion which guides the recruitment process. The policy provides a requirement to ensure that the one (1/3) gender constitutional requirement is observed in employment. Further, the Commission's Shortlisting and Interview Guidelines are designed to promote regional and gender balance. The percentage gender distribution is 39.3% female and 60.7% male as at August 2022. A total of 30 ethnic communities are represented out the 46 existing communities as per 2019 census report. In recognition of the Commission's effort in embracing diversity and inclusivity, in March 2022, the Commission was awarded a certificate of recognition as 1st runners up in the category of most inclusive constitutional Commission and Independent office. Commission policies are reviewed from time to time but within a period of three (3) years, the review takes into consideration views of stakeholder to ensure participation. For example, the Commission's Corporate Services and Procures Manual and the Organizational Structure were reviewed in 2020. Currently the Commission is reviewing its Career Progression Guidelines.

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

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

## Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

### **iv. Market Place Practices**

The supply chain disruption brought by the COVID 19 pandemic, devaluation of Kenya Shillings against major currency majorly affected supply of goods and services. The reality in the short term was increased prices in the market place. The major impact on the Commission was inadequate budget to meet the user demands.

The Public Procurement and Disposal (Amendment) Act 2022 has emphasized the need to undertake market surveys during undertaking a procurement process. This will enable scanning the market place and providing guidance to the user department and informed procurement outcome.

To underscore the importance of transparency and efficiency in the procurement process, the Public Procurement Regulatory Authority (PPRA) has enhanced the Public Procurement Information Portal for suppliers to easily access information to the public on procurement opportunities and contract awards. The Commission have continuously complied and enhanced utilization of e-Procurement to the available public procurement information system infrastructure.

#### **a) Responsible Competition Practice**

Competitive practices in supply chain is increasingly becoming the norm to maximize value for money and promoting equity and affirmative action programs. The Commission has continuously endeavoured to apply the Open Tender method as its preferred procurement method to promote competition in the market place.

In enhancing anti-corruption in the procurement process, the Commission tendering provides communication channels to report any form of corruption or unethical conduct.

#### **b) Responsible Supply Chain and Supplier Relations**

The Commission continuously considers economic, social, ethical, and environmental standards in all of its procurements and disposal processes. The aforementioned standards are also applied when registering new suppliers and supplier development programs.

Long term framework contracts have enabled the Commission to leverage on buyer power and influence towards supply chain sustainability and resilience in realizing competitive pricing. The long-term contracts are a shift from spot buying which has not only reduced the transactional procurement but further realized long term supplier relations. The buying pattern and demand has enabled the suppliers to be more responsive to urgent demands and the lower the stocks holding of the Commission.

The procurement opportunities and awards have been provided through e-Procurement platforms that has built confidence with the suppliers to view the Commission as a responsible partner in business.



## **Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022**

### **c) Responsible marketing and advertisement**

The Commission marketing and advertisement communication is tactically layered both in the print and electronic media platforms in order to promote visibility of the procurement opportunities to the targeted audience; reaching them at key touchpoints identified and subsequently drive positive supplier participation. The seamless communication has enhanced suppliers' confidence of EACC procurements leading to high responsiveness of tenders. The procurement legal framework limitation on the use of digital communication channels has constrained the Commission to adopt the digital strategy as a primary mode to reach the general public. However, the Commission has leveraged on the print media to advertise most of its procurement opportunities.

### **d) Product stewardship**

The Commission evaluation criteria always takes into cognizance social and environmental considerations in choosing best suppliers' products and services. Further, the buying process is driven by the user department needs thus eliminating product waste. The Commission endeavours to procure safe products from reputable suppliers to safeguard consumer rights and interests.

The Commission constitutes inspection and acceptance committees for each procurement as prescribed in the Public Procurement and Disposal Act to enable it to comply with both user specifications and regulatory requirements. The inspection and acceptance committees comprise of staff from different departments who have the requisite skills and in-depth product knowledge. In instances where the Commission has limited technical skills on particular complex procurements, it engages external technical skills from relevant bodies to ensure procured products are above board.

### **v. Corporate Social Responsibility / Community Engagements**

The EACC's corporate social responsibility is based on the fact that, as part of the Kenyan society, we have responsibilities that go beyond our legal obligations for the benefit of the society at large. Our corporate social responsibility entails community engagement, supporting community activities, 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

## Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

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.

On December 3, 2021, The Ethics and Anti-Corruption Commission planted 1,000 trees at Karura Forest Reserve at the Sigiria Block Forest in an effort to conserve the land for posterity. The portion of land rehabilitated by the Commission was part of a recovered parcel that had been irregularly allocated to unscrupulous developers. The path leading to the site where the trees were planted was renamed "Maadili Track" in recognition of EACC's efforts to conserve the forest. The Commission also donated seven benches where Karura Forest visitors can take a rest. The CSR activity was done at a cost of Kshs 594,500.

