



Kenya Anti-Corruption Commission

ANNUAL REPORT
2009/2010

KACC

*Prepared and issued in accordance with Section 15 of The Anti-Corruption
and Economic Crimes Act, 2003*

On the frontline against corruption

SPEAR OF INTEGRITY



**REPORT OF ACTIVITIES
AND
FINANCIAL STATEMENTS
FOR THE
FINANCIAL YEAR 2009/2010**

CONTENTS

I.	LIST OF ABBREVIATIONS AND ACRONYMS	5
II.	MISSION STATEMENT	6
III.	MEMBERS OF THE KENYA ANTI-CORRUPTION ADVISORY BOARD	7
IV.	MESSAGE FROM THE CHAIRMAN	8
V.	EXECUTIVE MANAGEMENT TEAM	10
VI.	MESSAGE FROM THE DIRECTOR.....	11
1.0	BACKGROUND	14
1.1	INTRODUCTION	14
1.2	MANDATE, FUNCTIONS AND STRUCTURE OF THE COMMISSION	14
1.2.1	Mandate.....	14
1.2.2	Functions.....	14
1.2.3	The 2nd KACC Strategic Plan (2009-2013)	15
1.2.4	Structure.....	15
2.0	INVESTIGATION AND ASSET TRACING.....	18
2.1	INTRODUCTION	18
2.2	CORRUPTION REPORTING.....	18
2.2.1	Corruption Reports.....	18
2.3	INVESTIGATIONS.....	20
2.3.1	Reports Taken up for Investigations.....	20
2.3.2	Highlights of Investigations Conducted	20
2.4	ILLEGALLY ACQUIRED AND UNEXPLAINED ASSETS TRACED	24
2.5	PROACTIVE INVESTIGATION	26
2.5.1	Disruption of Corruption Networks.....	26
2.5.2	Integrity Testing Programme.....	26
3.0	STATUTORY REPORTS TO THE ATTORNEY GENERAL	27
3.1	INTRODUCTION	27
3.2	REPORTS TO THE ATTORNEY GENERAL	27
3.3	CRIMINAL CASES PRESENTED BEFORE COURT	28
3.3.1	Investigatory Applications.....	28
4.0	LITIGATION AND RECOVERY OF ILLEGALLY ACQUIRED PUBLIC AND UNEXPLAINED ASSETS	29
4.1	INTRODUCTION	29
4.2	RECOVERY OF PUBLIC ASSETS.....	29
4.2.1	RECOVERED PUBLIC ASSETS	29
4.2.2	SUITS FILED AND PRESERVATION ORDERS.....	30
4.2.3	CONSTITUTIONAL REFERENCES, JUDICIAL REVIEW APPLICATIONS AND OTHER CASES AGAINST THE COMMISSION.....	33
4.2.4	RESTORATION OF RECOVERED PROPERTIES.....	35
4.3	LEGISLATIVE RECOMMENDATIONS.....	36
4.3.1	RESTORATION OF RECOVERED PUBLIC PROPERTY	36
4.3.2	PUBLIC PROCUREMENT AND DISPOSAL	36
5.0	CORRUPTION PREVENTION.....	38
5.1	INTRODUCTION.....	38
5.2	ADVISORY SERVICES	38
5.2.1	Examinations and Review of Systems, Policies and Procedures	38
5.2.2	Advisory Services on Corruption Prevention Strategies	42
5.2.3	Partnerships and Coalitions.....	42
5.3	PUBLIC EDUCATION, TRAINING AND AWARENESS CREATION	43
5.3.1	Public Service Integrity Programme.....	43
5.3.2	Public Education and Awareness.....	45
5.3.3	Education and Sensitization Seminars for Law Society of Kenya	49



5.4	RESEARCH INTO CORRUPTION AND GOVERNANCE ISSUES.....	49
5.4.1	Study of Corruption on the Water Sector in Kenya:.....	49
5.4.2	Surveys on Corruption in Local Authorities:.....	49
5.4.3	Implementation of the National Anti-Corruption Plan (NACP).....	50
6.0	INSTITUTIONAL CAPACITY BUILDING	51
6.1	INTRODUCTION	51
6.2	MOBILIZATION AND UTILIZATION OF FINANCIAL RESOURCES.....	51
6.3	HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT	51
6.3.1	Staff Establishment.....	51
6.3.2	Skills and Competency Development	51
6.3.3	Staff Welfare and Team Building Programmes	52
6.4	INFORMATION COMMUNICATION TECHNOLOGY (ICT).....	52
6.5	OFFICE ACCOMMODATION	53
6.5.1	Proposed KACC Headquarters Building.....	53
6.5.2	Kisumu Regional Office.....	53
6.6	CORPORATE COMMUNICATION.....	53
7.0	NATIONAL AND INTERNATIONAL ENGAGEMENTS	54
7.1	INTERNATIONAL ENGAGEMENTS	54
7.2	NATIONAL ENGAGEMENTS.....	58
7.3	CORPORATE GUESTS AND FORUMS.....	59
7.4	CORPORATE SOCIAL RESPONSIBILITY	60
8.0	CHALLENGES AND WAY FORWARD.....	61
8.1	INTRODUCTION	61
8.2	CHALLENGES	61
8.2.1	POLICY AND LEGAL FRAMEWORK	61
8.2.2	SLOW JUDICIAL PROCESS AND ADVERSE COURT DECISIONS	61
8.2.3	ENFORCEMENT OF CORRUPTION PREVENTION RECOMMENDATIONS	61
8.2.4	REGIONAL PRESENCE.....	61
8.2.5	INADEQUATE CAPACITY.....	61
8.3	WAY FORWARD.....	62
8.3.1	2009-2013 KACC STRATEGIC PLAN	62
8.3.2	COMMISSION OUTREACH	62
9.0	FINANCIAL STATEMENT	63
9.1	CORPORATE INFORMATION FOR THE YEAR ENDED 30 JUNE 2010.....	63
9.2	REPORT OF THE DIRECTOR	64
9.3	STATEMENT OF THE DIRECTOR'S RESPONSIBILITIES.....	65
9.4	REPORT OF THE CONTROLLER AND AUDITOR GENERAL.....	66
9.5	STATEMENT OF FINANCIAL POSITION	68
9.6	STATEMENT OF COMPREHENSIVE INCOME	69
9.7	CASH FLOW STATEMENT	70
9.8	STATEMENT OF CHANGES IN EQUITY	71
9.9	NOTES TO THE FINANCIAL STATEMENTS	72

I. LIST OF ABBREVIATIONS AND ACRONYMS

ACECA	- Anti - Corruption and Economic Crimes Act	KISGG	- Kenya Institutional Support for Good Governance
AG	- Attorney General		
AMSET	- Association of Medical Services Trust	KNEC	- Kenya National Examinations Council
ADB	- African Development Bank	LATF	- Local Authority Transfer Fund
BKMS	- Business Keeper Monitoring System	LSK	- Law Society of Kenya
CDC	- Centres for Disease Control	LBDA	- Lake Basin Development Authority
CAMPS	- Conference of African Ministers for Public Service	LPG	- Liquefied Petroleum Gas
		MOH	- Ministry of Health
CDF	- Constituency Development Fund	MD	- Managing Director
CLE	- Continuing Legal Education	MLA	- Mutual Legal Assistance
DWO	- District Works Officer	MOR	- Ministry of Roads
DPFB	- Deposit Protection Fund Board	NFA	- No Further Action
EAK	- Evangelical Alliance of Kenya	NBI	- Nairobi
EAPCC	- East African Portland Cement Company	NKU	- Nakuru
FOCUS	- Fellowship of Christian Unions	NACC	- National Anti Corruption Council
FPE	- Free Primary Education	NACP	- National Anti-Corruption Plan
FY	- Financial Year	NMK	- National Museums of Kenya
GAP	- Governance Action Plan	NSSF	- National Social Security Fund
HCCC	- High Court Civil Case	NCPB	- National Cereals and Produce Board
HC JR	- High Court Judicial Review	NCKK	- National Council of Churches of Kenya
IEC	- Information, Education and Communication	NESC	- National Economic and Social Council
ILACOM	- Intelligence Led-Anti Corruption Model	NVS	- National Values System
ITP	- Integrity Testing Programme	PCSC	- Public Complaints Standing Committee
ICT	- Information Communication Technology	PS	- Permanent Secretary
IDP	- Internally Displaced Persons	PCK	- Postal Corporation of Kenya
JKIA	- Jomo Kenyatta International Airport	PBC	- Pending Before Court
KSM	- Kisumu	PUI	- Pending Under Investigation
KPLC	- Kenya Power and Lighting Company	POEA	- Public Officer Ethics Act
KTB	- Kenya Tourism Board	PPDA	- Public Procurement and Disposal Act
KPC	- Kenya Pipeline Company	SGR	- Strategic Grain Reserve
KEMSA	- Kenya Medical Services Agency	SIED	- Sectoral Integrity Education Division
KEMRI	- Kenya Medical Research Institute	SUPKEM	- Supreme Council of Kenya Muslims
KAA	- Kenya Airports Authority	UNCAC	- United Nations Convention against Corruption
KShs	- Kenya Shilling	UNES	- University of Nairobi Enterprises and Services
KACC	- Kenya Anti- Corruption Commission	YEDFB	- Youth Enterprises Development Fund Board
KACAB	- Kenya Anti-Corruption Advisory Board	YFCK	- Young Farmers Clubs of Kenya
KCIU	- Kenya Council of Imams and Ulamaa		
KIF	- Kenya Integrity Forum		

II. MISSION STATEMENT

OUR MANDATE

To combat corruption and economic crime in Kenya through law enforcement, prevention and public education as stipulated in The Anti-Corruption and Economic Crimes Act, 2003.

OUR VISION

To be a world class institution fostering zero tolerance to corruption in Kenya.

OUR MISSION

To combat corruption and economic crime through law enforcement, prevention and public education.

OUR CORE VALUES

Courage
Integrity
Teamwork
Professionalism
Fidelity to the law
Excellence in service

III. MEMBERS OF THE KENYA ANTI-CORRUPTION ADVISORY BOARD



Eric Okong'o Omogeni
Chairman



Irene Keino
Vice Chairperson



Suru Tanna



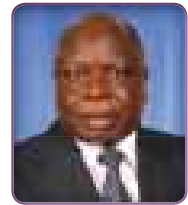
Jacqueline A. Mugo



Billow Adan Kerrow



Grace Kaome Injene



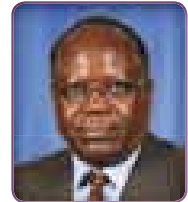
John Khameme Wanyela



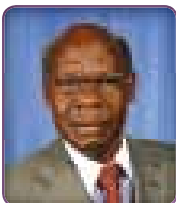
Dr. Abdallah A. Kibwana



Naomi Nyambura Wagereka



Eng. Reuben Kosgei



Charles Kariuki Wambugu



Francis Wangara



Prof. P.L.O. Lumumba, PhD

IV. MESSAGE FROM THE CHAIRMAN



It is with great pleasure and sense of pride that I am writing this inaugural Foreword as the Chairman of reconstituted Advisory Board of the Commission at such a time like this when our country has been ranked second to Rwanda as the least corrupt country in East Africa in the corruption perception index constructed by Transparency International.

It is gratifying to note that the ranking is an improvement from the previous year, a demonstration that despite the many challenges faced by the Commission, it still successfully executed its mandate of prevention, public education and law enforcement commendably well as mandated by the Anti-Corruption and Economic Crimes Act of 2003.

The period under review has been quite significant to the Commission and the Board as it has witnessed change in the executive management with the exit of Justice Retired Aaron Ringera and two other Assistant Directors and the coming on Board of Professor P. L. O. Lumumba as the new Director together with Mr. Pravin Bowry as Assistant Director for Legal Services and Asset Recovery and Professor Jane Onsongo as

Assistant Director for Preventive Services. Their nomination by the Board, approval by Parliament and subsequent appointment by His Excellency the President demonstrates the commitment of the Board in inculcating professionalism and reputable leadership for the Commission's top management.

I extend salutations to Retired Judge Justice Aaron Ringera and the other two previous Assistant Directors, Dr. Smokin Wanjala and Mrs. Fatuma Sichale for their sacrifices and contributions during their tenure in office. I equally commend Dr. J.P. Mutonyi for ably steering the Commission during the interim period when the substantive Director and Assistant Directors were awaiting appointment. Equally to be commended is the previous Board headed by Mr. Allan Ngugi for overseeing the growth of the Commission from inception to a robust and reputable national institution that it is today.

The achievements outlined in the pages of this Report reflects a demonstration of the commitment, dynamism and dedication of the Commission's staff in executing its mandate as provided under the ACECA, 2003 with high level actions on corruption. It is my humble duty to congratulate them for their dedication and commitment culminating into a job well done. The rather slow justice system remains a big impediment in the war against corruption. Hopefully with the passage of the new Constitution and the reform spirit sweeping across the Country, we may see expeditious dispensation of Justice that will culminate into the finalization of the many corruption cases pending in our courts.

During the period covered by the Report, the Board continued to remain supportive of the Commission in its endeavour to stay on course with its mandate as well as providing advisory oversight to the Commission. In this regard, the Board paid courtesy calls to the offices of inter alia, Honourable Attorney

General Mr. Amos Wako, the Commissioner of Police, Mr. Mathew Iteere, the Parliamentary Committee on Administration of Justice and Legal Affairs then headed by Hon. Abdikadir Mohammed. The Board also had fruitful discussions with Mr. Aeneas Chuma, Resident Representative of the UNDP towards increasing financial and technical support to the Commission. All the efforts are in line with the National Anti-Corruption Plan and the KACC Strategic Plan (2009-2013) that seek to have the fight against corruption to be collaborative, all-inclusive and multi-sectoral.

This report is being released after our Beloved Country has just validated a new Constitution that boldly makes provisions touching on national values, anti-corruption and, inculcating integrity and good ethical standards that will be the foundational pillars for the Ethics and Anti-Corruption Commission to be established as provided for under Article 79 of the Constitution of Kenya.

The Board excitedly welcomes this move which will strengthen the anti-corruption efforts and create a better legislative framework in the fight against corruption. In this regard, the Board and the Commission will work closely with the Commission on the Implementation of the Constitution, the Parliamentary Constitutional Implementation Oversight Committee and our parent ministry, Ministry of Justice, National Cohesion and Constitutional Affairs and other stakeholders in building a strong and independent anti-corruption agency as envisaged in the United Nations Convention against Corruption which our Country has ratified.

I further commend the government in its concerted efforts that saw passage of the Proceeds of Crime and Anti-Money Laundering Act of December 2009 that has provided a frontline opportunity for Banks and other financial institutions to be the first line of gate keepers in the anti-corruption fight. It will therefore be imperative that Banks collaborate not only with KACC in whistle-blowing but also with other law enforcement institutions as we widen the spectrum of watchdog agencies on corruption matters.

The Board, in acknowledging that the responsibility of fighting corruption cannot be entrusted to one individual but is a collective effort of all Kenyans, has been at the forefront in supporting the Commission in its endeavour to rally Kenyans to take ownership in the war against corruption. In this regard, the Board has joined and played an active role in the National campaigns geared towards enlisting and fostering public support and action against corruption. The clarion call has been to urge the Kenyan people to desist from the willing and accepting spirit of the actors in corruption. Urgent massive national reorientation is needed to dissuade the minds of those with this mindset if the experiences in this campaign are anything to go by.

Finally, I take this opportunity to thank Members of the Board, the Executive Management and staff of the Commission for their dedication and fidelity to duty and assure them of my commitment to discharge my duties as Chairman to the best interest of the Commission.

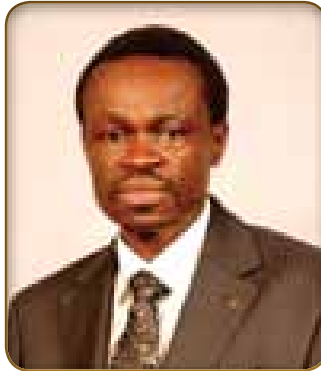


Okong'o Omogeni

Chairman,

Kenya Anti-Corruption Advisory Board

V. EXECUTIVE MANAGEMENT TEAM



Prof. P.L.O. Lumumba, PhD
Director/Chief Executive



Dr. John P. Mutonyi
Deputy Director



Mr. Wilson Shollei
Assistant Director, Finance &
Administration



Prof. Jane K Onsongo
Assistant Director, Preventive
Services



Mr. Pravin Bowry
Assistant Director, Legal
Services and Asset Recovery

VI. MESSAGE FROM THE DIRECTOR



I am delighted to present the report of the Commission for 2009/2010 financial year. This is the first annual report issued by the Commission under my stewardship following my appointment as Director and my two colleagues Mr. Pravin Bowry and Professor Jane Onsongo as Assistant Directors on 1st July, 2010. While I was not part of the hard work that went into making the achievements detailed in this report possible, I am, nevertheless, encouraged by the accomplishment of the Commission in the intervening period since the last annual report and take this opportunity to congratulate the Commission's team for work well done.

We join the Commission at a very challenging moment in the war against corruption. First, the country has just validated a new constitution in which the fight against corruption has been firmly anchored, even though a new law to realign the Commission

to the provisions of the Constitution is awaited. Second, the Commission has prepared a new strategic plan to guide its actions for the next three years. Third, the Court of Appeal has overturned a High Court ruling on Mutual Legal Assistance which has for a long time shackled the Commission's efforts in seeking mutual legal assistance from foreign governments. These developments provide challenging as well as supportive framework for launching a revitalized attack on the evil of corruption. We therefore undertake to be at the forefront in this assault and ask all Kenyans to join us in this war.

Meanwhile, allow me to highlight some of the main issues captured in the body of this report for purposes of clarity and ease of understanding.

LAW ENFORCEMENT

The Commission received a total of 4,372 reports compared to 4,335 in 2008/2009. Out of this number, 1,281 reports were within the Commission's mandate marking a slight increase from the 1,270 registered the previous year. These reported cases are at different stages of investigations and legal action. Some of the prominent cases fully investigated involve Central Bank of Kenya (CBK), Kenya Sugar Board (KSB), Ministry of Education, Ministry of Agriculture, National Cereals and Produce Board (NCPB), City Council of Nairobi (CCN), National Social Security Fund (NSSF), Ministry of Special Programmes and Kenya Medical Research Institute (KEMRI).

The Commission was also able to recover public assets worth Kshs 1.78 billion which had been corruptly acquired. Some of the notable recoveries include land reserved for Kenya Broadcasting Corporation (KBC) within Ngong Road Forest Reserve, land forming part of Nairobi National Park and Kenya Railways Corporation houses in Kisumu.

