



When replying please quote:

## **PRESS STATEMENT**

### **BRIEF ON INVESTIGATION INTO THE MISAPPROPRIATION OF FUNDS FOR THE KENYA EDUCATION SECTOR SUPPORT PROJECT, (KESSP) AND WESTERN KENYA FLOOD MITIGATION PROJECT (WKFMP)**

#### **Ministry of Finance Internal Audit Report**

The Kenya Anti- Corruption Commission (KACC) received an audit report from the Internal Audit Department in the Ministry of Finance on 13<sup>th</sup> November 2009 . The Audit report states that a total of **Kshs.103 million** of donor funds meant for **Kenya Education Sector,Support Project (KESSP)** was embezzled and misappropriated. It states that payments were effected through **44 payment vouchers** involving 29 Senior Officials in the Ministry of Education.

The report indicates that the public funds were embezzled through fraudulent accounting of imprest purportedly used for the following activities:

1. Workshops on Management of instructional materials in Secondary Schools for North Rift and Western Regions;
2. Workshops on Double Shift Coast Region;
3. Workshops on Double Shift Sensitization for North Rift and Western Regions; and
4. Training of representatives from Primary schools on HIV Aids prevention and life skills.

According to the report, the misappropriation occurred through fraudulently presentation of receipts purportedly issued by various Educational Institutions where the workshops are said to have been held. Fake receipts were purportedly issued for hire of facilities and services, printing of certificates and other items for the alleged workshops.

The allegations imply that if Ksh.103 million has been misappropriated by some greedy individuals who have no shame in embezzling funds meant for the innocent children, then at a cost of Ksh.1,020 per child approximately 100,000 plus children who were to benefit from this fund

next year will be denied their Right to Education and possible future leaders of Kenya.

KACC investigators studied the Audit Report and identified specific allegations for investigations. Full investigations commenced immediately after receiving the Audit Report seeking to establish offences committed and bring the culprits to book. The Commission has assigned and dispatched several Forensic Investigators to the field and to the Ministry of Education Headquarters to pursue and fast-track the investigations with the aim of establishing criminal culpability for prosecution.

At present the KACC investigators have seized and secured in its custody all original Payments Vouchers with supporting documents for the surrender of the Imprests, Vote Books, Cash Books and Ledgers from the Ministry of Education to avoid tampering with evidence. These documents will be scrutinized and verified for authenticity.

There has been a lot of correspondences and meetings between KACC and Ministry of Education senior officials including a meeting with the Permanent Secretary, Professor Karega Mutahi since 4<sup>th</sup> November 2009 in regards to this matter. The Permanent Secretary assured the Commission the Ministry of Education's fullest cooperation in bringing the culprits to book and possible full recovery of the embezzled funds.

### **Western Kenya Flood Mitigation Project**

Related to this, in September 2009, the Kenya Anti-Corruption Commission (KACC) commenced investigation into allegations of **misappropriation of Ksh. 55 million** by project staff of **Western Kenya Community Driven Development and Flood Mitigation Project**. A consultative meeting between the Commission and the World Bank Officials was held on 30<sup>th</sup> September 2009 to discuss progress of investigation into the embezzlement of public funds. Again these are essential projects denying innocent and vulnerable people in Budalangi to alleviate flood related problems and improve their living standards. Funds embezzled ranged from Ksh.50,000/ = to Ksh.4million through the following manners:

1. Fraudulent claims for subsistence allowances by project officials;
2. Surrender of imprest using forged documents/receipts;



3. Fraudulent claims for project activities that never took place. This includes HIV sensitization workshops, records management workshops, customer care workshops that were never held;
4. Collusion, conflict of interest and overpricing of goods and services supplied to the project;
5. Cheque diversion;
6. Payments for fictitious supply of goods and services; and
7. Flouting of applicable Government procurement procedures.

Since commencement of investigations the Commission has obtained evidence to support the misappropriation and embezzlement of these funds. Files will soon be forwarded to the Attorney General for appropriate action.

The Kenya Anti-Corruption Commission would like to reassure the General Public that the Commission is dedicated and committed to the fight against corruption and wishes to call upon all Kenyans to join the Government and the Commission in fighting corruption. The Commission calls on every Kenyan to shun and report all forms of corruption and if you have information that can assist in the fight against corruption share it with us and relevant authorities for action.



Dr. John Mutonyi, MBS  
**Ag. Director/Chief Executive**

16<sup>th</sup> December 2009