The Commission staff, through a staff-led CSR initiative, donated foodstuff and other sundry items to House of Charity, a Children's home in Nairobi. The staff cooked for and spent the day with the children, between the ages of zero to three years, who are either orphaned or abandoned.

# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

## 10. REPORT OF THE COMMISSION

The Commission submits its report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Commission's affairs.

### i) 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.

### ii) Results

The results of the entity for the year ended June 30, 2022 are set out on pages 1 to 21.

### iii) Commissioners

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


### iv) Surplus remission

The entity did not make any surplus during the year 2021/2022 and hence no remittance to the consolidated fund.

### v) Auditors

The Auditor-General is responsible for the statutory audit of Ethics and Anti-Corruption Commission for the year ended June 30, 2022 in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act, 2015 and the Ethics and Anti-Corruption Commission Act, 2011.

By Order of the Commission



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



## **11. STATEMENT OF COMMISSION'S RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 26 of the Ethics and Anti-Corruption Commission Act, require the Management to prepare Financial Statements in respect of EACC, which give a true and fair view of the state of affairs of the EACC at the end of the financial year and the operating results of the EACC for the period 2021/2022. The Commission is also required to ensure that proper accounting records are kept which disclose with reasonable accuracy the financial position. The Commission is also required to safeguard its assets.

The Commission is responsible for the preparation and presentation of the EACC's Financial Statements, which give a true and fair view of the state of affairs of the EACC as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the EACC; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

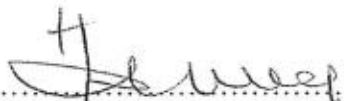
The Commission accepts responsibility for the EACC's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Reporting Standards (IPSAS), and in the manner required by the Public Finance Management Act and the Ethics and Anti-Corruption Commission Act, 2011. The Commission is of the opinion that the EACC's financial statements give a true and fair view of the state of EACC's transactions during the financial year ended June 30, 2022 and of the EACC's financial position as at that date. The Commission further confirms the completeness of the accounting records maintained for EACC, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

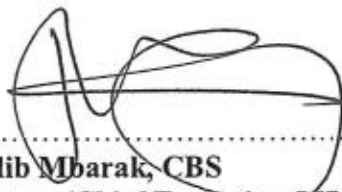
# Ethics & Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

## Approval of the Financial Statements

The EACC's Financial Statements were approved by the Commission on September 23, 2022 and signed on its behalf by:



Archbishop (Emeritus) Dr. Eliud Wabukala, EBS  
Chairperson



Twalib Mbarak, CBS  
Secretary/Chief Executive Officer





# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON ETHICS AND ANTI-CORRUPTION COMMISSION FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

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

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

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

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

#### **Opinion**

I have audited the accompanying financial statements of Ethics and Anti-Corruption Commission as set out on pages 1 to 24, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting



policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ethics and Anti-Corruption Commission as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Ethics and Anti-Corruption Commission Act, 2011.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Poor Financial Performance**

During the year under review, the Commission reported a deficit of Kshs.61,647,104 (2020/2021 - Kshs. 64,475,692). The Management has disclosed in Note 28 to the financial statements that the deficit arose mainly due to depreciation and accrued expenses resulting from unfunded Exchequer. The persistent under-funding is likely to lead to financial difficulties which might affect the full implementation of the Commission's planned activities in the future. The existence of the Commission is therefore dependent on Exchequer releases from the National Government.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Information**

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

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



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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the



activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

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

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

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

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

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

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

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

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

**Nairobi**

**12 October, 2022**





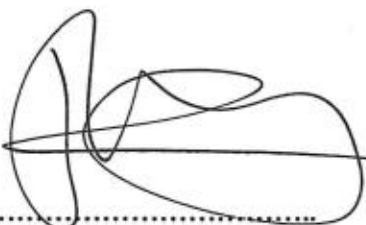
Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022


	Notes	2021-2022 Kshs	2020-2021 Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers From Other Government Entities	3	3,431,064,329	3,216,723,284
Other Income	9	365,264	-
<b>Total Revenue</b>		<b>3,431,429,593</b>	<b>3,216,723,284</b>
<b>Expenses</b>			
Employee costs	4	2,482,085,811	2,284,843,826
Commissioners Expenses	5	18,292,504	24,045,700
Depreciation and amortization expense	6	90,545,278	98,808,760
Repairs and maintenance	7	34,230,111	29,074,644
Use of goods and services	8	774,732,571	718,951,849
Transfer to KCB Loan Scheme	25	100,000,000	125,000,000
<b>Total Expenses</b>		<b>3,499,886,275</b>	<b>3,280,724,779</b>
Gain /Loss on sale of assets	9	6,809,578	(474,194)
<b>Surplus(deficit) before tax</b>		<b>(61,647,104)</b>	<b>(64,475,690)</b>
<b>Taxation</b>		<b>-</b>	<b>-</b>
<b>Surplus/(Deficit) for the period/year</b>		<b>(61,647,104)</b>	<b>(64,475,690)</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>(61,647,104)</b>	<b>(64,475,690)</b>

The notes set out on pages 8 to 21 form an integral part of these financial statements.