The Commission undertook proactive investigations to disrupt corruption networks and to test the integrity of officers within the public service. As a result, the Commission was able to detect and disrupt an attempted theft of poles from Kenya Power and Lighting Company (KPLC) amounting to Kshs 1.7 Million and to prevent the award of a tender for supply of non-pharmaceuticals at Kenya Medical Supplies Agency (KEMSA) which would have led into a loss of Kshs 13 Million of public funds.

PREVENTIVE PARTNERSHIPS AND ALLIANCES

Our preventive strategies are aimed at sealing corruption loopholes in the practices, procedures, systems and processes of public institutions so as to foster efficiency and effectiveness in the delivery of public services. This requires auditing of systems, establishing and fostering of partnerships and alliances with all stakeholders and development of model corruption prevention instruments.

In the reporting period, the Commission carried out examination into the systems, policies and procedures for Civil Registration Department, National Environmental Management Authority (NEMA) and the Provincial General and District Hospitals. The examinations revealed that there were systemic, procedural and policy weaknesses that were hindering optimal performance of these institutions. The Commission will work closely with the examined institutions to ensure that the attendant recommendations are implemented.

The Commission also continued to enhance partnerships and collaborative activities with umbrella institutions such as the Public Sector Reforms and Performance Contracting Secretariat, Public Procurement Oversight Authority (PPOA), Kenya Bureau of Standards (KEBS), Association of Professional Societies in East Africa (APSEA) and the Association of Kenya Insurers (AKI).

In addition, the Commission developed and disseminated Corruption Prevention Guidelines on Information and Communication Technology (ICT) to aid institutions in addressing the corruption challenges posed by existing and emerging ICT. All the corruption prevention instruments developed by the Commission are available free of charge at our offices and website for use by all.

PUBLIC EDUCATION, TRAINING AND AWARENESS CREATION

Education will remain a key strategy of the Commission in the fight against corruption. This is because we believe that corruption thrives less in an environment where everybody is well informed. The Commission will continue to provide information and education to Kenyans on the manifestations of corruption, its causes, effects and the benefits of controlling corruption. The overall objective of this strategy is to galvanize Kenyans into action against corruption.

In the reporting period, the Commission developed and disseminated targeted information, education and communication materials touching on the law, the Koran, the Bible, anti-corruption values, and different ways in which the individual Kenyan can contribute in the fight against corruption. The Commission also continued to use the media, workshops, conferences, meetings, music and drama to reach out to members of the public. Our clarion call to all Kenyans is for each to refuse to be a bystander in this important war for the sake of our country.

RESEARCH

The Commission recognizes that for the fight against corruption to succeed, our actions must be informed by the realities on the ground. This is why research plays a very pivotal role in the execution of the Commission's anti-corruption strategies. Owing to numerous reports made to the Commission pointing to poor governance in the Water Sector and Local Authorities, the Commission carried out studies to analyze and document the policy, legal and institutional weaknesses that encourage corruption in these two areas. The findings will inform the design and implementation of anti-corruption and governance related reforms in the Water Sector and Local Authorities.

INSTITUTIONAL CAPACITY

The Commission continued to receive adequate financial support from the Government and donors and was able to discharge its mandate without much financial constraint. The Commission also continued to embrace ICT to enhance its operational efficiency and effectiveness by updating its ICT infrastructure to that of the current standards.

The Commission finalized the design for the proposed new KACC headquarters office complex and is awaiting the necessary approvals before embarking on the actual procurement processes. Meanwhile, we are happy to report that, as part of our regional expansion strategy, the Commission has set up the second regional office in Kisumu. The office is situated at the junction of Oginga Odinga Street and Ang'awa Avenue within Kisumu CBD, Jubilee Insurance Building, 3rd Floor and is expected to serve the Western region of our Republic.

OUR STAFF

I must admit that I have found at the Commission a vibrant, well trained, professional and dedicated team. I wish to appreciate their dedication and passion for the fight against corruption and to encourage them to continue upholding the core values of the Commission as we enter a new phase in the war. We will continue to enhance the capability of our staff through trainings as we continue to reinvent ourselves for the new challenges that the fight against corruption might present. We also hope to increase our human resource capacity to enable the Commission cover the entire country and discharge its mandate better.

LOOKING FORWARD

The passing of the new Constitution heralds a new dawn in the fight against corruption. As we move forward, we are under no illusions that the future will not continue to present new challenges and opportunities. I am, however, confident that we have the necessary strategies and resolve to succeed. We will continue to approach the fight against corruption through prevention, education and punishment. All stakeholders will be engaged to ensure that the fight against corruption is anchored at the national level. Together we will win.

Thank you.



Prof. PLO Lumumba, PhD
Director/Chief Executive

1. BACKGROUND

1.1 INTRODUCTION

The Kenya Anti-Corruption Commission (KACC) is a statutory body established under the Anti-Corruption and Economic Crimes Act, 2003 (ACECA). Its mandate is to spearhead the fight against corruption through law enforcement, prevention and public education.

The Annual Report is prepared pursuant to the provisions of Section 15 of ACECA. The Report outlines and documents the Commission's achievements in implementing its mandate in the 2009/2010 period in line with its Strategic Plan (2009-2013). It also highlights the challenges faced during the period under review and the way forward.

1.2 MANDATE, FUNCTIONS AND STRUCTURE OF THE COMMISSION

1.2.1 Mandate

The mandate of the Commission is to combat corruption and economic crime in Kenya through law enforcement, prevention and public education as stipulated in The Anti-Corruption and Economic Crimes Act, 2003

1.2.2 Functions

The functions of the Commission are specified in Section 7 of the Act as follows:

- a) to investigate any matter that, in the Commission's opinion, raises suspicion that any of the following have occurred or are about to occur-
 - i) conduct constituting corruption or economic crime;
 - ii) conduct liable to allow, encourage or cause conduct constituting corruption or economic crime;
- b) to investigate the conduct of any person that, in the opinion of the Commission, is conducive to corruption or economic crime;
- c) to assist any law enforcement agency of Kenya in the investigation of corruption or economic crime;
- d) at the request of any person, to advise and assist the person on ways in which the person may eliminate corrupt practices;
- e) to examine the practices and procedures of public bodies in order to facilitate the discovery of corrupt practices and to secure the revision of methods of work or procedures that, in the opinion of the Commission, may be conducive to corrupt practices;
- f) to advise heads of public bodies of changes in practices or procedures compatible with the effective discharge of the duties of such bodies that the Commission thinks necessary to reduce the likelihood of the occurrence of corrupt practices;
- g) to educate the public on the dangers of corruption and economic crime and to enlist and foster public support in combating corruption and economic crime;
- h) to investigate the extent of liability for the loss of or damage to any public property and -
 - i) to institute civil proceedings against any person for the recovery of such property or for compensation; and

- ii) to recover such property or enforce an order for compensation even if the property is outside Kenya or the assets that could be used to satisfy the order are outside Kenya; and
- i) to carry out any other functions conferred on the Commission by or under this Act or any other law.

1.2.3 The 2nd KACC Strategic Plan (2009-2013)

The Commission formulated its 2nd Strategic Plan covering the period 2009–2013. The Plan provides a road map for combating corruption and economic crime in Kenya as envisaged in the various legal, statutory and governance instruments.

The Plan builds on the successes and experiences of the 1st Strategic Plan (2006-2009) and addresses challenges identified during that period. The Plan also provides a solid framework for deepening the national development agenda as stated in the Vision 2030 and Medium Term Plan 2008-2012. It therefore provides a sound basis for repositioning the Commission within the national reform agenda for governance, anti-corruption and ethics.

The Vision of the Commission is 'To be a World Class institution fostering Zero Tolerance to Corruption in Kenya', and the Mission is 'To combat corruption and economic crime through law enforcement, prevention and public education'. The Core Values are; Integrity, Fidelity to the Law, Professionalism, Courage, Excellence in Service and Teamwork.

The Commission's Strategic Goals and Objectives as stated in the Plan are:

- i) Strategic Goals
 - a). To prevent and combat the occurrence of corruption and economic crime; and
 - b). To trace, recover and retribute corruptly acquired assets.
- ii) Strategic Objectives
 - a). To strengthen the capacity of the Commission to deliver on its mandate;
 - b). To enhance the legal capacity and to undertake investigations and asset recovery; and
 - c). To reduce the prevalence of corruption and economic crime.

1.2.4 Structure

The mandate and functions of commission are executed through the following structures:

i) The Kenya Anti-Corruption Advisory Board

The Kenya Anti-Corruption Advisory Board (KACAB) is established as an unincorporated body under Section 16 of ACECA. The Board is an independent body answerable only to Parliament. It consists of twelve members nominated by various sectors and interests through civic, religious, professional and business organizations/associations and the Director of the Commission. The Director is also the Secretary of the Board. In the 2009/2010 period, the members were:

No.	Name		Nominating Body
1.	Mr. Eric Okong'o Omogeni	-	Law Society of Kenya
2.	Ms. Irene Keino	-	Architectural Association of Kenya
3.	Mr. Billow Adan Kerrow	-	Institute of Certified Public Accountants of Kenya
4.	Eng. Reuben Kosgei	-	Institution of Engineers of Kenya
5.	Dr. Abdallah A. Kibwana	-	Kenya Medical Association
6.	Mr. John Khameme Wanyela	-	Kenya Bankers Association
7.	Mrs. Grace Kaome Injene	-	Association of Professional Societies of East Africa
8.	Mr. Francis Wangara	-	Central Organization of Trade Unions
9.	Mr. Charles Kariuki Wambugu	-	Joint Forum of Religious Organizations
10.	Ms. Naomi N. Wageraka	-	International Federation of Women Lawyers (FIDA) Kenya Chapter
11.	Mrs. Jacqueline A. Mugo	-	Federation of Kenya Employers
12.	Mr. Suru Tanna	-	Kenya Association of Manufacturers
13.	Prof. P.L.O. Lumumba, PhD	-	Secretary/Chief Executive

The Board's functions are to:

- a) Advise the Commission generally on the exercise of its powers and the performance of its functions under the Act;
- b) Recommend to Parliament persons to be appointed as Director or Assistant Directors of the Commission;
- c) Initiate the process of removal from office of the Director or Assistant Directors for specified reasons; and
- d) Approve grants and donations to the Commission.

ii) The Commission

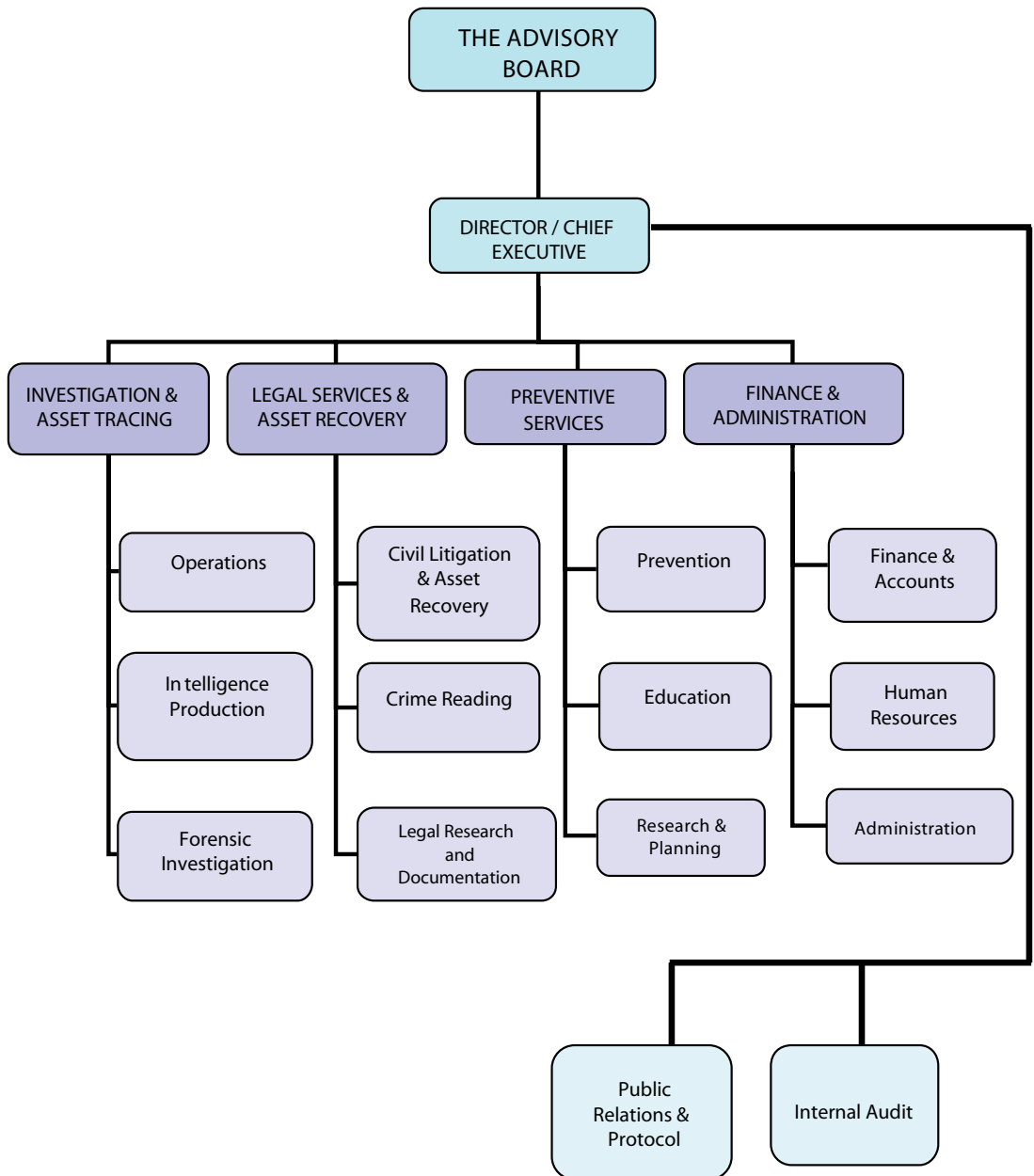
The Kenya Anti-Corruption Commission is established under Section 6 of the ACECA as a body corporate. It comprises of the Director, Assistant Directors and staff. The Commission has organized its functions into four directorates based on its mandate as follows:

- Investigation and Asset Tracing;
- Legal Services and Asset Recovery;
- Preventive Services; and
- Finance and Administration.

iii) Organization Structure of KACC

Figure 1 represents the Organization Structure of KACC.

Figure 1 represents the Organization Structure of KACC.



2.0 INVESTIGATION AND ASSET TRACING

2.1 INTRODUCTION

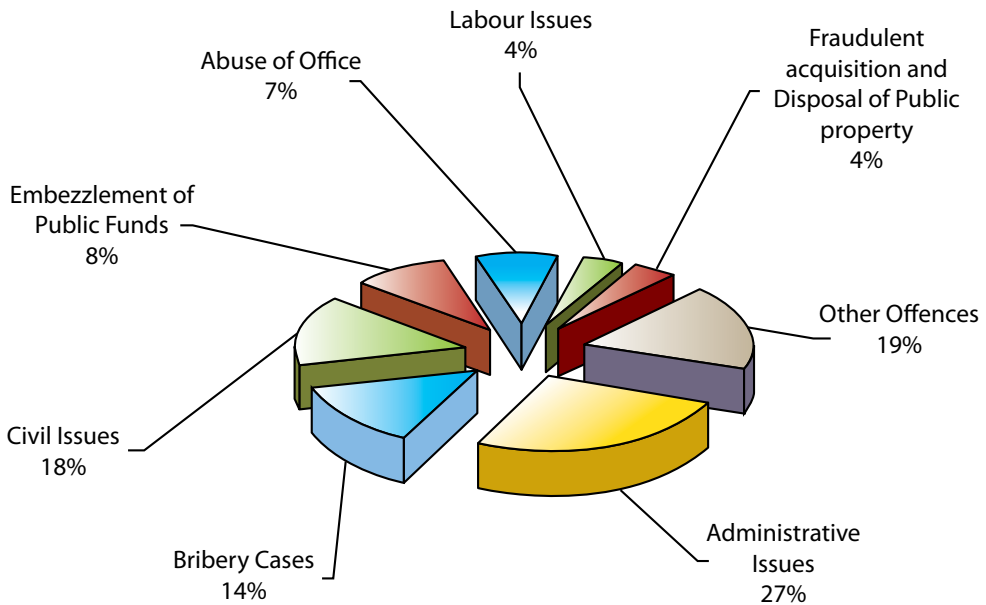
One of the key functions of the Commission is to investigate corruption and economic crime. In this process, the Commission investigates any matter that, in its opinion, raises suspicion that corruption or economic crime has occurred or is likely to occur. This section covers corruption reports received and investigations conducted.

2.2 CORRUPTION REPORTING

2.2.1 Corruption Reports

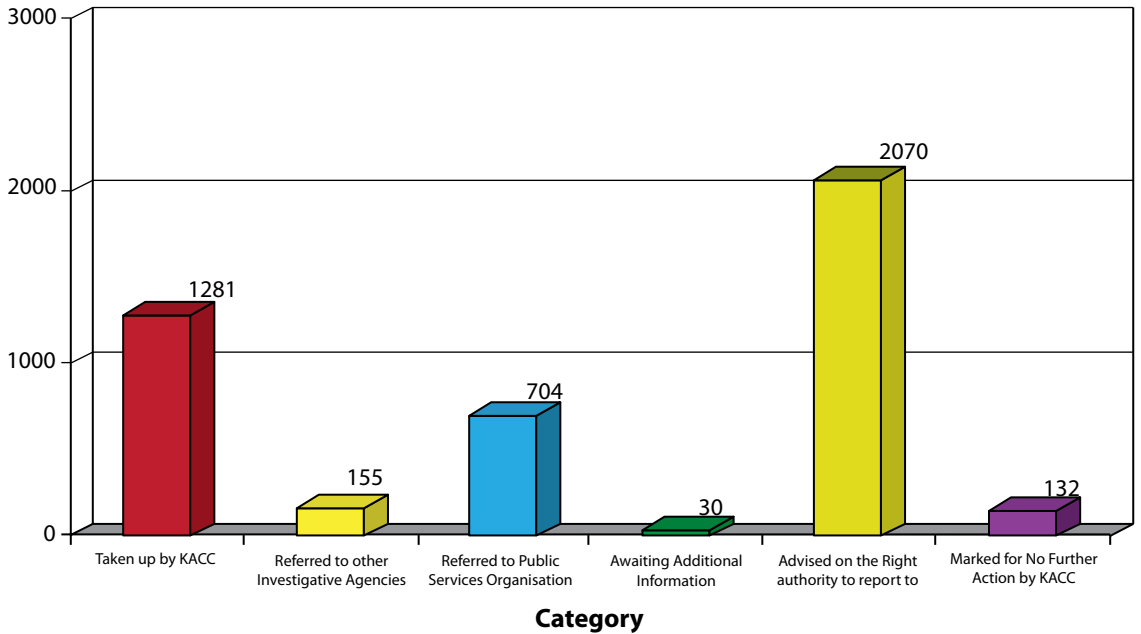
The Commission received reports of suspected corrupt conduct from various sources and channels. In the period under review, the Commission received and analyzed a total of 4,372 reports compared to 4,335 in 2008/09. Out of the reports received, 27 percent were administrative, 15 percent civil issues, 14 percent Bribery cases, Embezzlement of public funds 8 percent, Labor related 4 percent, Abuse of office 7 percent, fraudulent acquisition and disposal of public property 4 percent and other related matters 19 percent as shown in Figure 2.