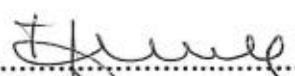
The Financial Statements set out on pages 1 to 7 were signed on behalf of the Commission by:

  
 Secretary/Chief Executive Officer  
 Twalib Mbarak, CBS

Date: 23/09/2022

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

Date: 23/09/2022

  
 Chairperson  
 Archbishop (Emeritus)  
 Dr. Eliud Wabukala, EBS

Date: 23/09/2022

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2022

**14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	Notes	2021-2022 Kshs	2020-2021 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	98,790,021	72,364,868
Receivables from non-exchange transactions	11	27,814,932	29,235,957
Inventories	12	927,805	1,595,827
<b>Total Current Assets</b>		<b>127,532,758</b>	<b>103,196,652</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	13	1,848,024,432	1,798,532,206
Asset recovery Bank Account	19	329,220,970	224,459,639
Intangible Assets	14	12,768,433	15,960,541
Long term receivables from exchange (Gratuity bank/ investment)	15	30,955,226	40,600,805
<b>Total Non-Current Assets</b>		<b>2,220,969,061</b>	<b>2,079,553,191</b>
<b>Total Assets</b>		<b>2,348,501,819</b>	<b>2,182,749,843</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	17	23,761,416	14,879,457
Current portion of borrowings (Accrued liabilities and charges)	18	27,470,916	27,470,916
<b>Total Current Liabilities</b>		<b>51,232,332</b>	<b>42,350,373</b>
<b>Non-Current Liabilities</b>			
Non-Current provisions (Asset recovery account)	19	329,220,970	224,459,639
Non-current employee benefit obligation (Gratuity fund)	16	32,981,665	42,649,780
<b>Total Non-Current Liabilities</b>		<b>362,202,635</b>	<b>267,109,419</b>

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2022

	Notes	2021-2022 Kshs	2020-2021 Kshs
<b>Total Liabilities</b>		<b>413,434,967</b>	<b>309,459,792</b>
<b>Net Assets</b>			
Acquisition Development fund	21(b)	1,518,000,000	1,518,000,000
Revenue Reserves	21(a)	189,066,296	176,736,290
Capital Reserve	20	228,000,556	178,553,761
<b>Total Net Assets</b>		<b>1,935,066,852</b>	<b>1,873,290,051</b>
<b>Total Net Assets and Liabilities</b>		<b>2,348,501,819</b>	<b>2,182,749,843</b>

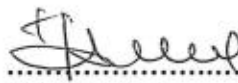
The Financial Statements set out on pages 1 to 6 were signed on behalf of the Commission.

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

Date: 23/09/2022

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

Date: 23/09/2022

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

Date: 23/09/2022



Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2022

**15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022**

	Capital Reserve  Kshs	Acquisition Development Fund Kshs	Revenue reserve  Kshs	Total  Kshs
<b>As at July 1, 2020</b>	<b>192,330,372</b>	<b>1,518,000,000</b>	<b>167,480,766</b>	<b>1,877,811,138</b>
Surplus/deficit for the year	-	-	(64,475,690)	(64,475,691)
Transfer of unspent exchequer to National Treasury	-	-	(50,094)	(50,094)
Transfer of depreciation/Amortization on capital fund to retained earnings	(98,808,760)	-	98,808,760	-
Transfers of Library books to PPE	11,610,156	-	(11,610,156)	-
Donated Asset	2,725,000	-	-	2,725,000
Development grant	56,347,077	-	-	56,347,077
Creditors write back	-	-	932,621	932,621
Capital Asset Acquisition /prior year Adjustment for 2019/2020	14,349,916	-	(14,349,916)	-
<b>As at June 30, 2021</b>	<b>178,553,761</b>	<b>1,518,000,000</b>	<b>176,736,291</b>	<b>1,873,290,051</b>
<b>As at July 1, 2021</b>	<b>178,553,761</b>	<b>1,518,000,000</b>	<b>176,736,290</b>	<b>1,873,290,051</b>
Surplus for the period	-	-	(61,647,104)	(61,647,104)
Transfer of unspent exchequer to N. Treasury	-	-	(16,568,168)	(16,568,168)
Transfer of depreciation/Amortization on capital fund to retained earnings	(90,545,278)	-	90,545,278	-
Donated Assets	18,050,000	-	-	18,050,000
Development grant	121,942,073	-	-	121,942,073
<b>As at June 30, 2022</b>	<b>228,000,556</b>	<b>1,518,000,000</b>	<b>189,066,296</b>	<b>1,935,066,852</b>