Figure 2: Categorization of Reports Received



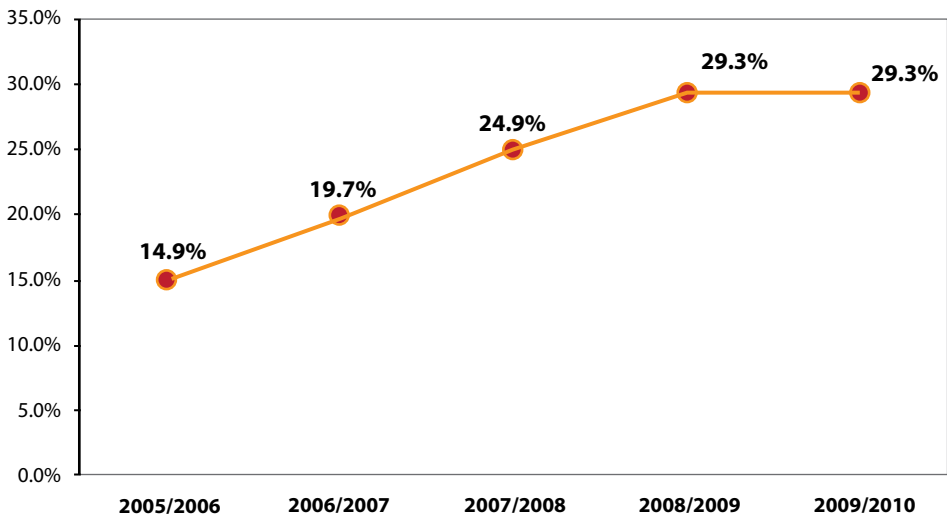
The reports were acted upon as shown in Figure 3.

Figure 3: Categorization of Corruption Reports by Action Taken



Although the reports within the Commission’s mandate increased slightly from 1,270 in 2008/2009 to 1,281 in the year under review, the proportion remained at 29 percent. The rest of the reports were outside the Commission’s mandate and were referred to other institutions for appropriate action.

Figure 4: Trend of Reports within the Commission’s Mandate



2.3 INVESTIGATIONS

2.3.1 Reports Taken up for Investigations

The 1,281 reports taken up for investigation in 2009 / 10 were dealt with as summarized in Table 1.

Table 1: Summary of Investigations

Status of investigations	July 2009 – June 2010
Completed investigations	107
Cases Pending Under Investigations	236
Cases referred to other agencies for investigations	130
Inquiries undertaken and recommended for no further action after preliminary Investigations	201
Report under intelligence development	595
Cases for prevention	10
Cases considered for legal advice	2
Total	1,281

2.3.2 Highlights of Investigations Conducted

The highlights of investigations conducted are shown in Table 2.

Table 2: Completed Forensic Investigations

No.	Institution	Nature of Inquiry	Amount involved (KShs Million)
1	National Cereals and Produce Board (NCPB) and Trustees of Strategic Grain Reserve (SGR)	Allegations of irregular sale and distribution of maize under Strategic Grain Reserve (SGR) by NCPB and SGR Trustees.	2,400.0
2	Ministry of Education	Allegations of fraudulent disbursement of Kenya Educational Sector Support (KESSP) funds for seminars and workshops.	71.0
3	Central Bank of Kenya (CBK)	Allegations of fraudulent alteration of revenue figures by CBK officers.	524.0
4	City Council of Nairobi	Allegations of fraudulent acquisition of Mayor's official residence in Lavington by Hon. Katana Ngala, a former Cabinet Minister.	40.0
5	Kenya Sugar Board	Allegations of irregular payments by the Kenya Sugar Board on behalf of Miwani Sugar Company (1989) (under Receivership) to an ordinary creditor.	350.0
6	Kenya Sugar Board	Allegations of irregular payments by the Kenya Sugar Board to Oriental Commercial Bank who were debenture holders	330.0
7	Ministry of Agriculture	Allegations of illegal re-bagging of Government of Kenya fertilizer by MEA Ltd and Kanini Haraka Enterprises to MEA Ltd bags for sale to various entities. The fertilizer was provided under a Japan Government grant intended to reach underprivileged farmers at subsidized prices to boost food production in Kenya.	62.9

ON THE FRONTLINE AGAINST CORRUPTION

No.	Institution	Nature of Inquiry	Amount involved (KShs Million)
8	Ministry of Culture and National Heritage	Allegations of abuse of office by the Permanent Secretary of the Ministry, Dr Jacob Ole Miaron (paying himself un-authorized impresses, making un-necessary foreign visits to earn per Diem and influencing tender awards).	3.6
9	Ministry of Medical Services	Allegations of irregular payments by the Ministry to M/s Ngao Utilities.	8.5
10	National Social Security Fund (NSSF) and Discount Securities	Allegations of irregular sale and transfer of shares belonging to NSSF by Discount Securities and senior officials of NSSF.	1,600.0
11	NSSF	Allegations of irregular sale and transfer of plots of land located along Kenyatta Avenue by senior officials of NSSF.	1,350.0
12	Kenya Medical Research Institute (KEMRI)	Allegations of embezzlement of public funds by the former Director of KEMRI, Dr. Davy Koech.	19.0
13	KEMRI Retirement and Pension Fund	Allegations of embezzlement and misappropriation of pension funds by former Director of KEMRI and other senior officials	527.0
14	Ministry of Special Programmes	Allegations of misappropriation and embezzlement by coordinators and other officials of project. The project is funded by the World Bank	84.0
15	City Council of Nairobi	Allegations of fraudulent and irregular purchase of land in Mavoko Municipality for use as public cemetery.	283.0
Total			7,653.0

Table 3: On-going Forensic Investigations

No.	Institution	Nature of Inquiry	Amount involved (KShs Million)
1	Ministry of Foreign Affairs	Allegations of fraudulent and irregular purchase of Embassy building in Tokyo, Japan	1,500.0
2	Kenya Sugar Board (KSB)	Allegations of irregular approval of a loan by KSB to Nzoia Outgrowers Company Limited (NOCO) for purchase of tractors.	89.0
3	Constituency Development Fund (CDF) Board	Allegations of misappropriation of CDF funds for West Mugirango Constituency by CDF committee members	26.2
4	Ministry of Public Works (MoPW)	Allegations of irregular variation of contract for construction of West Park Police Housing Estate by the Ministry officials.	2,200.0
5	Ministry of Information and Communication	Allegations of irregular purchase of 5,000 acres of land meant for Information Communication Technology (ICT) Park, Malili Ranch by the Ministry.	1,000.0
6	Ministry of Education	Allegations of fraudulent disbursement of Kenya Educational Sector Support (KESSP) funds for seminars and workshops.	39.0
7	Kenya Ferry Services	Allegations of irregular variation of contract for construction and supply of two ferries to KFS	1,300.0



No.	Institution	Nature of Inquiry	Amount involved (KShs Million)
8	Co-operative Bank of Kenya	Allegations of fraud in the purchase of two hectares of public land at Karen by the former Managing Director and the former Chairman of the Bank	25.0
9	Ministry of Lands	Allegations of illegal acquisition of 25 acres of Agricultural Training College Land at Njabini by a company allegedly associated with a Cabinet Minister.	7.5
10	Ministry of Special Programmes	Allegations of misappropriation and embezzlement by coordinators and other officials of project. The project is funded by the World Bank.	84.0
11	Ministry of Public Health and Sanitation	Allegations of misappropriation of funds by various individuals donated by the European Union.	20.0
12	Kenya Pipeline Company (KPC)	Allegations of irregular procurement and award of tender for rehabilitation of the line 1 pipeline.	7,600.0
Total			13,890.7

Table 4: Cases Before Court

No.	Case File Number	Particulars of Offence	Persons charged	Amount involved (KShs Million)
1	Court File No. 15/2010 CR.141/269/10	Particulars of Offence Fraudulent disposal of NSSF shares by Discount Securities Limited	1. Francis Zuriels Moturi, Investment Manager 2. James Akoya, General Manager, Finance & Investments 3. Mary Ndirangu, Internal Audit Manager	1,601.0
2	Court File No. 19/10 & 20/10 CR.141/316/10 & 141/319/10	Abuse of office, and Conspiracy to commit corruption by various Government officials and private persons in the procurement of land in Mavoko Municipality for use as a public cemetery by the City Council of Nairobi	1. Sammy Kipngetich Kirui 2. Mary Ngechi Ngethe 3. Alexander Musanga Musee 4. Maina Chege 5. Naen Rech Limited 6. Newton Omondi Osiemo 7. Alphonse Mutinda 8. Paul Chapia Onduso 9. Davies Odera Osiemo 10. Nelson Waswa Otido 11. Joseph Owino Kojwando 12. Daniel Mulwa Nguku 13. Herman Stevens Chavera 14. William Peter Mayaka 15. John Gakuo	283.0
3	Court File No. 22/09 CR. 141/604/10	Abuse of office and misappropriation of funds of the KEMRI Staff Retirement Benefits Scheme by the Fund Trustees.	1. Davy Koech 2. Renson Kirui 3. Dunstan Ngumo	537.0

ON THE FRONTLINE AGAINST CORRUPTION

No.	Case File Number	Particulars of Offence	Persons charged	Amount involved (KShs Million)
4	Court File No.5/10	Abuse of office by the KPC MD by irregularly committing KPC to enter into a joint venture with a Gas Company Limited (GCL) and formed a Liquid Petroleum Gas Company – East African Gas Company.	1. Ezekiel Kipkulei Komen, former MD Kenya Pipeline Company 2. Joshua Kulei 3. Peter Langat 4. Prakash Bhundia 5. Wilson Gachanja	130.0
5	Court File No.2/10 CR.141/27/10	<ul style="list-style-type: none"> • Irregular procurement by School Equipment Production Unit (SEPU) of lab equipment from Ms. Vulcan Lab Equipment Limited • Irregular advance payment of KShs 75 Million. 	1. Benson Anyona Ombaki 2. Patrick Mwavala Mwalwala 3. Wilson Shivachi Mmaitisi 4. Bernard Moses Ongige 5. Kochhar Vishal 6. Suresh Kanotra 7. Vulcan Lab Equipment Limited	226.0
6	1. ACC 8/2010 2. ACC 9/2010 3. ACC 10/2010 4. ACC 13/2010 5. ACC 10/2010 6. ACC 12 &14/ 2010 7. ACC 22/2010	Fraudulent acquisition of public property and forgery of imprest surrender documents on KESSP funds involving various senior officials of Ministry of Education	1. Concilia Ondieki 2. Enos Meshack Magwa 3. Christine Chacha 4. Francis Kimosop 5. Thomas Omuga, 6. Patrick Agan and 7. Samuel Michira,	30.0
7	KSM. ACC/184/2010 CR-627/213/2010 NBI.	Irregular authorization of transfer of funds by the Receiver Manager for Muhoroni Sugar Company Limited (in receivership) to Drummond & Company Limited for short term investment without consulting the appointment authority, namely, the Kenya Sugar Board	1. Ndungu Gathenji 2. Peter Macharia.	100.0
8	Court File No.22/10 CR.141/604/10 NBI.	Abuse of office and of funds from the CDC Donor Funds.	Dr.Davy Koech, former Director, KEMRI	19.3
9	CF 36/09 CR 141/1035/09 NKU.	Abuse of office and fraud by facilitating irregular transfer of 5 prime plots of NSSF within the CBD	1. Mr.Justice Said Chitembwe 2. Rachael Lumbasyo 3. Stephen Kipkenda Kiplangat 4. Muriu Mungai	1,370.0
10	ACC 1/2010	Abuse of office and receiving a benefit by a public officer	Javan Ombaso Sagero, DC Laikipia East	10.0
Total				4,306.3



2.4 ILLEGALLY ACQUIRED AND UNEXPLAINED ASSETS TRACED

During the period under review, the Commission traced illegally acquired assets amounting to an estimated value of KShs 2,336,483,091. A total of 30 cases were completed and 276 are still pending under investigations. Table 5 provides the highlights of the assets traced.

Table 5: Completed Asset Tracing Investigations

No.	Type of Asset	Brief Description	Approx Value (KShs. million)
1.	Cash	Allegation that MD SEPU irregularly procured lab equipment from M/s Vulcan lab Equipment limited and paid KShs 75 million in advance.	226.0
2.	Land	Allegation of irregular alienation of Nairobi National Park Land - LR.28197.	200.0
3.	Land	Allegation that a private developer, Dakane Abdullahi Ali trading as Yasir Agencies, illegally acquired a piece of Land L.R. No. 209/16441 belonging to Race Course Primary School.	150.0
4.	Land	Allegation of irregular alienation of various parcels of land hived from Kiunga National Marine Reserve and allocated to private developers.	119.0
5.	Land	Allegations of illegal acquisition of public plot LR 209/10722/89 in Ruby Estate South "C"-Nairobi by private developers.	28.0
6.	Land	Allegations of illegal acquisition of thirteen (13) parcels of public land comprising land parcel reference number Mombasa Municipality Block XXVI/681/MI situated at the Kizingo Area of Mombasa Island by private developers.	77.8
7.	Cash	Allegation that National Water and Pipeline Corporation irregularly sunk a bore hole for Mr. Naftali Ontweka without payment.	2.3
8.	Cash	Allegation of embezzlement of public funds by Patrick Aghan of Ministry of Education	1.4
9.	Cash	Failure to pay Land rates amounting to kshs 18 million by M/s Vimag Industries Limited for L.R 209/9636	18.0
10.	Cash	Allegation of embezzlement of public funds by Mrs Concilia Ondiek Ag. Director of Tertiary and Secondary Education at the Ministry of Education.	3.0
11.	Cash	Allegation of misappropriation of public funds meant for facilitation of In-Service Education and Training (INSET) programme in the Ministry of Education by Mr Samuel. O. Michira.	0.4
12.	Cash	Allegation of embezzlement public funds by Dr. Daniel Mulwa Nguku in relation to the purchase of land in Mavoko Municipality for use as public cemetery by the City Council of Nairobi.	8.0
13.	Cash	Allegation that Kenya Forest Service 100 acres (L. R. No. 21194 & L. R. No.21195/2-6) was grabbed and had been reserved for Kenya Broadcasting Corporation (KBC) within Ngong Road Forest Reserve.	1,500.0
Total			2,335.9

Table 6: On-going Asset Tracing Cases

No.	Type of Asset	Brief Description	Approx Value (KShs. million)
1.	Cash	Allegation of fraudulent claim by M/s Binlaw Construction Company Limited and fraudulent acquisition of a High Court decree.	271.8
2.	Cash	Allegations of fraudulent payments made to various contractors for provision of goods and services to National Water Conservation and Pipeline Corporation.	1,000.0
3.	Cash	Allegation of misappropriation of public funds by Ministry of Education officials	110.0
4.	Cash	Allegations of irregular approval of a loan by Kenya Sugar Board to Nzoia Outgrowers Company Limited (NOCO).	89.0
5.	Cash	Allegation of embezzlement of public funds in the purchase of land in Mavoko Municipality for use as public cemetery by the City Council of Nairobi.	283.0
6.	Cash	Allegations of fraudulent payments made for purchase of 50 generators by the National Water Conservation and Pipeline Corporation.	35.0
7.	Cash	Allegation of irregular procurement of office block for the embassy of the republic of Kenya by officials of the Ministry of Foreign Affairs in Tokyo Japan	1,500.0
8.	Unexplained assets	Allegation of possession of unexplained assets by Mr. James Mwachethe Mulewa.	100.0
9.	Land	Allegations of illegal alienation of land parcel No. LR 26707 from the gazetted Kiunga National Marine Reserve.	8.0
10.	Cash	Allegation of misappropriation of CDF funds in West Mugirango constituency.	26.2
11.	Cash	Allegation of irregular procurement of chromatography (HPLC) columns by officials from Ministry of Public Health and Sanitation.	66.0
12.	Cash	Allegation of irregular release of 126 million litres of AGO and JETA-I products by the officials of Kenya Pipeline Company (KPC) to Triton Petroleum Company Limited (TPC) without requisite authority by the Financiers.	7,600.0
13.	Land	Allegation of illegal alienation of public property LR No.1855/2 hived off LR No. 209/1855 (City Market).	150.0
14.	Land	Allegation of illegal alienation of Langata Road Primary School land (Public school)	45.0
15.	Land	Allegation of irregular allocation of a public utility plot LR. No. 15007/18 in Rabai Road Estate by the City Council of Nairobi to J.N. Nyaga, Edwin Ondiek, B.M. Kathenge and a Mr. Mutuku.	5.0
16.	Land	Allegation of irregular alienation of prime land in Naivasha belonging to the Kenya Agricultural Research Institute (KARI).	350.0
17.	Cash	Allegation of sale of relief food meant for the greater West Pokot District	1.8



No.	Type of Asset	Brief Description	Approx Value (KShs. million)
18.	Land	Allegation of irregular allocation of public utility parcel of land comprising Municipal Council of Kisumu block 7/240-Taifa Park.	16.4
19.	Land	Allegation of irregular alienation of Nairobi National Park Land - LR. 28197	200.0
20.	Cash	Allegation of possession of unexplained assets by Stanley Mombo Amuti a Financial Controller with National Water Conservation & Pipeline Corporation (NW C & PC).	20.0
21.	Cash	Allegation of irregular procurement of Hotel Royale (Kisumu Hotel) by Maseno University.	82.5
Total			11,959.7

2.5 PROACTIVE INVESTIGATION

2.5.1 Disruption of Corruption Networks

Disruption of corruption networks is one of the key proactive strategies applied by the Commission to fight corruption and economic crime. In the period under review, the following disruption activities were undertaken:

ii). Kenya Power and Lighting Company

The Commission detected and disrupted an attempted bribery of a KPLC employee to facilitate theft of electric poles from the KPLC, Ruringu Yard valued at KShs 1.7 million. The suspects were arrested and charged.

iii). Kenya Medical Supplies Agency

The Commission detected and disrupted the award of a tender for supply of non-pharmaceuticals at KEMSA which could have resulted into a loss of KShs 13 million of public funds.

2.5.2 Integrity Testing Programme

Integrity testing is undertaken by the Commission so as to assess the integrity of officers and systems within the public service. The Integrity Testing Programme (ITP) aims to inculcate a culture of responsibility and integrity in the operations of the public service. In the period under review, integrity tests were conducted in the following public institutions:

Table 7: Integrity Tests Conducted

No.	Institution	Number of tests executed
1	Kenya Power & Lighting Company	1
2	City Council of Nairobi	4
3	Directorate of Immigration Services	1
4	Nyeri Provincial General Hospital	2
5	Kenya Revenue Authority	3
6	Kenya Police	3
Total		14

Most of the integrity tests conducted were targeted and revealed that corruption is still rampant in the public service. Appropriate action was taken on the officers concerned.

3. STATUTORY REPORTS TO THE ATTORNEY GENERAL

3.1 INTRODUCTION

This part of the Report presents information set out in the Quarterly Reports made pursuant to Section 36 of the ACECA and such other statistical information relating to those reports. The Reports, among others, indicates the number of reports submitted to the Attorney General, the recommendations made to and action taken by the Attorney General on the recommendations.

During the period under review, the Commission published in the Kenya Gazette four Quarterly Reports as required by the law.

3.2 REPORTS TO THE ATTORNEY GENERAL

A total of 104 reports on concluded investigations were forwarded to the Attorney General, representing a decrease of 14.8 percent over last year's total of 122 reports. Of these reports, recommendations were made for; Prosecution of named suspects (76%), Administrative action (3.8%) and for Closure (20.2%) as shown in Tables 8 and 9.

Table 8: Files Forwarded to the Attorney General

Recommendations to the AG	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
No. of files recommended for prosecution	7	26	25	21	79
No of files recommended for administrative action	0	2	0	2	4
No of files recommended for closure	1	5	2	13	21
Total	8	33	27	36	104

Table 9: Action taken by the Attorney General on files forwarded

Action by AG	No. of files
Recommendation to prosecute accepted	75
Recommendation to prosecute not accepted	1
Recommendation for administrative or other action accepted	0
Recommendation for administrative or other action not accepted	1
Recommendation for closure accepted	16
Recommendation for closure not accepted	0
Files returned for further investigations	3
Files awaiting Attorney General's action	8

3.3 CRIMINAL CASES PRESENTED BEFORE COURT

During the period under review, a total of 88 criminal cases were presented before court as shown in Table 10.

Table 10: Criminal Cases Presented Before Court

Particulars of charge	Number of cases
Soliciting & receiving of benefit	50
Offering & giving of benefit	3
Impersonating an investigator	1
Abuse of office	4
Unlawful /fraudulent acquisition of public property	11
Willful failure to comply with procurement procedures	4
Failure to pay taxes	1
Conspiracy to defraud/commit an offence of corruption	7
False accounting by a public officer	4
Conflict of interest	2
Total	88

3.3.1 Investigatory Applications

The Commission filed 100 applications and obtained 69 warrants to investigate bank accounts and 31 warrants to search premises of persons or associates of persons suspected of engaging in corruption, economic crime or related offences.

4. LITIGATION AND RECOVERY OF ILLEGALLY ACQUIRED PUBLIC AND UNEXPLAINED ASSETS

4.1 INTRODUCTION

This section covers a summary of steps taken during the year in civil proceedings instituted by the Commission for recovery of illegally acquired public assets. The Commission filed suits and applications for injunctions. It also entered into Out-of Court settlements and recovered illegally acquired assets.

4.2 RECOVERY OF PUBLIC ASSETS

4.2.1 Recovered Public Assets

The Commission, through court proceedings and Out-of Court settlements, recovered public assets worth KShs 1.78 billion which had been corruptly acquired. The properties recovered are located in Nairobi, Kisumu, Nakuru and Kisii. Summaries of the recovered public assets are provided in Table 11 and 12.

Table 11: Recovered Public Land

Item	Particulars	Public body on whose behalf property is recovered	Approximate value KShs (million)
1.	KSM HCC NO. 77 of 2009 KACC v Peter Raburu & Anor	Kenya Railways Corporation (Kisumu/ Mun. Block 7/ 471)	3.0
2.	KSM. HCC NO. 84 of 2009 KACC v Peter Muchoki Kagwe	Kenya Railways Corporation (Kisumu/ Mun. Block 7/508)	3.0
3.	NBI. HCC ELC NO. 622 OF 2008 KACC v Matiny Limited	City Council of Nairobi (L. R. No. 209/13539/47)	20.0
4.	NKU. HC. NO. 28 of 2009 KACC v Jacinta Mshai Peter Njuguna Gitau & Anr	Municipal Council of Nakuru (Nakuru Mun. Block 11/666)	3.0
5.	KACC investigated a report of alleged illegal allocation of land reserved for Kenya Broadcasting Corporation (KBC) within Ngong Road Forest Reserve. Property was traced, recovered and restored to the Ministry of Forestry and wildlife.	Kenya Forest Service 100 acres (L. R. No. 21194 & L. R. No.21195/2-6)	1,500.0
6.	Investigations by KACC into allegations of illegal alienation of land forming part of Nairobi National Park	Kenya Wildlife Service 60 acres (L. R. No. 28197)	200.0
7.	NBI. Misc. Apli No. 781 of 2006 KACC v Paul Ngethe & 102 others	City Council of Nairobi (L. R. NO. 209/13539/41)	20.0
8.	NBI. Misc. Apli No. 781 of 2006 KACC v Paul Ngethe & 102 others	City Council of Nairobi (L. R. NO. 209/13539/50)	20.0
Total			1,769.0

Table 12: Recovered embezzled public funds

No.	Name	Public body on whose behalf cash was recovered	Value in Kshs million
1.	Dr.D. M. Nguku	City Council of Nairobi	0.22
2.	Dr.Victor Maina	Ministry of Health	0.02
3.	Kennedy Muema	Kenya Ports Authority	0.50
4.	Patrick Onyango Odenyi	Kenya Ports Authority	0.50
5.	Miriam Mwakundia	Kenya Ports Authority	0.50
6.	Linda Shako	Kenya Ports Authority	0.50
7.	James Mwayayi	Kenya Ports Authority	0.50
8.	Ali Mwambire	Kenya Ports Authority	0.50
9.	Joseph Tommy Nguma	Kenya Ports Authority	0.50
10.	Francis Katana Kombe	Kenya Ports Authority	0.50
11.	William Mtengo	Kenya Ports Authority	0.50
12.	Jairus Mogallo	Kenya Reinsurance Corporation	4.72
13.	Peterson Onyiego Gichana	City Council of Nairobi	0.10
14.	Moekings General Contractors	City Council of Nairobi	2.00
15.	Naftali Ontweka	National Water Conservation and Pipeline Corporation.	0.90
Total			12.46

4.2.2 Suits Filed and Preservation Orders

A total of forty five (45) civil suits were filed for recovery of lost public property or for compensation for damage to public assets with an approximate value of KShs 1.7 billion. To preserve assets under recovery, the Commission filed 43 applications for injunction and obtained temporary injunction orders in all the instances. A summary of the suits filed are presented in Table 13.

Table 13: Recovery Suits Filed

Item	Particulars of Claim	Case Reference	Approximate Value (KShs)	Status
1	Kisumu Municipality/ Block.VII/548 land belonging to the Kenya Railways	KSM HCC. No. 96 of 2009, KACC vs. Stephen Okeyo Olus & Anor	3,000,000	Temporary injunction obtained. Discovery being undertaken
2	Kisumu Municipality/ Block.VII/542, land belonging to the Kenya Railways	KSM HCC. No. 97 of 2009, KACC vs. Peter O. Oyoo & Anor	3,000,000	Temporary injunction obtained. Discovery being undertaken
3	Kisumu Municipality/ Block.VII/469, land belonging to the Kenya Railways	KSM HCC. No. 109 of 2009, KACC vs. Raymond O. Ndong & Ano	3,000,000	Temporary injunction obtained. Discovery being undertaken
4	Kisumu Municipality/ Block.VII/539, land belonging to the Kenya Railways	KSM HCC. No. 110 of 2009, KACC vs. Gordon N. Orlando & Ano	3,000,000	Temporary injunction obtained. Discovery being undertaken
5	Kisumu Municipality/ Block.VII/540, land belonging to the Kenya Railways	KSM HCC. No. 111 of 2009, KACC vs. James Carter Oduor & Anor	3,000,000	Temporary injunction obtained. Discovery being undertaken
6	Kisumu Municipality/ Block.VII/541, land belonging to the Kenya Railways	KSM HCC. No.112/2009, KACC vs. Beatrice Atieno Nyabola & Anor	3,000,000	Temporary injunction obtained. Discovery being undertaken

ON THE FRONTLINE AGAINST CORRUPTION

Item	Particulars of Claim	Case Reference	Approximate Value (KShs)	Status
7	Kisumu Municipality/ Block.VII/541, land belonging to the Kenya Railways	KSM HCC. No. 113 of 2009, KACC vs. Beatrice Atieno Nyabola & Ano	3,000,000	Temporary injunction obtained. Discovery being undertaken
8	Kisumu Municipality/ Block.VII/411, land belonging to the Kenya Railways	KSM HCC. No. 114 of 2009, KACC vs. Peter Oloo Aringo & Anor	3,000,000	Temporary injunction obtained. Discovery being undertaken
9	Kisumu Municipality/ Block.VII/410	KSM HCC. No. 115 of 2009, KACC vs. Sindo Distributors & Anor	3,000,000	Temporary injunction obtained. Discovery being undertaken
10	Kisumu Municipality/ Block.VII/503, land belonging to the Kenya Railways	KSM Hcc. No. 116 of 2009, KACC vs. Vincent Tuwei & Anor	3,000,000	Temporary injunction obtained. Discovery being undertaken
11	Kisumu Municipality/ Block.Vii/467, land belonging to the Kenya Railways	KSM HCC. No. 117/2009, KACC vs. David Some Barno & Ano	3,000,000	Temporary injunction obtained. Discovery being undertaken
12	Kisii/ Mun. Block. III/192, recovery of land reserved for Gusii Community Development Centre.	KISII HCC. Misc. App. No. 146 of 2009, KACC vs. Official Receiver	2,000,000	Temporary injunction obtained. Discovery being undertaken
13	Kisii/ Mun. Block III/192, recovery of land reserved for Gusii Community Development Centre	KISII. HCC. No. 137 of 2009, KACC vs. Pius A. Bwogeri & 2 Others	2,000,000	Temporary injunction obtained. Discovery being undertaken
14	MN/1/2415 (Mombasa) belonging to Kenya civil Aviation Authority	MSA HCC. No. 270 of 2009, KACC vs. David Gikonyo Ndung'u	23,000,000	Temporary injunction obtained. Discovery being undertaken
15	Claim for KShs 12,593,906 embezzled from National Water Conservation and Pipeline Co. Ltd	Milimani HCC No. 701 of 2009, KACC vs. Ferdinand Musakal Achanga & Everlyne Mwaka	12,593,906	Discovery being undertaken
16	Nairobi/ Block 82/6761 & Other Properties in pursuit of unexplained property acquired by the defendant while he worked for National Water Conservation and Pipeline Corporation.	HCC. No. 568 of 09 (O.S), KACC vs. Ferdinand Musakala Achanga	17,000,000	Temporary injunction obtained. Discovery being undertaken
17	Recovery of Msa/ Block X1X/ 299 belonging to Municipal Council of Mombasa	MSA HCC. No. 429 of 2009, KACC vs. Comen Limited	415,000,000	Temporary injunction obtained. Discovery being undertaken
18	Recovery of Msa/ Block XXV1/ 288 belonging to Municipal Council of Mombasa	MSA HCC. No. 430 of 2009, KACC vs. Sajun Limited	22,000,000	Temporary injunction obtained. Discovery being undertaken
19	Recovery of Msa/ Block XXV1/ 284 belonging to Municipal Council of Mombasa	MSA HCC No. 431 2009, KACC vs. Jusan Limited	28,000,000	Temporary injunction obtained. Discovery being undertaken
20	Recovery of Msa/ Block XXV1/ 289 belonging to Municipal Council of Mombasa	MSA HCC No. 432 of 2009, KACC vs. Pwani Warehousing Limited	25,000,000	Temporary injunction obtained. Discovery being undertaken
21	Recovery of Msa/ Block XXV1/ 286 belonging to Municipal Council of Mombasa	MSA HCC. No. 433 of 2009, KACC vs. Samu Limited & Ano.	28,000,000	Temporary injunction obtained. Discovery being undertaken



ON THE FRONTLINE AGAINST CORRUPTION

Item	Particulars of Claim	Case Reference	Approximate Value (KShs)	Status
22	Recovery of Msa/ Block XXV1/ 287 belonging to Municipal Council of Mombasa	MSA HCC. No. 434 of 2009, KACC vs. Azania Holdings Limited	24,000,000	Temporary injunction obtained. Discovery being undertaken
23	Recovery of Msa/ Block XXV1/ 298 belonging to Municipal Council of Mombasa	Msa HCC. No. 435 of 2009, KACC vs. Tawakal Holdings Limited	27,000,000	Temporary injunction obtained. Discovery being undertaken
24	Recovery of Msa/ Block XXV1/ 309 belonging to Municipal Council of Mombasa	MSA HCC No. 436 of 2009 KACC vs. Samu Limited & Ano.	44,000,000	Temporary injunction obtained. Discovery being undertaken
25	Recovery of Msa/ Block XXV1/ 310 belonging to Municipal Council of Mombasa	MSA HCC. No. 437 of 2009, KACC vs. Samu Limited & Ano.	44,000,000	Temporary injunction obtained. Discovery being undertaken
26	Recovery of Msa/ Block XXV1/ 311 belonging to Municipal Council of Mombasa	MSA HCC. No. 438 of 2009, KACC vs. Samu Limited & Ano.	53,000,000	Temporary injunction obtained. Discovery being undertaken
27	Recovery of Msa/ Block XXV1/ 312 belonging to Municipal Council of Mombasa	Msa HCCC No 439 of 2009 KACC vs. Samu Limited & Ano.	31,000,000	Temporary injunction obtained. Discovery being undertaken
28	Recovery of Msa/ Block XXV1/ 313 belonging to Municipal Council of Mombasa	MSA HCC. No. 440 of 2009, KACC vs. Samu Limited & Ano.	34,000,000	Temporary injunction obtained. Discovery being undertaken
29	Kisumu Mun. Block 7/240, Land reserved for public Park (Taifa Park)	KSM HCC. No. 176 of 2009, KACC vs. James Ojuodho Odongo & Others	16,400,000	Temporary injunction obtained. Discovery being undertaken
30	L. R. No. 209/ 9295, Land reserved for public utilities	HCC. No. 551 of 2009 , KACC vs. Gemini Properties & Others	75,000,000	Application for injunction dismissed. Discovery being undertaken
31	Claim for the sum of Kshs.259,000 from AP Welfare Account in Kirinyaga	Kerugoya PMCC. No. 24/010, KACC vs. Japheth Ambalwa Angahya, Hassan Aden Ibrahim & Paul Mwago Macharia	259,000	Defendants have filed defences
32	Recovery of L.R. No. 209/12748 which is part of Kaunda Street road reserve.	NBI. HC.ELC. No. 35/ 010, KACC vs. Willesden Investments Limited & 6 Others	130,000,000	Claim dismissed. Appeal filed against the decision.
33	Recovery of Kisumu Mun. Block. 7/509 belonging to Kenya Railways corporation	KSM. HCC. No. 29 of 2010, KACC vs. Hon. Oburu Odinga & Sammy Mwaita	30,000,000	Temporary injunction obtained. Discovery being undertaken
34	Kakamega Town. Block II/64, Government House	KKA. HCC. No. 52 of 2010, KACC vs. Jimmy Nuru Angwenyi & 3 others	2,000,000	Temporary injunction obtained. Matter pending for inter-partes hearing.
35	L. R. No. 2116/1144, recovery of land reserved for Kenya National Library, Kitale.	Kitale HCC. No.46 of 2010, KACC vs. William Kipserem Busienei & 2 Others	800,000	Temporary injunction obtained. Matter pending for inter – partes hearing.

Item	Particulars of Claim	Case Reference	Approximate Value (KShs)	Status
36	L. R. No. 2116/1147, recovery of land reserved for Kenya National Library, Kitale.	Kitale HCC. No.45 of 2010, KACC vs. William Kipserem Busienei & 2 Others	800,000	Temporary injunction obtained. Matter pending for inter – partes hearing.
37	L. R. No. 2116/1145, recovery of land reserved for Kenya National Library, Kitale.	Kitale HCC. No.44 of 2010 KACC vs. William Kipserem Busienei & 2 Others	800,000	Temporary injunction obtained. Matter pending for inter – partes hearing.
38	A claim of KShs 502,002,643 embezzled from KEMRI when the defendant was the Chief Executive.	HCC. No. 280 of 2010 KACC vs. Dr. Davy Koech & Anor.	502,002,643	Discovery being undertaken.
39	A claim of KShs 18,500,000.00 embezzled from KEMRI when the defendant was the Chief Executive.	HCC. No. 316 of 2010 KACC vs. Dr. Davy Koech.	18,500,000	Temporary injunction obtained. Discovery being undertaken
40	Recovery of Kisii/ Mun. Block. 3/260 belonging to Municipal Council of Kisii	Kisii HCC. No.133 of 2010, KACC vs. Samson Kegengo	2,000,000	Application for injunction pending hearing.
41	Recovery of Kisii/ Mun. Block. 3/259 belonging to Municipal Council of Kisii	Kisii Hcc. No.134 of 2010, KACC vs. Samson Nyambati	2,000,000	Main defendant deceased. Matter stood over generally.
42	Recovery of Kisii/ Mun. Block. 3/258 belonging to Municipal Council of Kisii	Kisii HCC. 135/010, KACC vs. James Gisemba	2,000,000	Application for injunction pending hearing.
43	Recovery of Kisii/ Mun. Block. 3/276 belonging to Municipal Council of Kisii	Kisii HCC. No.136 2010, KACC vs. James Gisemba	2,000,000	Application for injunction pending hearing.
44	Recovery of Msa Mun./ Block XXVI/933 belonging to Municipal Council of Mombasa	Msa. HCC. No. 184 of 2010 , KACC vs. Gilbert Mwangi Njuguna& Wilson Gacanja	8,000,000	Temporary injunction obtained. Discovery being undertaken
45	Recovery of Msa Mun./ Block XXVI/987 belonging to Municipal Council of Mombasa	Msa. HCC. No. 185 2010, KACC vs. Gilbert Mwangi Njuguna& Wilson Gacanja	8,000,000	Temporary injunction obtained. Discovery being undertaken
46	Recovery of Msa Mun./ Block XXVI/983 belonging to Municipal Council of Mombasa	Msa. HCC. No. 186 of 2010, KACC vs. Supa Nova Properties Ltd & Wilson Gacanja	8,000,000	Temporary injunction obtained. Discovery being undertaken
Total			1,673,155,549	

4.2.3 Constitutional References, Judicial Review Applications and Other Cases against the Commission

Constitutional References, Judicial Review Applications and other civil cases filed against the Commission result in stopping or delaying investigations, proceedings before court and recovery process. Some of the major cases are highlighted in Table 14.