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2022

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Kshs 2021-2022	Kshs 2020-2021
<b>Cash flows From Operating Activities</b>			
Loss from operations		(61,647,104)	(64,475,690)
Add back non-cash payment (Depreciation)	6	87,353,170	90,829,686
Add back non-cash payment (Amortization)	6	3,192,108	7,979,074
Profit on disposal of Assets	9	(6,809,578)	474,194
<b>Income from Operations</b>		<b>22,088,596</b>	<b>34,807,264</b>
(Increase)/Decrease in inventories	12	668,022	13,967,901
(Increase)/Decrease in receivables & Prepayments	11	1,421,025	(293,812)
Increase/(Decrease) in payables	17	8,881,959	(11,166,348)
<b>Net cash flows from operating activities</b>		<b>33,059,602</b>	<b>37,315,005</b>
<b>Cash flows From Investing Activities</b>			
Purchase of property, plant and equipment	13	(139,992,073)	(49,125,420)
Transfer of unspent exchequer to Treasury	21(a)	(16,568,168)	(50,094)
Purchase of Intangible Assets	14	-	(9,946,657)
Asset recovery		104,761,331	59,713,896
Proceeds from disposal of plant, property and equipment	26	9,956,255	121,446
Gratuity Fund		(9,668,115)	5,948,241
<b>Net cash utilized in investing activities</b>		<b>(51,510,770)</b>	<b>6,661,412</b>

Ethics & Anti-Corruption Commission Annual Report and  
Financial Statements for the year ended June 30, 2022

<b>Cash flows From Financing Activities</b>	<b>Notes</b>	
Transfer from receivables-Library books	-	(11,610,156)
Fixed Assets Capital Funds	139,992,073	59,072,077
Creditors written back	-	932,622
Asset recovery	(104,761,331)	(59,713,896)
Gratuity Fund	9,645,579	(6,133,972)
<b>Net cash used in Financing activities</b>	<b>44,876,321</b>	<b>(17,453,325)</b>
<b>Net increase in cash and cash equivalents</b>	<b>26,425,153</b>	<b>26,523,092</b>
Cash and Cash equivalents at beginning of year	72,364,868	45,841,778
<b>Cash and cash equivalent at end of year</b>	<b>98,790,021</b>	<b>72,364,868</b>

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Commission.

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

Date: 23/09/2022

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

Date: 23/09/2022

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

Date: 23/09/2022

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
<b>Revenue</b>	<b>2021-2022</b>	<b>2021-2022</b>	<b>2021-2022</b>	<b>2021-2022</b>	<b>2021-2022</b>	
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Government grants and subsidies	3,258,530,000	260,000,000	3,518,530,000	3,431,064,329	87,465,671	98%
Other Income	-	-	-	365,264	(365,264)	
Gain/Loss on Disposal	-	-	-	6,809,578	(6,809,578)	
Development Expenditure	67,493,119	-	67,493,119	36,715,135	30,777,984	54%
<b>Total income</b>	<b>3,326,023,119</b>	<b>260,000,000</b>	<b>3,586,023,119</b>	<b>3,474,954,306</b>	<b>111,068,814</b>	<b>97%</b>
<b>Expenses</b>						
Use of Goods and services	695,735,340	158,000,000	853,735,340	774,732,571	79,002,768	91%
Employee Cost	2,503,176,660	-	2,503,176,660	2,482,085,811	21,090,849	99%
Commissioners' expenses	22,488,000	-	22,488,000	18,292,504	4,195,496	81%
Depreciation and Amortization cost	-	-	-	90,545,278	(90,545,278)	
Repairs and maintenance cost	37,130,000	2,000,000	39,130,000	34,230,111	4,899,889	87%
Staff Loan	-	100,000,000	100,000,000	100,000,000	-	100%
Development Expenditure	67,493,119	-	67,493,119	36,715,134	30,777,985	54%
<b>Total expenditure</b>	<b>3,326,023,119</b>	<b>260,000,000</b>	<b>3,586,023,119</b>	<b>3,536,601,409</b>	<b>49,421,710</b>	<b>99%</b>
<b>Surplus for the period</b>				<b>(61,647,104)</b>	<b>61,647,104</b>	

**Notes:**

- Development Expenditure**  
Under absorption was due to prolonged procurement process

**2.Commissioners' Expenses**

The under absorption was due to exit of four commissioners during the year under review



## 18. NOTES TO THE FINANCIAL STATEMENTS

### General Information

The Ethics and Anti-Corruption Commission (EACC) was established under the Ethics and Anti-Corruption Act on 27<sup>th</sup> August, 2011. The Entity is domiciled in Kenya and has branches in the regions of Bungoma, Eldoret, Garissa, Isiolo, Kisii, Kisumu, Machakos, Malindi, Mombasa, Nakuru, and Nyeri.

### 1. Statement of Compliance and Basis of Preparation

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

##### i. 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.

*Notes to financial statements (continued...)*

**Interest income**

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

**b) Budget information – IPSAS 24**

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

**c) Investment property – IPSAS 16**

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

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

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

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Commission recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The Commissions policy is to depreciate assets on straight line basis at the following rates, Buildings 2%, Motor vehicles 16.67 %, Furniture and fittings 12.5%, Computer equipment 30%, Security equipment 12.5%, Plant and equipment 12.5%.

*Notes to financial statements (continued...)*

**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.

*Notes to financial statements (continued...)*

The useful life of the intangible assets is assessed as either finite or indefinite. The Commissions policy is to depreciate Software at the rate of 20%.

**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.

*Notes to financial statements (continued...)*

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

**h) Provisions – IPSAS 19**

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

**i) 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.

**j) 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.

**k) 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.

**l) Comparative figures**

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



*Notes to financial statements (continued...)*

**m) Significant Judgments and Sources of Estimation Uncertainty – IPSAS 1**

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

*Notes to financial statements (continued...)*

**3. Transfers from Other Government Entities**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Unconditional grants</b>		
Operational Grant		
Quarter 1	585,659,839	836,699,059
Quarter 2	1,219,505,701	662,456,399
Quarter 3	732,180,638	874,988,718
Quarter 4	978,945,089	884,758,390
Development Exchequer	36,715,135	14,167,795
<b>Total</b>	<b>3,553,006,402</b>	<b>3,273,070,361</b>
<b>Less</b>		
Exchequer used for other Assets Acquisition	121,942,073	46,400,420
Exchequer used for Intangibles Acquisition	-	9,946,657
<b>Total</b>	<b>121,942,073</b>	<b>56,347,077</b>
<b>Net Exchequer for operations</b>	<b>3,431,064,329</b>	<b>3,216,723,284</b>

**4. Employee costs**

	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	1,418,508,643	1,302,935,329
Employee related costs	296,674,248	279,110,982
Travel, Motor car, Accommodation and Subsistence	224,566,434	180,303,362
Housing Benefits and allowances	542,336,486	522,494,153
<b>Total Employee Costs</b>	<b>2,482,085,811</b>	<b>2,284,843,826</b>

**5. Commissioners Expenses**

	2021-2022	2020-2021
	Kshs	Kshs
Commissioners travelling facilitation	3,915,891	3,000,700
Commissioners sitting Allowances	13,905,000	20,385,000
Commissioners Airtime Allowances	471,613	660,000
<b>Total Commissioners Expenses</b>	<b>18,292,504</b>	<b>24,045,700</b>

**6. Depreciation and Amortization costs**

	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	87,353,170	90,829,686
Intangible Assets	3,192,108	7,979,074
<b>Total depreciation Costs</b>	<b>90,545,278</b>	<b>98,808,760</b>

**Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022**

**7. Repairs and maintenance**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Property	2,137,147	1,005,140
Equipment	6,558,908	1,243,711
Vehicles	22,024,735	21,147,255
Other	3,509,321	5,678,538
<b>Total Repairs &amp; Maintenance</b>	<b>34,230,111</b>	<b>29,074,644</b>

**8. Use of goods and services**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Advertising, Publishing and Printing	25,614,484	30,202,682
Audit fees	696,000	696,000
Conferences and delegations	46,295,824	38,150,427
Consulting fees	6,544,157	8,321,288
Consumables	21,514,600	21,997,396
Electricity	13,183,522	11,887,799
Fuel and Oil	25,992,497	24,160,809
Insurance	265,198,679	200,306,881
Legal Expenses	4,821,163	4,420,236
Licences and permits	29,793,548	38,107,935
Specialised materials	6,000	360,499
Postage	4,527,311	6,450,283
Rental	74,901,658	67,547,881
Confidential Expenses	106,991,180	128,257,796
Sewerage and water costs	790,410	694,593
Research and Development	7,792,698	1,744,638
Telecommunication	28,636,051	23,413,108
Training	77,733,782	69,659,437
Refurbishment of Non-Residential buildings	2,044,548	10,184,097
Bank charges	391,022	387,234
Other Expenses	31,263,437	32,000,829
	<b>774,732,571</b>	<b>718,951,849</b>

**9. Other Income**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Sale of items/Insurance compensation	365,264	-
Gain/Loss on sale of Assets	6,809,578	(474,194)
<b>Total gain/Loss on sale of assets</b>	<b>7,174,842</b>	<b>(474,194)</b>



Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

	2021-2022	2020-2021
	Kshs	Kshs
<b>10. Cash and Cash Equivalent</b>		
Current bank Accounts	98,790,021	72,359,695
Cash on hand and in transit	-	5,173
<b>Total cash and cash equivalents</b>	<b>98,790,021</b>	<b>72,364,868</b>
(See detailed analysis of Cash and cash equivalents No. 29)		