Table 14: Constitutional References, Judicial Reviews and civil cases

Item	Particulars of Claim	Reason for Constitutional Reference/ Judicial Review application	Nature of the Claim
1.	NBI. HCCC 115 of 2009, Zakayo Cheruiyot v KACC & Ano	KACC investigated the alleged illegal disposal of shares belonging to the Kenya Seed Company and thereafter charged the applicant and others for corruption related offences.	That Plaintiff alleged he was arrested and charged maliciously. He claimed damages.
2.	NBI. HC JR No. 224 of 2009, Peter Ngoge v KACC	The Applicant failed to qualify for intake in the Kenya Army recruitment exercise.	The Applicant applied for orders to compel KACC to investigate claims that he was unfairly left out of selection for the Kenya Army despite meeting the needed criteria.
3.	NBI. HC Misc. No. 652 of 2009, Jacob Juma v KACC & Ano	KACC is investigating an allegation that the Applicant forged title to L.R. No. 18485.	The Applicant sought to bar KACC from investigating the propriety or otherwise of allocation of the land.
4.	NBI. HC Misc. Appl. 16 of 2010, Stephen Kipkenda Kiplangat v KACC	The Applicant was investigated and charged together with others vide ACC No. 36 of 2010 for corruption related offences arising out of sale of NSSF land.	The application to quash the Criminal Proceedings was dismissed. The Applicant has preferred an Appeal.
5.	NBI HC Misc. Appl. 80 of 2010, Edward Muriu Kamau v KACC & Ano	The Applicant was investigated and charged together with others vide ACC No. 36 of 2010 for corruption related offences arising out of sale of NSSF land.	The application to quash the Criminal Proceedings was dismissed. The Applicant has preferred an Appeal.
6.	NBI. HC Cr Rev. No. 87 of 2010, Vulcan Lab Equipment Ltd & Vishal v KACC	KACC investigated an alleged irregular procurement of school equipment and charged the Applicant and others.	The Applicant sought to stop the criminal case.
7.	Milimani HCCC. No. 110 of 2010, Vulcan Lab Equipment Ltd v KACC	KACC investigated an alleged irregular procurement of school equipment and charged the Applicant and others.	The Plaintiff sought specific performance of the procurement contract valued at KShs 226 million. The advance payment of KShs 75 million was frozen by KACC.
8.	NBI. HC Misc. App. No. 657 of 2009, Hon. John Mututho v KACC & Ano	The Petitioner was investigated for and charged with obtaining KShs 41 million from Kenyatta National Hospital by false pretence.	The Petitioner sought to stop the trial in Criminal Case No. 2400 of 2005 Republic v John Mututho.
9.	KSM. HC JR No. 12 of 2010, Crossley Holdings Limited v KACC	The Plaintiff irregularly acquired property belonging to Miwani Sugar Company (1989) Limited (in receivership).	The Applicant sought to quash KACC recommendations to the AG and the part of Gazette Notice dated

Item	Particulars of Claim	Reason for Constitutional Reference/ Judicial Review application	Nature of the Claim
			15.1.2010 that relates to the applicant.
10.	NBI.HC JR No. 101 of 2010, Newton Omondi Osiemo v KACC & Attorney General	KACC investigated allegations of illegal purchase of land in Mavoko Municipality for use as public cemetery and charged the Applicant with Others.	The Applicant sought to prohibit KACC & the AG from charging him. The Applicant withdrew the application.
11.	NBI.HC JR No. 124 of 2010, Joseph Owino K'Ojwando v KACC	KACC investigated allegations of illegal purchase of land in Mavoko Municipality for use as public cemetery and charged the Applicant with Others.	The Applicant sought orders to bar KACC from enforcing search warrants.
12.	NBI.HC JR No.93 of 2010, Councillor. Geoffrey Majiwa v KACC & Ano	KACC investigated allegations of illegal purchase of land in Mavoko Municipality for use as public cemetery.	The Applicant sought to bar KACC and the AG from charging him.
13.	NBI.HCCC No. 158 of 2010, Margaret Chughu Mwakio v KACC	KACC investigated allegations of illegal purchase of land in Mavoko Municipality for use as public cemetery.	The Plaintiff sued KACC for defamation.
14.	NBI.HCCC No. 173 of 2010, W. Musalia Mudavadi v KACC	KACC investigated allegations of illegal purchase of land in Mavoko Municipality for use as public cemetery.	The Plaintiff sued KACC for defamation.
15.	NBI.HC JR. No. 123 of 2010, Davis Osiemo v KACC	KACC investigated allegations of illegal purchase of land in Mavoko Municipality for use as public cemetery and charged the Applicant with Others.	The Applicant sought to bar KACC and the AG from charging him. The Applicant withdrew the application.
16.	NBI.HCCC No. 182 of 2010, Newton Omondi Osiemo v KACC	KACC investigated allegations of illegal purchase of land in Mavoko Municipality for use as public cemetery and charged the Applicant with Others.	The Applicant sued KACC for defamation.
17.	NBI.HC JR No. 102 of 2010, Newton Osiemo v KACC	KACC investigated allegations of illegal purchase of land in Mavoko Municipality for use as public cemetery and charged the Applicant with Others.	The Applicant sought to bar KACC and the AG from charging him. The Applicant withdrew the application.

4.2.4 Restoration of Recovered Properties

In the period under review, the Commission restored to the Ministry for Forestry and Wildlife 100 acres of Ngong forest belonging to Kenya Forest Service and 60 acres of Nairobi National Park belonging to the Kenya Wildlife Service.





Eric Okong'o Omogeni, Chairman KACAB; Dr. John Mutonyi, Ag. Director/CE; Prof. Wnagari Maathai; Dr. Noah Wekesa, Minister for Forestry and Wildlife; and D.K Mbugua, Director, Kenya Forest Service during handing over of Ngong Forest

4.3 LEGISLATIVE RECOMMENDATIONS

4.3.1 Restoration of Recovered Public Property

The law on restoration of recovered property is not sufficient. Whereas, it is expected that recovered property should be returned to the institution which initially owned, there is no safeguard against further and illegal re-alienation of the same property thus creating a possibility of a vicious circle of corruption.

To address the challenge, the Commission proposed amendments to ACECA to introduce Section 56C to provide for the establishment of a custodian of recovered property to the Minister for Finance and the proposals are contained in the Finance Bill, 2010 which provides that all cash and other immovable properties recovered shall be paid and surrendered to the Treasury and the Permanent Secretary in the Ministry of Finance, respectively.

4.3.2 Public Procurement and Disposal

The Commission proposed amendments of Public Procurement and Disposal Act, 2005 to require the Director General of Public Procurement Oversight Authority (PPOA) to use information from investigative agencies as a basis for debarment. The proposal is contained in the Finance Bill, 2010.

It also made submissions at the 3rd Annual National Stakeholders' Consultative Forum on the Public Procurement and Disposal System in Kenya convened by the Public Procurement Oversight Authority (PPOA). These submissions were on various measures to strengthen the system, including the following:

a) The policy and legal framework:

- To guard against exclusion of PPDA Provisions by Legislation
- Compliance with UNCAC provisions and international best practices
- Operationalisation of Debarment

b) The institutional framework:

- Strengthening the capacity of the PPOA to deliver on its mandate
- Composition and tenure of various committees under the PPDA

c) Implementation of PPDA:

- Public Education and Sensitization on the PPDA and Regulations and the mandate of PPOA;
- Employment of Professionals in Procuring Entities;
- Review of Tender Documents;
- Measures to guard against abuse of the use of Pre-qualified List of Suppliers and Contractors
- Determinations of fees for Professional Services

5. CORRUPTION PREVENTION

5.1 INTRODUCTION

This section of the report presents the Commission’s achievements on corruption prevention in the reporting year. It encompasses advisory services, implementation of the Public Service Integrity Programme (PSIP), public education and awareness creation, partnerships and coalitions against corruption and research on corruption and governance related issues.

5.2 ADVISORY SERVICES

5.2.1 Examinations and Review of Systems, Policies and Procedures

Examinations and reviews were carried out in the following institutions and functional areas to identify corruption loopholes and recommend measures for sealing them to ensure efficiency and effectiveness in the delivery of services.

i). Civil Registration Department

Some of the key findings and recommendations are provided in Table 15:

Table 15: Summary of Findings and Recommendations on the Examination of Civil Registration Department

Item	Findings	Recommendations
1	Lack of a comprehensive Government Policy on the registration of births and deaths, leading to unclear direction on the civil registration matters over the years.	Fast track the development and implementation of the policy on civil registration.
2	Outdated Births and Deaths Registration Act Cap. 149, making it difficult to address emerging issues in the registration of births and deaths.	Fast track the review of the Births and Deaths Registration Act.
3	Varied interpretation by the Civil Registrars as to when an event becomes a late registration. For instance some Civil Registrars interpret late registration of births and deaths to mean registration after 6 and 3 months respectively.	Sensitize all Registrars on the provisions of the births and deaths operational manual for the purposes of attaining uniform interpretation of the provisions of Births and Deaths Registration Act Cap. 149.
4	Lack of civil registration offices at divisional level making it difficult for many people to access services due to long distances that they have to cover.	Decentralize the provision of civil registration services to the divisional level in order to take the services closer to the people. Issue the Assistant Chiefs with the forms for application of birth and death certificates.
5	Low levels of awareness on the requirements and the process of registration of births and deaths due to lack of sensitization of the public.	Undertake aggressive sensitization programme to educate the public on the importance, process and requirements of civil registration Make it a requirement that every child should have a birth certificate on admission to school.
6	Failure to bind birth and death registers, making them susceptible to loss.	Provide budgetary allocation funds annually for binding and securing of the registers. Train staff on sound records management practices.

Item	Findings	Recommendations
7	Lack of a strategy on automation to guide short and long term automation plans, leading to haphazard automation.	Develop a comprehensive medium and long term automation strategy for the department on registration of births and deaths.
8	Lack of consultation in preparing the Department's procurement plan, leading to stock outs or procuring materials in excess of requirements.	Involve the District Registrars in the preparation of Annual Procurement Plans for the Department.
9	Use of tedious and inefficient manual systems for application for birth and death certificates, revenue collection and receipting leading to revenue leakages and lack of transparency and accountability in revenue management.	Automate the revenue collection and receipting for application for birth and death certificates to improve efficiency, transparency and accountability in the registration process.

ii). National Environmental Management Authority (NEMA)

Table 16 provides a summary of the key findings and recommendations on the Examination of NEMA.

Table 16: Summary of Findings and Recommendations on the Examination of NEMA

No.	Findings	Recommendations
1	Lack of a National Environmental Policy.	Formulation of a National Environmental Policy.
2	Existence of numerous and conflicting sector specific legislations and lack of guidelines on the management of the environment.	Harmonization of the various sector specific laws and guidelines on the management of the environment.
3	Lack of sector specific checklist to assist environmental officers whilst carrying out these inspections.	Develop and apply Sector Specific Environmental Management checklist.
4	Inadequate capacity to carry out its mandate.	Enhance capacity (human, physical and financial).
5	Lack of a code of conduct leading to professional negligence by environmental lead experts.	Develop and enforce code of conduct for Environmental Impact Assessors.

iii). Provincial General and District Hospitals

The Examination into the Systems, Policies, Procedures and Practices of Provincial General and District Hospitals focused on the financial and procurement management. Some of the key findings and recommendations are presented in Table 17.

Table 17: Key Findings and Recommendations on the examination of Provincial General and District Hospitals

No.	Findings	Recommendations
1.	Insufficient Drawing Rights given to hospitals by the Ministry of Medical Services to obtain drugs and non-pharmaceuticals from KEMSA.	Review the Drawing Rights allocated to hospitals, taking into account population size and other related dynamics of the areas being served by hospitals.
2.	Insufficient funding of KEMSA leading to shortages of medical supplies in public hospitals. This leads to numerous emergency procurement by public hospitals creating loopholes for corruption.	Increase the budgetary allocation to KEMSA to enhance timely and adequate procurement.
3	Lack of independent procurement committees and qualified procurement personnel in some public hospitals.	Set up independent procurement committees and employ qualified procurement personnel in all public hospitals.
4	Poor project management practices resulting in stalled projects and lack of inventory for stalled projects	Enforce procedures for allocation of funds to the public hospitals.



No.	Findings	Recommendations
		Prepare an inventory of stalled projects detailing the status and estimated amounts required to complete them.
5	Delays in disbursement of funds to public hospitals affecting service delivery.	Timely disbursement of funds.
6	Failure to display publicly the cost sharing charges, exemptions and service delivery benchmarks.	Display publicly cost sharing charges, exemptions and service delivery benchmarks in the appropriate languages.
7	Manual billing of patients coupled with poor record keeping.	Improve management of hospital records. Automate patients' billing system.
8	Lack of qualified permanent accounts staff in most public hospitals.	Hire and deploy qualified accounts staff in all hospitals.
9	Failure to adhere to GoK financial regulations.	Enforce all GoK financial regulations.
10	Accumulation of pending bills by most hospitals.	Clear all pending bills in hospitals.

iv). City Council of Nairobi

Further to the follow up done in the 2008/2009 financial year, the Commission undertook a comprehensive review of the progress made in the implementation of recommendations made to City Council of Nairobi in 2007. Highlights of the implementation status are provided in Table 18:

Table 18: Implementation Status of Recommendations on the Examination of City Council of Nairobi

No.	Recommendations	Implementation Status
1	All revenue collected should be banked daily. Stop encashment of cheques with immediate effect.	Banking of all revenue not done. Cheque encashment still ongoing.
2	Ensure all payments to the Council for rates are by banker's cheque or cash. The Council should operate a separate receiving bank account for rates collection and maintain appropriate and accurate records including cash books and bank reconciliations.	Not all payments are made through cash or bankers' cheques. A separate bank account for receiving rates not yet opened.
3	Maintain an updated data base of all businesses operating within the City.	Not yet implemented
4	Develop a Creditors' Payment Policy and adhere to it. All invoices should be delivered at a central point in the City Treasurer's office by the suppliers where they should be registered and signed for by the receiving staff.	A Creditors' payment policy not yet prepared. However, a creditors section has been set up which keeps a record of all pending payments. Invoices are usually received by the departmental accountants on behalf of the City Treasurer.
5	Take an inventory of all cheques held in the Council for reconciliation purposes. Set particular days for paying various creditors and communicate to the creditors to collect ready cheques.	Not yet implemented. Implemented

No.	Recommendations	Implementation Status
	Ensure all cheques are released from the designated office.	All cheques are released from the dispatch office.
6	Stop the procurement of items through imprest by respective Departments. All purchases should be made through the Procurement Department. Consider adopting use of fuel cards for fueling the Council vehicles.	Not yet implemented. Not yet implemented.
7	Reconcile and audit the payroll regularly	Not yet implemented
8	Compile a comprehensive list of all pending bills to ascertain the actual position of the creditors.	List of pending bills prepared on December 2007 and stood at Ksh.33 billion.
9	Open up debtors' ledgers and other records and ensure that they are regularly up dated.	Partially implemented.
10	Formulate and implement a policy on accountable documents. Compile an inventory of all the existing accountable documents and reconcile them to the existing registers and mop up any that are in circulation but not in the registers.	Not yet implemented. Partially implemented.
11	Identify and compile an up-to-date comprehensive fixed assets register for movable and immovable assets clearly indicating their condition, value and depreciation rates, where applicable.	Not yet implemented.
12	Ensure that an inventory of all insurable assets is compiled. These assets should be properly valued.	There is a register of insurable assets. Valuation of assets not done.
13	Ensure that all Council land is surveyed and title deeds obtained. Institute investigations into all the irregular land alienation and take appropriate measures to repossess them.	Not yet implemented. Partially implemented.

v). Municipal Council of Mombasa

Preliminary findings indicate that the Council has taken action in the implementation of the recommendations by the Commission. The following are the highlights of the implementation status:

Table 19: Implementation Status of Recommendations on the Examination of Municipal Council of Mombasa

No.	Recommendation	Implementation Status
1.	Develop and display service charters in conspicuous places.	Not implemented
2.	Prepare and implement strategic Plan.	Strategic plan for the period 2009/2012 prepared.
3.	Create and maintain an updated database for traders within the market areas. Automate the Vote Book	The Local Authority Integrated Financial and Operations Management System (LAIFOMS) is partially operational and captures all data base for traders and Vote Book among others.
4.	Develop a Policy and guidelines on revenue collections and cash management. Develop clearly written job descriptions and enhance	The Council currently prepares Revenue Enhancement Plans (REP) for every financial year



No.	Recommendation	Implementation Status
	supervision of all staff involved in revenue collection.	Not implemented
5.	Staff the Accounts Unit with qualified personnel	Implemented
6.	Ensure revenue collected is banked daily.	Banking of Revenue collected is being done daily
7.	Recover outstanding rent and rates arrears	Being implemented
8.	Ensure timely (not more than one year) regular and rotational transfer of Market Masters and Cess Assessors.	Regular rotation of staff being done. However, there is still a problem of resistance by the Councillors.
9.	Develop and automate database of all the businesses operating within the Municipality.	Only Single Business Permits Register has been developed, and the same is being maintained in LAIFOMS.
10.	Provide all revenue collectors with uniforms and official identification badges.	Revenue collectors are now easily identifiable because they are uniformed and also wear badges
11.	Enhance capacity in records management.	500 staff from various departments trained on records management.
12.	Appraisal and disposal of old records in accordance with the relevant laws.	The Council in collaboration with the Kenya National Archives and Documentation Services is appraising, preserving and disposing old records.