<b>11. Receivables from non-exchange contracts</b>		
<b>Current receivables</b>	<b>2021-2022</b>	<b>2020-2021</b>
	Kshs	Kshs
Staff Imprest	2,271,931	2,476,387
Staff Advances	22,745	185,352
Rent Deposit and Prepayments	25,520,256	26,574,218
<b>Total current receivables</b>	<b>27,814,932</b>	<b>29,235,957</b>

<b>12. Inventories</b>		
	<b>2021-2022</b>	<b>2020-2021</b>
	Kshs	Kshs
Consumable stores	3,851,725	4,519,747
Provision for loss of inventory	(2,923,920)	(2,923,920)
Library books	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>927,805</b>	<b>1,595,827</b>

**13. Property Plant and Equipment - Refer to the PPE schedule  
Pages 19 & 20**

<b>14. Intangible assets-software</b>		
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>
As At July 2020	196,067,587	186,120,930
Additions during the year		9,946,657
<b>As At July 2021</b>	<b>196,067,587</b>	<b>196,067,587</b>
Additions during the year	-	-
<b>As at June 2022</b>	<b>196,067,587</b>	<b>196,067,587</b>
<b>Amortization and Impairment</b>		
As at July 2021	180,107,046	172,127,972
Charge for the year	3,192,108	7,979,074
<b>As at June 2022</b>	<b>183,299,154</b>	<b>180,107,046</b>
<b>Net Book Value 2022</b>	<b>12,768,433</b>	<b>15,960,541</b>
<b>Net Book Value 2021</b>	<b>15,960,541</b>	<b>23,939,615</b>

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

**15. Gratuity Fund Bank Account**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance brought forward	10,600,805	9,466,833
Additions	145,727,563	146,438,228
Payments	(150,373,142)	(145,304,256)
<b>Sub Total</b>	<b>5,955,226</b>	<b>10,600,805</b>
Short Deposit Investment	25,000,000	30,000,000
<b>Total</b>	<b>30,955,226</b>	<b>40,600,805</b>

**16. Gratuity Fund Account**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance brought forward	42,649,780	36,701,539
Additions	78,728,628	61,492,369
Payments	(88,396,743)	(55,544,128)
<b>Total</b>	<b>32,981,665</b>	<b>42,649,780</b>

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

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Creditors	3,857,683	5,636,209
Refundable Deposits	14,117,291	1,450,065
Treasury advances	4,598,919	4,598,919
Payroll payables	1,135,808	3,094,004
Unpaid Over Expenditure	51,715	100,260
<b>Total trade and other payables</b>	<b>23,761,416</b>	<b>14,879,457</b>

**18. Accrued liabilities and charges**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Accrued audit fees	2,088,000	2,088,000
National Lands Commission	25,382,916	25,382,916
<b>Total trade and other payables</b>	<b>27,470,916</b>	<b>27,470,916</b>

**19. Asset Recovery Fund Account**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance brought forward	224,459,639	164,745,742
Funds recovered in the year	104,762,516	59,713,897
Payments	(1,185)	-
<b>Total</b>	<b>329,220,970</b>	<b>224,459,639</b>

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

**20. Capital Reserve**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance brought forward	178,553,761	192,330,372
Transfer of depreciation/Amortisation on capital fund to retained earnings	(90,545,278)	(98,808,760)
Transfers of Library books to PPE	-	11,610,156
Donated Asset	18,050,000	2,725,000
Development grant	121,942,073	56,347,077
Capital Assets Acquisition for 2019/2020	-	14,349,916
<b>Total</b>	<b>228,000,556</b>	<b>178,553,761</b>

**21(a). Revenue Reserve**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance brought forward	176,736,291	167,480,765
Recovery of unspent exchequer to N. Treasury	(16,568,168)	(50,094)
Transfer of depreciation/Amortisation on capital fund to retained earnings	90,545,278	98,808,760
Capital Assets Acquisition for 2019/2020	-	(14,349,916)
Transfers of Library books to PPE	-	(11,610,156)
Creditors write written back	-	932,620
Surplus for the year	(61,647,104)	(64,475,690)
<b>Total</b>	<b>189,066,296</b>	<b>176,736,291</b>

**21(b). Acquisition fund**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance brought forward	1,518,000,000	1,518,000,000
	<b>1,518,000,000</b>	<b>1,518,000,000</b>

**22. Events After the reporting period**

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

**23. Currency**

The Financial statements are presented in Kenya Shillings (Kshs)



Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

**24. Acquisition Development fund**

These were funds received for acquisition of integrity centre

**25. Exchequer transfer to loan scheme**

	<b>2021-2022 Kshs</b>	<b>2020-2021 Kshs</b>
Transfer to staff Mortgage and Car loan Scheme	<b>100,000,000</b>	<b>125,000,000</b>

**26. Proceeds from disposal of assets**

	<b>2021-2022 Kshs</b>	<b>2020-2021 Kshs</b>
<b>Total</b>	<b>9,956,255</b>	<b>121,446</b>

Notes to financial statements (continued...)