5.2.2 Advisory Services on Corruption Prevention Strategies

During the period under review, the Commission provided advice to various institutions on the development of corruption prevention strategies as follows:

i). Development of Corruption Prevention Guidelines on Information Communication Technology (ICT)

The Commission developed and distributed Corruption Prevention Guidelines (CPGs) on the use of Information Communication Technology (ICT). A rapid assessment on the application of the Guidelines revealed that ICT was instrumental in sealing corruption loopholes.

ii). Reviews of Audit Reports

The Commission received and reviewed an internal audit report of the Youth Enterprise Development Fund Board (YEDFB) from the Ministry of Finance. The report details irregularities in the YEDFB which include the following:

- Lack of accountability in disbursement and expenditure of funds to youth groups;
- Lack of firm contractual agreements with financial intermediaries used to disburse funds to youth groups;
- Lack of feedback mechanisms to confirm receipt of disbursed funds by the recipients;
- Engagement in activities inconsistent with the delivery of the mandate of the fund; and
- Weak legal framework.

The Commission advised the YEDFB on how to prepare an implementation matrix for a structured implementation and follow up. Upon implementation, it is expected that the recommendations will address the systemic weaknesses and loopholes that lead to corruption in the YEDFB.

5.2.3 Partnerships and Coalitions

The Commission continued to enhance existing partnerships and collaborative activities with various institutions in public and private sectors while nurturing new partners in the fight against corruption. During the year under review, the Commission continued with its partnerships and coalitions programmes as shown in Table 20.

Table 20: Partnerships and Coalitions

No.	Partner	Nature of Partnership	Output
1	Public Sector Reforms and Performance Contracting Secretariat	Monitoring implementation of anti-corruption strategies contained in the Performance Contracts.	102 institutions advised on the development of Anti-Corruption Policies, Codes of Conduct and corruption prevention plans.
2	Public Procurement Oversight Authority	Capacity building programme for Local Authorities Advisory and technical support to local authorities on how to develop and implement corruption prevention strategies and measure in procurement area.	56 Tender Committees Members and Chief Officers drawn from 28 Local Authorities in Rift Valley province trained on the application of Procurement law and regulations and on how to detect and seal loopholes in the procurement process. A total of 67 Local Authorities: 17 Municipal Councils; 23 County Councils and 28 Town Councils in Nyanza, Central and Rift valley provinces advised and given technical support
3	Kenya Bureau of Standards	Mainstream anti-corruption and good governance provisions in the International Standards on Records and Electronic Management Systems (ERMS)	Development of draft ERMS.
4	Association of Professional Societies in East Africa (APSEA)	Capacity building for members	Trained over 40 professionals drawn from the Built and Natural Environment Sector on issues of ethics, governance and anti-corruption.
5	Association of Kenya Insurers (AKI)	Capacity building for members	50 Branch and Claims Managers in Nyanza and Western regions trained on issues of ethics, governance and anti-corruption.

5.3 PUBLIC EDUCATION, TRAINING AND AWARENESS CREATION

5.3.1 Public Service Integrity Programme

i). Integrity Assurance Officers

The Commission trains integrity assurance officers to equip them with technical skills to enable them provide technical support in mainstreaming anti corruption strategies within their institutions. The trained IAOs also act as secretaries of their institutional Corruption Prevention Committees (CPCs). A total of 515 Integrity Assurance Officers (IAOs) from various public sector institutions were trained as indicated in Table 21.



Table 21: Integrity Assurance Officers Trained

No.	Organization/Region	No. of Officers Trained
1	Department of Probation	31
2	Nairobi Province	90
3	Rift Valley Province	58
4	Sugar Sector Institutions	50
5	Ministry of State for Defence	30
6	Post Bank Limited	40
7	Kenya Airports Authority	52
8	Kenya Rural Roads Authority	49
9	Ministry of Regional Development Authorities	46
10	Ministry of Nairobi Metropolitan Development	7
11	Kenya Power and Lighting Company	36
12	Ministry of Cooperative Development and Marketing	14
13	Ministry of Labour and Human Resource Development	12
Total		515

ii). Corruption Prevention/Integrity Committee Training

The training targeted members of Institutional Corruption Prevention/integrity Committees who spearhead the designing and implementation of corruption prevention strategies in their respective institutions. In the reporting period, 856 members of Corruption Prevention Committees (CPCs) drawn from 95 public sector institutions across the Country were trained as shown in Table 22.

Table 22: Corruption Prevention/Integrity Committee Training

No.	Organization/Region	No. of Participants
1	Kenya Wildlife Service	32
2	Ministry of Labour and Human Resource Development	25
3	Ministry of Environment and Mineral Resources	17
4	Kisii University College	39
6	Rift Valley Province	48
7	Nairobi Province	34
8	Central Province	78
9	National Aids Control Council (NACC)	13
10	Department of Defence	12
11	Kenya Rural Roads Authority	50
12	Kenya Ports Authority	17
13	Northern Water Services Board (Wajir, Mandera, Isiolo, Nyahururu, Nanyuki, Samburu, Garissa)	63
14	Kenya National Bureau of Statistics	65
15	Ministry of Public Health and Sanitation	25
16	Ministry of State for Defence	35
17	Ministry of Foreign Affairs and International Cooperation	40
18	Kenya Railways Corporation	40
19	C.D.F Board Secretariat	45
20	National Water Conservation and Pipeline Corporation	15
21	Office of the President (Provincial Administration, Administration Police, Kenya Police, Government Printer, National Disaster Operations Centre, NACADA)	40

No.	Organization/Region	No. of Participants
22	Kenya National Highways Authority	15
23	Kenya Forest Service	25
24	Kenya Power and Lighting Company	52
25	Central Bank of Kenya	15
26	National Museums of Kenya	16
Total		856

5.3.2 Public Education and Awareness

During the reporting period, the Commission's mandate of public education, training and awareness creation was achieved through three main strategies: media education; regional community outreach clinics; dissemination of Information, Education and Communication (IEC) materials; and integrity/anti-corruption training.

i). Media Education

The key media programmes included:

- a). Anti-corruption Radio Programmes for the Faiths Media - The Commission developed and aired six (6) episodes of religious anti-corruption programmes on two (2) regional faith-based radio stations to stigmatize corruption. These programmes were produced and aired on Radio IQRA reaching 2.5 Million Kenyan listeners and Radio Salaam reaching 1.5 Million listeners with the collaboration of partners such as Kenya Council of Imams and Ulamaa (KCIU). These faith-based programs were aimed at enhancing public understanding of the phenomenon of corruption and fostering change in attitudes and behaviour.
- b). Pre-recorded 15 minutes radio programme – The Commission scripted and recorded 26 episodes of the pre-recorded 15 minutes radio programme focusing on the arenas of corruption. This was a continuation of a similar programme titled 'This thing called corruption' which was developed and aired in 2007. The scripts focused on corrupt practices that occur in functional areas of high risk such as procurement, human resource management, licensing and registration, administration, registry, accounts, devolved funds and co-operatives sector among others.
- c). Radio spots, infomercials, filmlets and documentary - 25 radio spots, 15 TV infomercials and 5 filmlets were developed in readiness for dissemination. In addition, the Commission produced a documentary focusing on its programmes and achievements, challenges, arenas of corruption in various sectors, messages on integrity and community empowerment and methods of disrupting corruption.

ii). Regional Anti-Corruption Outreach Clinics

The rationale for this activity is based on the need to improve governance and empower the public to proactively and meaningfully participate in public affairs. The involvement of the public is one of the surest ways of improving governance and service delivery and brings about socio-cultural re-engineering through engendering positive values and practices in society.

The Commission conducted outreach programmes in five (5) districts namely; Trans-Nzoia, Uasin Gishu, Kisumu, Machakos and Kitui to empower communities to proactively participate in the governance processes at the local level. The Commission utilized the services of various local radio stations in the five districts to publicize the activities of the outreach programme.

The outreach programme involved civic education, advisory services, distribution of IEC materials, and receiving reports on corruption from the public. A total of 550 reports on alleged cases of corruption were received.



An outreach programme organized by the Commission

iii). Production and Dissemination of IEC Materials

The Commission continued to develop and disseminate IEC materials to sensitize the public on issues of anti-corruption. The following activities were undertaken:

- a). Translation and production of Six (6) booklets and brochures and ten (10) assorted posters into Kiswahili
- b). Review of three (3) booklets on anti-corruption law and two (2) brochures in order to align the Commission's anti-corruption literature with recent development in the anti-corruption jurisprudence in Kenya.
- c). Development of a DVD entitled "Jihad Maadili" with messages on anti-corruption illustrated by commentary and opinions from Muslim Imams and scholars (Ulamaa) targeting Muslim audiences. A total of 3,300 copies of the DVD were produced for dissemination.
- d). Dissemination of IEC materials in the public, private, civil society and faiths sectors and individuals as shown in Table 23.

Table 23: IEC Materials Dissemination

Organization/Region	Quantity
Posters (A2, A3 and A4 sizes)	148,400
Brochures (FAQs and On the Frontline Against Corruption)	28,670
Simplified anti-corruption laws (ACECA, POEA and PPDA)	23,735
Anti-corruption Bible Study Guides	7,445
DVDs with Islamic anti-corruption content	1,208
Promotional T-Shirts (Assorted)	755
Promotional (branded) Caps	464

- e). Banners - 10 banners with the message 'Kuimarisha maadili mashinani: Amka, pinga ufsadi!' were developed and used for the regional anti-corruption outreach clinics in the districts.
- iv). Integrity/Anti-Corruption Training
The Commission conducted integrity/anti-corruption training covering the public, private, civil society and faiths sectors as summarized in Table 24:

Table 24: Integrity and Anti Corruption Training

Institution	Levels of officers	Number of officers
County Council of Taita Taveta	All staff and councillors	84
Young Farmers Clubs of Kenya	Students, teachers and ASK officials	135
Kenya National Association of Parents	Parents Teachers' Associations, Boards of Governors and School Management Committees	454
Nairobi Water and Sewerage Company	Senior management staff	28
Nyando District Residents Association	Community leaders	30
National Environment Management Authority	Senior staff	33
Juuema Junior Academy	Students teachers and parents	200
Ministry of Development of Northern Kenya and other Arid Lands	Senior staff	19
VSF Germany-Kenya	Senior staff (Kenya & Southern Sudan)	35
Kenya Film Commission	All staff	20
Kangundo Paralegal Group	Community leaders	50
Kenya Maritime Authority	All staff	35
County Council of Masaku	All staff and Councillors	152
Kenya Civil Aviation Authority	Senior staff in Eldoret and Kisumu stations	59
Retirement Benefits Authority	Senior management staff	30
Brand Kenya Board	Staff	24
St. John's Community Centre	Youth and members of public	130
Higher Education Loans Board	Staff	80
Ministry of Nairobi Metropolitan Development	Staff and management	103
Kenya National Association of Parents - Coast Region	Parents	300
Kenya Institute for the Blind	All staff	30
Administration Police Training College	Cadets	54
Traffic Police Training College- Ngong	Traffic Police Officers	24
Kiganjo Police Training College	Police Officers	502

ON THE FRONTLINE AGAINST CORRUPTION

Institution	Levels of officers	Number of officers
Presbyterian Church of East Africa (PCEA)- Ruai	All church members	200
Kenya Utalii College and Hotel	All staff	50
National Independent Church of Africa (NIC)	All staff	70
Teso District Hospital	All levels of staff	45
Administration Police College	Police Signallers	36
Law Society of Kenya (LSK)- Nairobi, Mombasa and Western Chapters	Legal practitioners	410
Geothermal Development Company	All cadres of staff including top management	134
Kenya Prisons' Department	Prison officers	70
Department of National Cohesion	All levels of staff including the Secretary	25
Airport Police Division	Airport Police Officers	30
Kenya Ordnance Factories Corporation- Eldoret	All levels of staff	130
Kenya Meat Commission- Mombasa	All levels of staff	16
Kenyatta International Conference Centre	All staff	78
Probation Department	Integrity Assurance Officers	50
Administration Police	Police Officers	400
Ministry of Labour and Human Resource Development	All Staff	25
Kenya Civil Aviation Authority	All Staff	71
National Council of Churches of Kenya	Clergy and Programme officers	109
Total		4,560



The Chairman of the Kenya Anti-Corruption Advisory Board, Mr. Eric Okong'o Omogeni (Centre), Board Member Mrs Grace Injene and Senior staff of KACC with Student Leaders during the Student Leaders Conference at Garden Hotel, Machakos, 18th – 22nd January 2010.

5.3.3 Education and Sensitization Seminars for Law Society of Kenya

The Commission in collaboration with the Law Society of Kenya conducted training of lawyers under the LSK's continuing legal education (CLE) programme. The purpose of the training was to sensitize advocates on anti-corruption laws and to enlist their support in the fight against corruption.

5.4 RESEARCH INTO CORRUPTION AND GOVERNANCE ISSUES

Research plays a pivotal role in the design and implementation of anti-corruption and governance related reforms aimed at preventing corruption in all sectors of society. The following research activities were undertaken:

5.4.1 Study of Corruption on the Water Sector in Kenya:

This study focused on the Water and Sanitation sector owing to anecdotal evidence and numerous reports made to the Commission pointing to poor governance in the sector.

The study analyzed and documented the policy, legal and institutional weaknesses and failures that encourage corruption in the sector; assessed the effectiveness of anti-corruption reforms and measures already implemented in the sector; and established the extent, nature and magnitude of corruption in the sector.

The study revealed that:

- i). The level of awareness among Kenyans on the reforms being implemented in the sector is very low. Only 26.3 percent of the respondents indicated that they were aware of reforms in the provision of Water and Sanitation Services. This affects participation in policy decision making and involvement of communities in public projects in the sector.
- ii). Majority of the respondents (52%) rated corruption in the Water and Sanitation Sector to be very high. Only 12.9 percent indicated that the level of corruption is low.
- iii). According to the respondents, the level of corruption was very high because in the course of seeking services from the institutions in the sector, they were confronted with among others; numerous demands for bribes by the water officials (48.7%) and too much delay in service delivery (19.3%). In certain circumstances, service seekers bribed to receive services (17.6%), or even offered a token (5%) for services rendered.

5.4.2 Surveys on Corruption in Local Authorities:

Surveys conducted by the Commission in previous years revealed that Corruption was prevalent in local authorities in Kenya given their weak systems of control and governance. At the same time, Local Authorities receive significant financial resources from the Treasury in the form of LATF and run large projects for which the level of transparency, accountability and openness is very low.

The Commission therefore conducted Diagnostic Surveys at the City Council of Nairobi and Municipal Council of Mombasa focusing on revenue collection and management. The Surveys sought to identify the magnitude of corruption and its impact on service delivery. In addition, the

Surveys sought to assess the effectiveness of anti-corruption reform measures instituted at the Local Authorities by the Commission to seal corruption loopholes, improve service delivery and enhance governance and management of Council affairs.

The Preliminary findings on the City Council of Nairobi indicated that:

- a) The level of corruption is very high as indicated by 63.8% of the respondents covered in the Survey.
- b) 49.8 percent of the respondents felt that the Council was handling well the fight against corruption 'moderately well' while 31 percent of the respondents indicated that the council was not handling the fight against corruption 'well'.
- c) The level of awareness of the anti-corruption reform measures being pursued by the Council is very low. A staggering 71.6% of the service seekers do not know of any existing anti-corruption initiatives undertaken by the Council.

Preparation on the Report on the Municipal Council of Mombasa is ongoing.

5.4.3 Implementation of the National Anti-Corruption Plan (NACP)

The Commission continued to implement its part of the National Anti-Corruption Plan. It also continued to support activities of Kenya Integrity Forum Secretariat and sponsored the 4th Annual Integrity Review Conference.

6. INSTITUTIONAL CAPACITY BUILDING

6.1 INTRODUCTION

The Commission's operations with regard to the finance and administration function in the year under review were guided by the six strategies outlined in the Strategic Plan as follows:

- i) To enhance human resource capacity;
- ii) To enhance financial resources;
- iii) To enhance the physical infrastructure;
- iv) To establish a comprehensive risk management framework;
- v) To improve the corporate image and brand the Commission and
- vi) To expand national presence and coverage.

6.2 MOBILIZATION AND UTILIZATION OF FINANCIAL RESOURCES

The Commission was allocated KShs 1.346 billion in its Recurrent Vote and KShs 50.0 million in the Development Vote as Printed Estimates for FY 2009/10. The Recurrent Vote was reviewed to KShs 1.312 billion during Supplementary Estimates.

In addition, the Commission continued to receive financial support from development partners under the Kenya Institutional Support for Good Governance (KISGG) Programme funded by the African Development Bank (ADB). The main programmes funded under the KISGG were geared towards anti-corruption outreach awareness, as well as enhancing investigation and asset recovery skills for Commission staff.

To enhance efficiency and prudence in the utilization of the available budget resources, the Commission maintained proper books of Accounts, enforced appropriate financial controls and ensured timely reporting on the budget. It also maximized efficiency by promoting competition and fairness in its procurement practices.

6.3 HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

The Commission continued to enhance its human resources capacity through retention, recruitment to fill vacant positions, training and staff welfare.

6.3.1 Staff Establishment

The approved staff establishment of the Commission was 273 while the average staff in-post during the year under review was 249.

6.3.2 Skills and Competency Development

To build staff competencies for better performance, a total of 223 trainings were undertaken locally and abroad to equip staff with new and emerging skills as shown in Table 25. These included training in forensic investigations, law, public policy and operational reviews as well as in general management. In addition, two study visits to anti-corruption agencies in Nigeria and Uganda were undertaken to network, benchmark and share best practices in the fight against corruption.

Table 25: Summary of Staff Training

No.	Broad Areas of Training	No. of Officers Trained
1	Corporate & Leadership Skills Training	24
2	Continuous Professional Education	73
3	Customer Care / Relations & PR	2
4	Exchange Visits (Uganda & Nigeria)	13
5	Finance	2
6	Forensic Investigations	29
7	Fraud, Money Laundering & Terrorist Financing	30
8	Information Communication Technology	9
9	Intelligence	13
10	Management & Administration	9
11	Policy Analysis	5
12	Project Management	2
13	Research Methods	10
14	Training On Securities	2
	Total	223



Felistus S. Ng'atuny, Country Coordinator ESAMI and Mr. Wilson Shollei, Assistant Director Finance and Administration presenting certificate to a Commission officer after participating in Governance, Ethics and Anti-corruption Reforms training offered ESAMI and sponsored by ADB

6.3.3 Staff Welfare and Team Building Programmes

To promote employee wellbeing, the Commission continued to provide a staff medical scheme. In addition, three major team-building events were organized to foster staff cohesion, integration and corporate citizenship.

6.4 INFORMATION COMMUNICATION TECHNOLOGY (ICT)

The Commission continued to embrace ICT to enhance its operational efficiency and effectiveness. An elaborate ICT infrastructure consisting of Local Area Network (LAN), Wide Area Network (WAN), email services, Internet Protocol (IP) telephony, interactive website, automated systems, application systems, network security and equipment exists within the Commission.

6.5 OFFICE ACCOMMODATION

6.5.1 Proposed KACC Headquarters Building

The final designs of the new KACC headquarters office complex together with the tender documentation were reviewed and approved. The Environmental Impact Assessment study report was submitted to NEMA and advertised in the newspapers. Approval by NEMA is awaited before tender action can commence.

6.5.2 Kisumu Regional Office

As part of its regional expansion strategy, the Commission is setting up the second Regional Office in Kisumu. This is intended to bring services closer to the people and to enhance outreach. The office is situated at the junction of Oginga Odinga Street and Ang'awa Avenue within Kisumu CBD, Jubilee Insurance Building, 3rd Floor.

6.6 CORPORATE COMMUNICATION

The Commission continued to partner with the Media in disseminating information through press briefings, press releases, coverage of court proceedings, media interviews (local and international), placements of adverts in the print media and production of 10min documentaries. The close collaboration was aimed at informing the public on the Commission's activities, exposing corruption and raising awareness on the dangers of corruption.

The Commission also used its website to reach out to the public and to disseminate information. In the period under review, the average monthly visits increased to 11,000 from 8,000 in the previous year. The majority of people who browsed were from United States (46%), followed by Kenya (33%), Russia (3%) and Britain (2%) among others. The majority of people who browsed visited the home page followed by the anonymous reporting of corruption page.

7.0 NATIONAL AND INTERNATIONAL ENGAGEMENTS

7.1 INTERNATIONAL ENGAGEMENTS

7.1.1 International Anti-Corruption Day

During the period under review, the Commission organized and sponsored the commemoration of the International Anti-corruption Day, which was held on 9th December 2009. Fifteen institutions exhibited at the City Hall Way as part of the commemoration of the International Anti-corruption Day. The exhibitions were easily accessible and the attendance was impressive. The feedback below attests to this:

I happened to attend the International Anti-Corruption Celebrations at KENCOM in Nairobi yesterday. I am happy to report that the attendance was overwhelming. Not because Kenyans wanted to know what corruption is all about or because they had no other businesses to do but because they had many complaints on bad governance, delays on almost everything and the major one was poor distribution of resources all over the country. Anonymous

Comment obtained from **“Corruption in Kenya: Say it Aloud”** website. <http://corruptioninkenya.wordpress.com>

In addition, the Commission in collaboration with Siaya Anti-Corruption Coalition commemorated the International Anti-Corruption Day in Siaya District where IEC materials were distributed, and corruption cases reported at the mobile office.



Some members of the public visiting the International Anti-Corruption Day Exhibitions

7.1.2 The United Nations Convention against Corruption (UNCAC) Governance Action Plan (GAP) Analysis

The Commission participated in the development of the UNCAC-GAP Analysis and Action Implementation Plan Report which was presented to the Third Session of the UNCAC Conference of the States Parties in Doha, Qatar from 9th to 13th November 2009. The Report titled 'Kenya: UN Convention against Corruption and Implementation Plan,' identifies and analyses the policy, legislative and administrative gaps to be addressed in strengthening the anti-corruption framework in Kenya.

7.1.3 Conference of African Ministers for Public Service (CAMPS)

The Commission played a key role in addressing the responsibilities assigned by the Conference of African Ministers for Public Service (CAMPS) on the Africa-wide thematic subject of Public Sector Anti-Corruption. Within the CAMPS framework, the role of Kenya, through the Commission, is to co-champion with Nigeria the thematic area on Public Sector Anti-Corruption and evolve strategies and best practices that could be replicated in Africa and elsewhere.

7.1.4 The 3rd Annual General Meeting (AGM) and Executive Committee meeting of the East African Association of Anti-Corruption Authorities (EAAACA)

Heads of National Anti-Corruption Authorities of the East African Community Partner States formed the East African Association of Anti-Corruption Authorities (EAAACA) in September 2007 in Kampala, Uganda. The Association was launched in Nairobi, Kenya on 9th November, 2007 when the EAAACA Constitution was signed. The aim of the Association is to promote zero tolerance to corruption within the East African Community region. The overall objective of the EAAACA is to promote and facilitate regional cooperation, mutual legal and technical assistance in the prevention and combating of corruption in the East African community region, share information, hold joint trainings and carry out joint research.

The 3rd meeting of Executive Committee and AGM were hosted by the Special Anti-Corruption Brigade, Burundi October, 2009. During the meeting held in Burundi, election of office holders was held. As a result, Mr. Tito Ruteramara, the Ombudsman of Rwanda was elected Chairman, the Ag. Inspector General of Government (IGG) of the Inspectorate of Government, Uganda elected Vice-chairman of IGG retained her position of General Secretary while the heads of the other authorities became members. IG hosted the hand over meeting in Kampala in March 2010.

At the 3rd AGM, it was agreed that KACC will host the 4th AGM, scheduled for November 2010.

7.1.5 Exchange Tour To Nigeria

An exchange tour to the Republic of Nigeria was undertaken by a delegation from KACC between the 13th and 19th June 2010. The delegation consisted of five officers drawn from IAT, Administration, Legal Services and Preventive Services Directorate. The objective of the visit was to learn and share experiences and strategies that are employed in preventing and combating corruption. Some of the key institutions visited in Nigeria were; the Independent Commission

for Prevention of Corruption and Related Offences, Economic and Financial Crimes Commission, Code of Conduct Bureau, Bureau for Public Procurement, Ministry of Justice – Attorney General's Chambers, Federal Capital Territory Courts and Corporate Affairs Commission. The delegation gained much knowledge on strategies employed to combat corruption in Nigeria.



Delegation from KACC, at the Attorney General's Chambers in Abuja. L-R James Olola, Lydia Manyasi, Hon. Mohammed Bello Adoke (Attorney-General and Minister of Justice of the Federation of Republic of Nigeria), Ellyjoy Bundi, Meshack Aluda, Humphrey Mahiva (Leader of Delegation)

7.1.6 Exchange Visit to Uganda

A team of eight (8) officers from the Commission visited the Republic of Uganda from 13th to 19th June 2010. The main objective of the visit was to learn and share information and experiences on strategies for preventing and combating corruption; and to learn best practices and lessons in the fight against corruption in a country that shares similar characteristics with Kenya.

During the visit, the team met officials of the Inspectorate of Government of Uganda (IG), the Directorate of Public Prosecutions of Uganda and the Directorate of Ethics & Integrity of Uganda. The team was exposed to the successes made in the area of investigations, prosecutions, adjudication of corruption cases, wealth declarations and institutional capacity building among others. The team was also able to appreciate lessons learnt and the challenges being faced by the anti-corruption institutions in Uganda.



KACC Officer Mr. Yuvinalis Angima being presented with IEC material by Mr. Bageya Waiswa, the Secretary to the Inspectorate of Government, Uganda during an exchange visit to Kampala in June 2010. Mr Waiswa was accompanied by Mr. Rwereeza Jossy Jules, the Director of Education and Prevention of Corruption

7.1.7 Federal Bureau of Investigation (FBI) Training

In 2009, a Senior Forensic Investigator attended 10 week training at the FBI National Academy in Quantico, Virginia, USA. The training was fully sponsored by the FBI.

The training is part of a programme by the FBI where they bring together Law Enforcement Officers in command levels, drawn mainly from the US Police Departments with representations from select Law Enforcement agencies around the world, for a degree level training in Criminal Justice. The course is accredited to the University of Virginia.

Upon graduation, the candidate automatically becomes a member of the FBI National Academy Associates, an international association of Law Enforcement Officers who have graduated from the Academy in its 75 year history. This gives the officer and their organizations access to the largest Law Enforcement network in the world.

7.1.8 Training on Strategic Human Resources Management Organized in Morocco

The Commission nominated one officer to attend a training workshop on Strategic Human Resources Management in the Public Services organized by the CAFRAD in Tangier, Morocco. CAFRAD is a Pan-African inter-governmental organization founded by African countries in 1964 under the auspices of the United Nations Education, Cultural and Scientific Organization

(UNESCO). Its mission is To act as a centre of expertise and support to governments and related bodies for capacity development, administrative and governance reforms, and service delivery to populations, and as a regional focal point promoting and coordinating a network of governmental and scientific institutions and working in partnership and synergy with them for the improvement of public administration and governance in African countries. Its activities are attended by its Member States (37 in number) and non-Member States. The objectives of the program were to:

- i) Allow participants to share experiences in human resources management; policy frameworks and practices in the public sector
- ii) Take Stock of the recent developments in the field of human resource management;
- iii) Update and upgrade knowledge and capacity in human resource management through new methods, strategies, and orientations/philosophies
- iv) Facilitate co-operation/networking in human resource management among African countries and external partners; and
- v) Develop appropriate strategies to cope with challenges of human resource management in an ever changing, competitive and globalized world.

7.2 NATIONAL ENGAGEMENTS

7.2.1 4th Annual Integrity Review Conference (AIRC)

The Commission sponsored the fourth AIRC held on 8th and 9th December 2009 at Kenyatta International Conference Centre (KICC). Over 450 delegates drawn from all the 14 sectors implementing the National Anti-Corruption Plan (NACP) participated.

During the conference, the delegates reviewed the respective sectors' progress in the implementation of the NACP and key resolutions were passed. These included: the adoption of Kenya Integrity Forum (KIF) structure and functions; and development of indicators to measure outputs, outcomes and impacts of the Plan.



(L – R) Amb. Francis Muthaura, MBS, Permanent Secretary, Secretary to the Cabinet and Head of Public Service, Hon. Kenneth Marende, EGH, Speaker of the National Assembly, Hon. William Cheptumo, Assistant Minister, Ministry of Justice, National Cohesion, and Constitutional Affairs, Mr. Eric Okong'o Omogeni, Chairman, KACAB and Dr. John Mutonyi, MBS, Ag. Director/ CE, KACC proceeding to the Plenary Hall

7.2.2 Development of National Values System (NVS) for Kenya

The Commission provided technical input in the development of a draft policy on the NVS for Kenya. The NVS aims to develop and nurture national values as a way of enhancing integrity in Kenya.

7.3 CORPORATE GUESTS AND FORUMS

The Commission had the privilege of hosting a number of guests. The courtesy calls offered an opportunity to update the guests on the progress made and measures being undertaken by the Commission in the fight against corruption. Some of the guests who visited the Commission were; World Bank Director in Kenya, Mr. Johannes Zutt, Norwegian Ambassador H.E. Elizabeth Jackobson, President of European Partners Against Corruption and Chairman of EU anti-corruption network, Mr. Martin Kreutner together with the Austrian Ambassador, H.E. Christian Hassen Bichler.



Dr. John Mutonyi welcomes the Austrian Amb. H. E. Christian Hassen Bichler (left) while Mr. Martin Kreutner (centre) President of European Partners Against Corruption & Chairman of EU anti-corruption networks looks on.

7.4 CORPORATE SOCIAL RESPONSIBILITY

The Commission sustained engagement with stakeholders, customers and the general public to discharge its Corporate Social Responsibility (CSR). The CSR activities undertaken in the period under review were:

7.4.1 The Mater Heart Run

This is an annual event organized by the Mater Hospital to raise funds for heart operations for children from underprivileged backgrounds. The Commission contributed KShs 250,000 towards this noble initiative. During the event, the Commission disseminated anti-corruption IEC materials and sensitized the public on integrity and good ethical conduct.



Dr. John P. Mutonyi, Acting Director/CE presenting a cheque during the Mater Heart Run

7.4.2 International Commission of Jurists (ICJ) Football Tournament

In recognition of the power of sports to enhance bonding, the Commission’s football team “Integrity Stars” participated in the inaugural ICJ football tournament. During the tournament, the Commission publicized its activities by displaying and distributing IEC materials, educating the public on corruption prevention and enlisting their support in the fight against corruption.

8.0 CHALLENGES AND WAY FORWARD

8.1 INTRODUCTION

Over the years, the Commission has faced numerous challenges at the policy, legal and institutional levels. This section highlights some of the challenges and the way forward.

8.2 CHALLENGES

8.2.1 Policy and Legal Framework

The absence of the National Anti-Corruption Policy has continued to affect the broad operational direction and focus of the Commission. However, the Government has initiated measures to develop the Policy, which will spell out the broad national direction and focus in the war against corruption and economic crime. It will be necessary to fast track the policy formulation process so as to streamline the roles and responsibilities of agencies dealing with corruption matters.

The Commission continued to operate in a legal environment that remains weak and unsupportive in certain aspects. For instance, the lack of a legal framework for whistleblower protection, freedom of information, restoration of recovered assets among other laws needed.

8.2.2 Slow Judicial Process and Adverse Court Decisions

The slow process of adjudication of corruption and civil recovery cases continued to affect the Commission's performance in the fight against corruption. In addition, adverse court decisions declaring certain provisions of ACECA unconstitutional and stopping some investigations by the Commission affected the operations of the Commission. It is hoped that the new Constitution will address this challenge.

8.2.3 Enforcement of Corruption Prevention Recommendations

The Commission continued to face the challenge of enforcing its corruption prevention recommendations due to lack of adequate legal framework.

8.2.4 Regional Presence

Over the years, public pressure continued to mount on the Commission to extend its services to the people at the community level. However, the Commission has not been able to meet this need due to inadequate resources.

8.2.5 Inadequate Capacity

The ratio of the Commission staff establishment to the population and corruption levels is still low compared to best practice and international standards, thus affecting the Commission's performance.

8.3 WAY FORWARD

8.3.1 2009-2013 KACC Strategic Plan

The formulation of the second Strategic Plan was completed and the implementation began in the reporting year. As a way forward, the Commission will continue to deepen and widen the scope of implementation in line with the first Medium Term Plan (2008-2012) of the Vision 2030 and new Constitution.

8.3.2 Commission Outreach

The Commission will continue to enhance its regional presence through establishment of regional offices, community outreach and public engagements. These will involve corruption reporting, provision of advisory services, awareness creation and enlisting public support at the grassroots level.

9.0 FINANCIAL STATEMENT

9.1 CORPORATE INFORMATION FOR THE YEAR ENDED 30 JUNE 2010

Anti-Corruption Advisory Board Members

The members of the Advisory Board who served during the year and to the date of this report are shown below;

Name	
• Mr. Eric Okong'o Mogeni	Chairman from 23rd June 2009
• Ms. Irene Keino	Vice Chairman from 23rd June 2009
• Mr. Charles Kariuki Wambugu	Member from 8th September 2004
• Ms. Naomi N. Wageraka	Member from 27th April 2007
• Mr. John Khameme Wanyela	Member from 27th May 2009
• Mrs. Jacqueline A. Mugo	Member from 27th May 2009
• Eng. Reuben Kosgei	Member from 27th May 2009
• Dr. Abdallah A. Kibwana	Member from 27th May 2009
• Mr. Suru Tanna	Member from 27th May 2009
• Mrs. Grace Kaome Injene	Member from 27th May 2009
• Mr. Francis Wangara	Member from 27th May 2009
• Mr. Billow Adan Kerrow	Member from 27th May 2009

<p>Secretary Prof. P .L. O Lumumba, Ph.D P. O. BOX 61130-00200 Nairobi</p>	<p>Principal Bankers Kenya Commercial Bank Milimani Branch P.O. Box 69695-00400 Nairobi</p>
<p>Principal Place of Business Integrity Centre Valley Road/ Milimani Junction P. O. Box 61130-00200 Nairobi, Kenya</p>	<p>Advocates Various A list is available at the Commission</p>
<p>Auditors Controller & Auditor General Kenya National Audit Office P. O. Box 30084-00100 Nairobi</p>	

9.2 REPORT OF THE DIRECTOR

For the year ended 30 June 2010

The Director presents the report together with the audited financial statements for the year ended 30 June 2010.

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 and conduct public education on the dangers of corruption.

Results

The results for the year are set out on page 68.

Members of the Advisory Board

The members of the KACC advisory Board who served during the year are listed on page 63.

Auditor

The auditor of the Commission for the year ended was the Controller and Auditor General in line with the Public Audit Act, 2003 and Anti-Corruption and Economic Crimes Act, 2003. The auditor for the Commission continues to be the Controller and Auditor General.

On behalf of the Commission



Prof. P.L. O. Lumumba, Ph.D
Director/Chief Executive

28th September 2010

9.3 STATEMENT OF THE COMMISSION'S RESPONSIBILITIES

The Anti-Corruption and Economic Crimes Act 2003, requires the Commission to cause to be prepared financial statements for each financial year which give a true and fair view of the financial affairs of the Commission as at the end of the financial year and the operating results for the year.

The Commission is also responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Commission in addition to ensuring that the assets are safeguarded.

The Commission accepts responsibility for the annual report together with the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards and with the requirements of the Public Audit Act, 2003. The Commission is of the opinion that the annual report together with financial statements gives a true and fair view of the state of the financial affairs of the Commission and of its operating results. The Commission further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of the internal financial control.