14 Property, Plant and Equipment									
	Land	Building	Motor vehicles	Furniture, Fixture & fitting	Computer Equipment	Security Equipment	Plant and Equipment	Library Books	Total
Cost or Valuation:	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation Rates	-	2%	16.67%	12.50%	30%	12.50%	12.50%	12.50%	
As at 1st July 2020	795,483,750	747,899,166	495,618,211	84,135,907	237,934,265	165,232,176	100,308,697	-	2,626,612,171
Additions	-	9,346,748	-	6,916,569	30,968,242	-	1,893,861	-	49,125,420
Disposals	-	-	(8,414,047)	-	(152,016)	-	(316,180)	-	(8,882,243)
Transfers/adjustments	-	-	-	-	-	-	-	11,610,157	11,610,157
As at 30th June 2021	795,483,750	757,245,914	487,204,164	91,052,476	268,750,491	165,232,176	101,886,378	11,610,157	2,678,465,505
Additions	-	16,192,413	80,440,000	405,000	41,057,934	872,491	1,024,235	-	139,992,073
Disposals	-	-	(38,452,563)	(310,100)	(19,297,574)	-	(505,790)	-	(58,566,027)
As at 30th June 2022	795,483,750	773,438,327	529,191,601	91,147,376	290,510,851	166,104,667	102,404,823	11,610,157	2,759,891,552
Depreciation and impairment		-	-						
At 1 July 2020	-	18,697,479	397,842,695	45,003,542	193,117,041	84,757,569	57,971,890	-	797,390,216
Depreciation	-	18,463,711	24,355,448	5,756,117	25,236,775	10,059,326	5,507,040	1,451,270	90,829,686
Disposals	-	-	(8,060,324)	-	(84,447)	-	(141,832)	-	(8,286,603)

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

14 Property, Plant and Equipment									
	Land	Building	Motor vehicles	Furniture, Fixture & fitting	Computer Equipment	Security Equipment	Plant and Equipment	Library Books	Total
Cost or Valuation:	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 30 June 2021	-	37,161,190	414,137,818	50,759,659	218,269,369	94,816,895	63,337,098	1,451,270	879,933,299
Disposals	-	-	(36,572,859)	(247,636)	(18,219,067)	-	(379,787)	-	(55,419,349)
Depreciation	-	14,725,543	25,271,107	5,079,419	27,165,330	8,910,972	4,930,939	1,269,861	87,353,170
As at 30 June 2022	-	51,886,733	402,836,066	55,591,442	227,215,632	103,727,867	67,888,250	2,721,131	911,867,120
Net book values									
At 30 June 2022	795,483,750	721,551,594	126,355,535	35,555,934	63,295,219	62,376,801	34,516,573	8,889,026	1,848,024,432
At 30 June 2021	795,483,750	720,084,723	73,066,346	40,292,816	50,481,122	70,415,282	38,549,280	10,158,887	1,798,532,206

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

*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 **Kshs 43,987,916**. 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.

**28.** The deficit is mainly caused by depreciation.

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

Financial Institution	Account Number	2021-2022	2020-2021
		Kshs	Kshs
KCB - Main A/C	1103253387	39,012,929	32,453,914
KCB - Mombasa	1106512073	2,000,000	2,000,673
KCB - Kisumu	1121427499	2,000,000	2,000,000
KCB - Garissa	1128655223	2,000,000	1,994,828
KCB - Nyeri	1128743523	2,000,000	2,000,000
KCB - Eldoret	1131040244	2,000,000	2,000,000
KCB - Malindi	1167493583	2,000,000	1,894,100
KCB - Isiolo	1167596226	2,000,000	2,000,000
KCB - Machakos	1167286790	1,978,300	2,000,000
KCB - Nakuru	1167708466	2,000,000	2,030,532
KCB - Kisii	1178636070	2,000,000	2,000,000
KCB - Bungoma	1249057019	1,915,675	2,000,000
Central Bank of Kenya	1000181141	36,465,636	16,568,168
CBK - GIZ Project	1000227959	700	700
CBK Development A/C	1000182059	1,416,781	1,416,779
Cash - Head Office		0.30	-
Cash - Garissa			5,172
Cash - Isiolo			-
Cash - Malindi		-	-
<b>Total</b>		<b>98,790,021</b>	<b>72,364,867</b>



Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

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

**A. Recurrent Account**

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/ Development/ Others	Total Amount Kshs	Where Recorded/recognized		
	as per bank statement			Statement of Financial Performance	Capital Fund	Total Transfers during the Year
The National Treasury	02.08.2021	Recurrent	188,201,592	188,201,592		188,201,592
The National Treasury	06.08.2021	Recurrent	100,000,000	100,000,000		100,000,000
The National Treasury	24.08.2021	Recurrent	9,148,225	9,148,225		9,148,225
The National Treasury	26.08.2021	Recurrent	185,307,586	185,307,586		185,307,586
The National Treasury	08.09.2021	Recurrent	68,584,083	68,584,083		68,584,083
The National Treasury	21.09.2021	Recurrent	34,418,353	34,418,353		34,418,353
The National Treasury	08.10.2021	Recurrent	186,299,254	186,299,254		186,299,254
The National Treasury	19.10.2021	Recurrent	117,191,898	117,191,898		117,191,898
The National Treasury	01.11.2021	Recurrent	199,957,544	199,957,544		199,957,544
The National Treasury	18.11.2021	Recurrent	100,000,000	100,000,000		100,000,000
The National Treasury	25.11.2021	Recurrent	242,691,146	242,691,146		242,691,146
The National Treasury	10.12.2021	Recurrent	160,818,925	160,818,925		160,818,925
The National Treasury	16.12.2021	Recurrent	25,694,331	25,694,331		25,694,331
The National Treasury	24.12.2021	Recurrent	186,852,603	186,852,603		186,852,603
The National Treasury	18.01.2022	Recurrent	8,921,715	8,921,715		8,921,715
The National Treasury	21.01.2022	Recurrent	125,694,335	125,694,335		125,694,335

Ethics and Anti-Corruption Commission Annual Report and Financial Statements for the year ended June 30, 2022

The National Treasury	28.01.2022	Recurrent	195,265,124	195,265,124		195,265,124
The National Treasury	24.02.2022	Recurrent	186,094,046	186,094,046		186,094,046
The National Treasury	14.03.2022	Recurrent	30,032,088	30,032,088		30,032,088
The National Treasury	29.03.2022	Recurrent	186,173,330	186,173,330		186,173,330
The National Treasury	22.04.2022	Recurrent	100,000,000	100,000,000		100,000,000
The National Treasury	05.05.2022	Recurrent	192,279,880	192,279,880		192,279,880
The National Treasury	19.05.2022	Recurrent	53,358,453	53,358,453		53,358,453
The National Treasury	31.05.2022	Recurrent	186,735,830	186,735,830		186,735,830
The National Treasury	27.06.2022	Recurrent	188,297,770	188,297,770		188,297,770
The National Treasury	30.06.2022	Recurrent	100,000,000	100,000,000		100,000,000
The National Treasury	07.07.2022	Recurrent	158,273,156	158,273,156		158,273,156
<b>Total</b>			<b>3,516,291,267</b>	<b>3,516,291,267</b>		<b>3,516,291,267</b>

**B. Development Account**


Name of the MDA/Donor Transferring the funds	Date Received as per Bank Statement	Nature: Recurrent Development Others	Total Amount Kshs	Statement of Financial Performance	Where Recorded/Recognized	
					Capital Fund	Total Transfers during the Year
The National Treasury	04.04.2022	Development	6,643,710		6,643,710	6,643,710
The National Treasury	19.05.2022	Development	9,036,380		9,036,380	9,036,380
The National Treasury	16.06.2022	Development	9,036,380		9,036,380	9,036,380
The National Treasury	06.07.2022	Development	11,998,665		11,998,665	11,998,665
<b>Total</b>			<b>36,715,135</b>		<b>36,715,135</b>	<b>36,715,135</b>

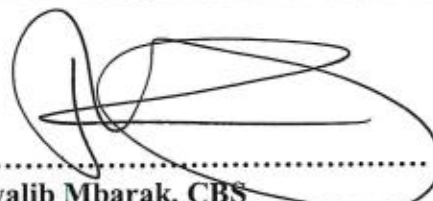


## APPENDIX 2: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
1	Excess acting allowance of Kshs 5,862,895/90 paid to immediate former Chief Executive Officer against provisions of circular No OP/CAB/55/1	Details of evidence of overpayment have been provided to her lawyers	Mr. David Kaboro	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 Kshs 2,923,920/-	Services of staff involved were terminated, file forwarded to Director of public prosecutions to institute prosecution.	Mr. David Kaboro	Not Resolved	Open as it is ongoing through court process
3	<b>Acquisition of Integrity Centre</b> <ul style="list-style-type: none"> <li>Valuation of the Integrity Centre</li> <li>Inadequate building Plan/Drawings</li> </ul>	<p>The valuation and acquisition of the building was being handled by NLC on behalf of EACC</p> <p>The submitted drawings were not sufficient as pointed by the Ministry of Lands and Physical Planning</p>	<p>Mr. Enock Otiko</p> <p>Mr. Enock Otiko</p>	<p>The procuring entity (NLC) is handling the matter</p> <p>Resolved</p>	<p>The procuring entity (NLC) is handling the matter</p> <p>The procuring entity (NLC) is handling the matter</p>

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

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