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

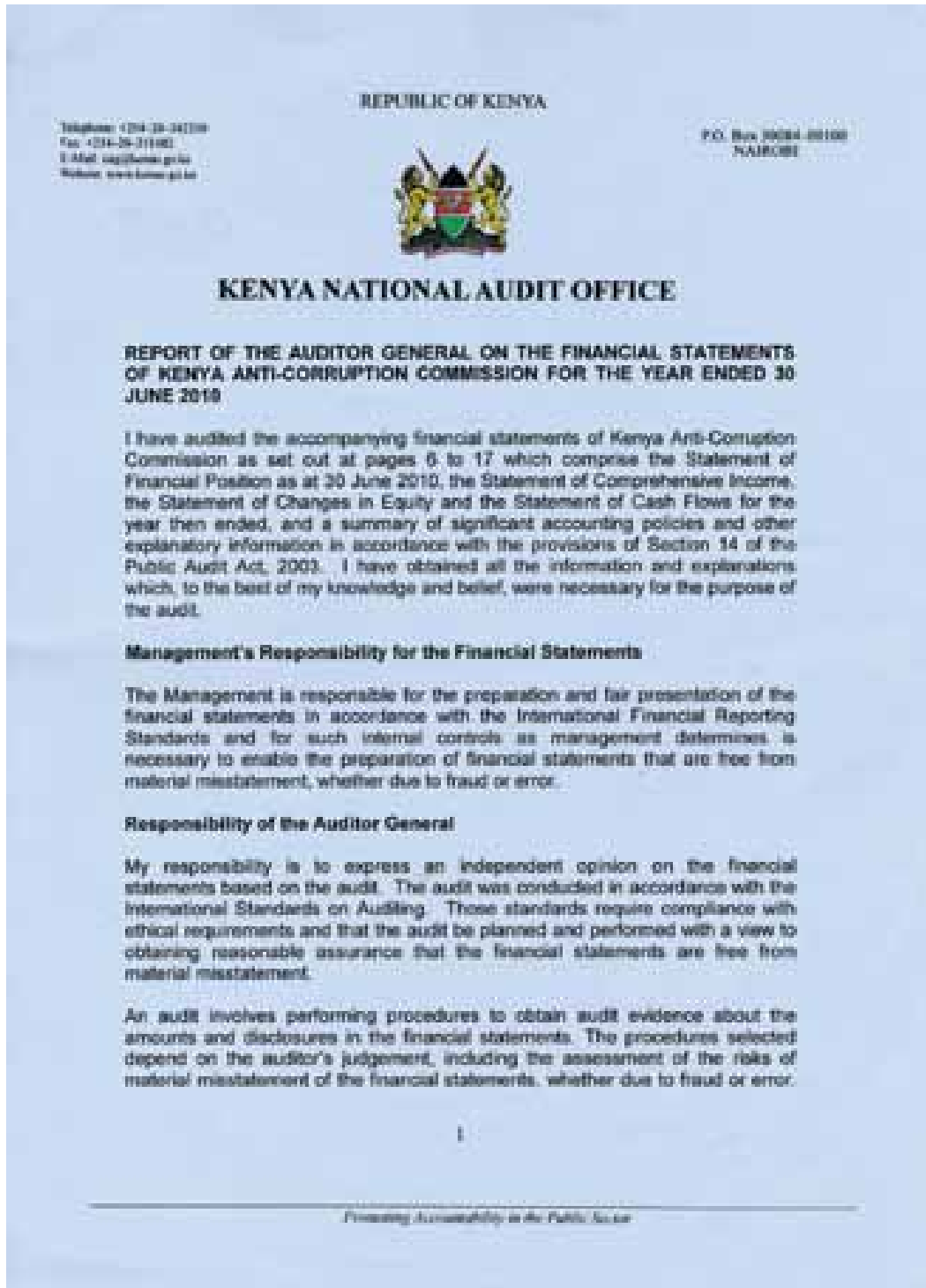
Signed on behalf of the Commission by:



**Prof. P.L.O Lumumba PhD
Director/Chief Executive**

28th September 2010

9.4 REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA ANTI-CORRUPTION COMMISSION FOR THE YEAR ENDED 30 JUNE 2010



In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as at 30 June 2010, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Anti-Corruption and Economic Crimes Act, 2003.


A.S.M. Gatumbu
AUDITOR GENERAL

Nairobi

30 September 2010

9.5 STATEMENT OF FINANCIAL POSITION

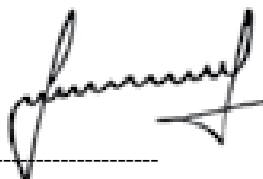
As at 30 June 2010

ASSETS	Note	2010 Ksh	2009 Ksh
Non Current Assets			
Property, plant and Equipment	2	235,500,935	180,390,810
Intangible Assets	3	26,290,649	37,714,339
Gratuity Fund Investment	4	161,755,762	129,037,889
Asset Recovery Account	5	19,101,119	8,865,798
		442,648,465	356,008,836
Current Assets			
Inventories	6	15,882,358	11,462,814
Trade and other receivables	7	5,075,467	5,898,320
Cash and Cash Equivalents	8	210,918,788	146,150,448
		231,876,613	163,511,582
Total Assets		674,525,078	519,520,418
EQUITY AND LIABILITIES			
Accumulated Fund	14	192,330,372	192,330,372
Revenue Reserves	15	300,266,688	188,696,139
		492,597,060	381,026,511
Non Current Liabilities			
Gratuity Fund	4	161,755,762	129,037,889
Asset Recovery Account	5	19,101,119	8,865,798
		180,856,881	137,903,687
Current Liabilities			
Trade and Other Payables	9	371,137	90,220
Accrued Liabilities and Charges	10	700,000	500,000
		1,071,137	590,220
Total Equity and Liabilities		674,525,078	519,520,418

The Financial Statements on Pages 68 to 80 were approved on 28th September 2010 and signed on behalf of the Commission by:



Prof. P. L. O. Lumumba, PhD
Director/Chief Executive



Wilson K.C Shollei
Assistant Director: Finance and Administration

9.6 STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2010

REVENUE	Note	2010 Ksh	2009 Ksh
Government Grants (GOK)	11	1,248,071,000	1,220,897,743
Development Partners/ Donor Support	12	70,942,979	73,049,660
Other Income	13	766,010	21,187,184
Total Revenue		1,319,779,989	1,315,134,587
EXPENDITURE			
Administration Expenses	18	882,580,253	864,641,323
Operating and Maintenance	23	328,141,691	334,505,910
Total Expenditure		1,210,721,944	1,199,147,233
Operation Surplus for the Year		109,058,045	115,987,354
Profit/(Loss) on disposal of assets		2,512,504	-
Surplus for the Year		111,570,549	115,987,354

9.7 STATEMENT OF CASH FLOW
For the year ended 30 June 2010

	2010	2009
From operating activities		
Surplus from operations	111,570,549	115,987,354
Add back non-cash payment (Depreciation)	31,356,480	35,531,308
Add back non-cash payment (Amortization)	13,145,305	18,854,341
Profit on disposal on property, plant & equipment	(2,512,504)	-
Operating Surplus before working capital changes	153,559,830	170,373,003
(Increase)/Decrease in inventories	(4,419,543)	(2,342,195)
(Increase)/Decrease in receivables & Prepayments	822,853	13,670,848
Increase/(Decrease) in payables	480,917	78,172
Net cash utilized from operating activities	150,444,057	181,779,828
From Investing Activities		
Purchase of property, plant and equipment	(89,700,042)	(35,629,381)
Proceeds from disposal of plant, property and equipment	4,024,326	-
Net cash utilized in investing activities	(85,675,716)	(35,629,381)
From Financing Activities		
Refund of Surplus to the Treasury	-	(75,415,101)
Net cash used in Financing activities	-	(75,415,101)
Net increase in cash and cash equivalents	64,768,340	70,735,347
Bank and Cash equivalents at beginning of year	146,150,448	75,415,101
Bank and cash equivalent at end of year	210,918,788	146,150,448

9.8 STATEMENT OF CHANGES IN EQUITY
As at 30 June 2010

	Accumulated Fund (Ksh)	Revenue Reserve (Ksh)	Total (Ksh)
As at 1 July 2008	178,561,372	148,123,886	326,685,258
Refund of Surplus to Treasury	-	(75,415,101)	(75,415,101)
Grants	13,769,000	-	13,769,000
Surplus for the Year	-	115,987,354	115,987,354
Balance as at 30 June 2009	192,330,372	188,696,139	381,026,511
As at 1 July 2009	192,330,372	188,696,139	381,026,511
Refund of Surplus to Treasury	-	-	-
Grants	-	-	-
Surplus for the Year	-	111,570,549	111,570,549
Balance as at 30 June 2010	192,330,372	300,266,688	492,597,060

The Accumulated Fund represents the surplus for the year and capital transfer of inventory, plant and equipment inherited from the defunct Anti-Corruption Police Unit (ACPU), Investigation Software and motor vehicles received as grants.

9.9 NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

(i) Basis of preparation and form of presentation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRSs). The financial statements are presented in functional currency, Kenya shillings (KShs), which is the prevailing currency within the primary economic environment, and prepared in accordance with the measurement bases prescribed by IFRSs.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Commission's policies.

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS).

(ii) Revenue Recognition

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.

(iii) Revenue

The revenue constitutes all funds accruing to the Commission in the form of exchequer allocations, funds from development partners and other income arising from investment and sale of tenders including proceeds of disposal of assets.

(iv) Grants

Grants related to assets, including non monetary grants at fair value, are recognized when there is reasonable assurance that the grant will be received and the Commission will comply with the conditions attaching to them.

(v) Property, Plant and Equipment

All categories of property, plant and equipment are initially recorded at cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus reserve in accumulated funds. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the profit and loss account. Each year the difference between depreciation charged based on the revalued carrying amount of the asset (the depreciation charged to the profit and loss account) and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings. Leasehold land is not depreciated

Depreciation is calculated on a reducing balance basis at rates designed to write down the assets to their estimated residual values over their estimated useful lives using the following annual rates:

	Rate per annum (%)
Computers & Software	33.33
Motor vehicles	25.00
Plant and equipment	12.50
Surveillance Equipment	12.50
Furniture, Fixtures & Fittings	12.50

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. An impairment loss is recognized in the income statement, whenever the carrying amount of an asset exceeds its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and taken into account when determining the surplus of the year.

(vi) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a first-in- first- out basis.

(vii) Trade and other receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(viii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; bank balances; demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents that are not readily accessible are classified under deferred assets. For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks, and short term highly liquid investments.

(ix) Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Commission.

(x) Provisions and accruals

Provisions are recognized when the Commission has a present obligation (legal or constructive)

as a result of a past event, and it is probable that an outflow of resources embodying economic benefits.

(xi) Employee benefits

The Commission sets aside on monthly basis the gratuity for its employees. This is managed separately as sinking fund in accordance with section 13(4) of the Anti- Corruption and Economic Crimes Act, 2003.

The Commission also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute. Any contributions made to the NSSF in respect of current service are charged against income in the year of contribution.

(xii) Income taxes

The Commission being a non trading entity is not subject to taxation. No tax is therefore provided in these accounts.

2. Property, plant and equipment

Cost/Valuation	Land Kshs	Plant and Equipment Kshs.	Security Equipment Kshs.	Furniture Fixtures & Fittings Kshs.	Motor Vehicles Kshs.	Computer Equipment Kshs.	Total Kshs.
As at 1 July 2008	52,101,910	25,232,830	27,500,177	12,661,356	101,592,600	44,786,218	263,875,091
Additions	2,256,460	2,970,930	3,757,190	1,061,657	31,261,752	4,679,992	45,987,981
At 30 June 2009	54,358,370	28,203,760	31,257,367	13,723,013	132,854,352	49,466,210	309,863,072
As at 1 July 2009	54,358,370	28,203,760	31,257,367	13,723,013	132,854,352	49,466,210	309,863,072
Additions	49,231,713	5,384,720	2,368,750	1,952,525	26,379,520	2,661,200	87,978,427
Disposals	-	-	-	-	(16,351,600)	-	(16,351,600)
At 30 June 2010	103,590,083	33,588,480	33,626,117	15,675,538	142,882,272	52,127,410	381,489,899
DEPRECIATION							
As at 1 July 2008	-	5,557,810	6,343,541	2,946,843	58,826,600	20,266,160	93,940,954
Charge for the year	-	2,830,744	3,114,228	1,347,021	18,506,938	9,732,377	35,531,308
At 30 June 2009	-	8,388,554	9,457,769	4,293,864	77,333,538	29,998,537	129,472,262
As at 1 July 2009	-	8,388,554	9,457,769	4,293,864	77,333,538	29,998,537	129,472,262
Charge for the year	-	3,149,991	3,021,044	1,422,709	16,387,184	7,375,553	31,356,480
Eliminated on Disposal	-	-	-	-	(14,839,778)	-	(14,839,778)
At 30 June 2010	-	11,538,545	12,478,813	5,716,573	78,880,944	37,374,090	145,988,964
NET BOOK VALUE							
At 30 June 2010	103,590,083	22,049,935	21,147,304	9,958,965	64,001,328	14,753,320	235,500,935
At 30 June 2009	54,358,370	19,815,206	21,799,598	9,429,149	55,520,814	19,467,673	180,390,810

3. Intangible Assets

	2010 (Ksh)	2009 (Ksh)
Cost		
At start of the year	90,826,979	87,416,579
Additions	1,721,615	3,410,400
Total	92,548,594	90,826,979
Amortization		
At start of the year	53,112,640	34,258,298
Charge for the year	13,145,305	18,854,341
At end of the year	66,257,944	53,112,640
Net Book Value	26,290,649	37,714,339

Intangible assets consist of computer software development and licenses. These are amortized on reducing balance basis to write them down to their estimated residual value over their estimated useful lives at the rate of 33.33% per annum.

4. Gratuity Fund Investment

The gratuity fund constitutes a proportion of basic salary set aside on monthly basis as a sinking fund to cater for benefits payable to employees when due.

	2010 (Ksh)	2009 (Ksh)
Balance brought forward	129,037,889	170,096,469
Additions	150,401,449	150,524,931
Payments	(117,683,576)	(191,583,511)
Total	161,755,762	129,037,889

5. Asset Recovery Account

The asset recovery account comprises of funds received from recovery of corruptly acquired assets on behalf of public organizations.

	2010 (Ksh)	2009 (Ksh)
Balance brought forward	8,865,798	1,843,628
Funds recovered in the year	10,235,321	7,022,170
Total	19,101,119	8,865,798

6. Inventories

	2010 (Ksh)	2009 (Ksh)
Consumables	10,624,112	6,799,709
Library books	5,258,246	4,663,105
Total	15,882,358	11,462,814

7. Trade and other receivables

	2010 (Ksh)	2009 (Ksh)
Imprest Debtors	1,004,750	1,669,205
Staff Advances	223,161	230,000
Deposits	3,847,556	3,999,115
Total	5,075,467	5,898,320

8. Cash and cash equivalents

	2010 (Ksh)	2009 (Ksh)
Recurrent Bank Account	150,249,297	88,338,204
Development Account	58,617,999	57,742,687
Cash on hand	2,051,492	69,557
Total	210,918,788	146,150,448

9. Trade and other payables

	2010 (Ksh)	2009 (Ksh)
Trade payables	45,330	-
Other payables	325,807	90,220
Total	371,137	90,220

10. Accrued liabilities and charges

	2010 (Ksh)	2009 (Ksh)
Audit fees	700,000	500,000
Total	700,000	500,000

11. Government Grants (GOK)

Government grants represent exchequer receipts during the year.

12. Development Partners/Donor Support

	2010 (Ksh)	2009 (Ksh)
ADB/GJLOS- Grants	20,942,979	13,049,660
Government Grants (GOK)	50,000,000	60,000,000
Total	70,942,979	73,049,660

13. Other Income

	2010 (Ksh)	2009 (Ksh)
Sale of tender documents	766,010	2,051,426
Interest Income	-	19,135,758
Total	766,010	21,187,184

14. Accumulated Fund

	2010 (Ksh)	2009 (Ksh)
Balance brought forward	192,330,372	178,561,372
Change during the year	-	13,769,000
Total	192,330,372	192,330,372

15. Revenue Reserve

	2010 (Ksh)	2009 (Ksh)
Balance brought forward	188,696,139	148,123,886
Refund of surplus	-	(75,415,101)
Surplus for the year	111,570,549	115,987,354
Total	300,266,688	188,696,139

16. Contingencies

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.277 million.

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.

17. Operating and maintenance

Included in the operating and maintenance expenditure is an amount of Kshs. 29,693,250/= described as security expenses.

18. Administration Expenses

	2010 (Ksh)	2009 (Ksh)
Basic salaries	464,157,027	467,879,032
Basic wages paid- Temporary employees	-	10,547
Personal Allowances	176,062,656	183,667,963
Employer Contribution : Health Insurance Schemes	598,800	590,400
Government Pension & Retirement Benefits	164,029,242	141,797,702
Insurance costs	37,504,153	37,304,128
Hospitality, Supplies and Services-(Board, Committees & Conferences)	40,228,375	33,391,551
Total	882,580,253	864,641,323

19. Key management personnel costs

Included in the Administration expenses of Kshs. 882.6 million is an amount of Kshs. 69.3 million being the monthly salaries and allowances paid to key management personnel comprising of the Director, Deputy Director and Assistant Directors.

	2010 (Ksh)	2009 (Ksh)
Key management personnel costs	69,295,937	82,940,000
Total	69,295,937	82,940,000

20. Capital Commitments

The capital commitment at the year end amounted to Kshs. 2.1 million.

21. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

22. Reporting Currency

The financial statements are reported in Kenya Shillings.

23. Operating and Maintenance

	2010 (Ksh)	2009 (Ksh)
Utilities, supplies and service	8,431,700	7,620,333
Communication, supplies and services	17,915,227	24,259,854
Domestic travel, subsistence & other transport costs	31,334,015	21,126,660
Foreign travel, subsistence & other transport costs	10,446,663	11,158,057
Printing, advertising, information supplies & services	48,007,524	31,923,299
Rentals of produced assets	43,228,722	41,231,167
Training expenses (including capacity building)	33,785,899	33,653,761
Specialized materials and supplies	625,909	558,015
Office and general supplies & services	7,691,782	6,447,307
Fuel, oils and lubricants	13,822,667	12,956,096
Other operating expenses (Note 24)	46,532,722	58,984,035
Routine maintenance-Vehicle & other transport equipment	9,142,365	11,570,036
Routine maintenance-other assets	4,646,180	5,293,216
Other miscellaneous, current transfers, grants & subsidies	485,611	700,000
Refurbishment of buildings	-	1,328,483
Research, feasibility studies, project preparation and design	7,542,920	11,309,945
Depreciation expenses	44,501,785	54,385,649
Total	328,141,691	334,505,910

24. Other Operating Expenses

	2010 (Ksh)	2009 (Ksh)
Bank charges	408,137	226,074
Contracted guards and cleaning services	1,361,773	1,257,012
Memberships fees, dues and subscriptions	1,201,328	777,280
Legal dues, arbitration and compensation	5,901,641	4,481,467
Security expenses	29,693,250	26,697,000
Contracted professional services	6,453,216	23,977,852
Witness expenses	813,377	1,067,350
Audit fees	700,000	500,000
Total	46,532,722	58,984,035



KACC HEADQUARTERS

Integrity Centre, Milimani/Valley Road Junction
P. O. Box 61130 - 00200 Nairobi • Tel: (020) 2717318, 310722, 2100312/3
Mobile: 0729 888881/2/3, 0736 996600/33 • Fax: (020) 2719757
Email: kacc@integrity.go.ke

Report Centre

Hotline numbers: (020) 2717468, 0727 285663, 0733 520641 • Hot fax: (020) 2717473
Email: report@integrity.go.ke



MOMBASA REGIONAL OFFICE

Apollo Court, Mai Avenue
P. O. Box 82351 - 80100 Mombasa
Tel: (041) 2319081 / 2319082
Mobile Numbers: 0710 600308 • Fax: (041) 2319083
Email address: kaccmsa@integrity.go.ke



KISUMU REGIONAL OFFICE

3rd Floor, Jubilee Insurance House,
At the junction of Ang'awa and Oginga Odinga Streets.
P.O. Box 438 - 40100 Kisumu
Tel: (057) 2023111 • Fax: (057) 2023555
Email address: kaccism@integrity.go.ke

www.kacc.go.ke