

# KENYA ANTI-CORRUPTION COMMISSION



## ANNUAL REPORT 2005-2006

Issued in accordance with section 15 (1) of the Anti-Corruption and Economic Crimes Act, 2003

On the frontline against corruption



# ANNUAL REPORT AND ACCOUNTS

FINANCIAL YEAR 2005-2006

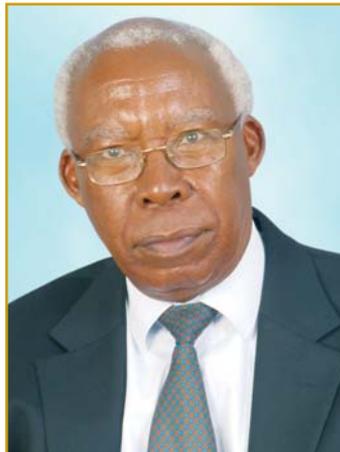


## Table of Contents

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<b>Advisory Board Members</b>	iv
<b>Management Team</b>	v
<b>Mission Statement</b>	vi
<b>Abbreviations</b>	vii
<b>Message from the Chairman</b>	1
<b>Director's Message</b>	3
<b>Overview</b>	7
1.1. Global Scene on Corruption	7
1.2. Local Scene on Corruption	7
<b>Institutional Structure</b>	9
2.1 Introduction	9
2.2 Directorate of Investigation and Asset Tracing	9
2.3 Directorate of Legal Services and Asset Recovery	9
2.4 Directorate of Preventive Services	10
2.5 Directorate of Finance and Administration	10
2.6 Organisational Structure	10
<b>Performance Reports</b>	11
3.1 Investigations	11
3.2 Tracing and Recovery of Assets	14
3.3 Quarterly Reports	27
3.4 Preventive Services	37
3.5 Corruption Prevention	40
3.6 Research Programmes	43
3.7 Finance and Accounts Services	44
3.8 Human Resources Services	44
3.9 General Administration Services	44
3.10 Information Communication and Technology Services	44
<b>Pictorials</b>	45
<b>Financial Statement</b>	47

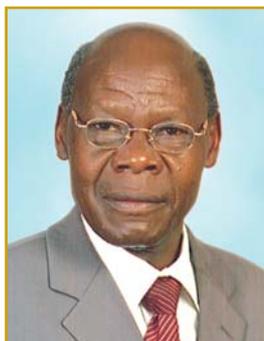
## MEMBERS OF THE KENYA ANTI-CORRUPTION COMMISSION ADVISORY BOARD



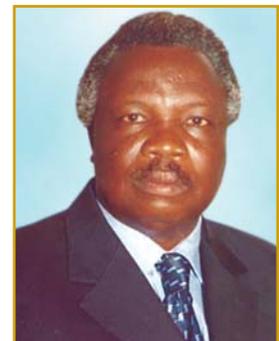
*Allan N. Ngugi - **Chairman***  
*Rep. Kenya Association of Manufactures*



*Shehnaz N. Sumar - **Vice Chair***  
*Rep. Federation of Kenya Employers*



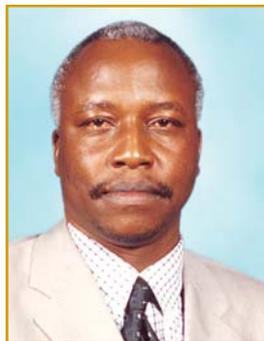
*Charles Kariuki Wambugu*  
*Rep. Joint Forum of Religious Organisations*



*Francis Atwoli*  
*Rep. Central Organisation of Trade Union*



*Mariam El-Maawy*  
*Rep. Architectural Association of Kenya*



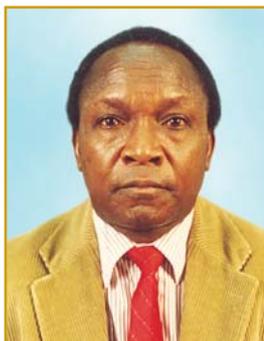
*Kipng'etich K. Bett*  
*Rep. Kenya Bankers Association*



*Anna Muchungu*  
*Rep. Association of Professional Societies of East Africa*



*Richard Boro Ndung'u*  
*Rep. Institute of Certified Public Accountants of Kenya*



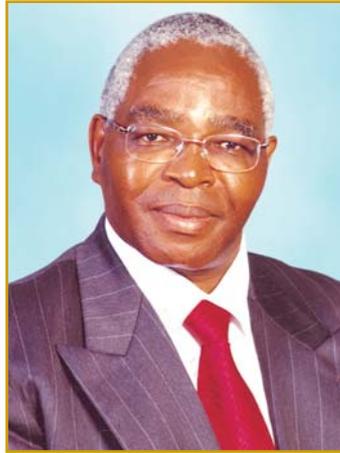
*Prof. Alfred V. Otieno*  
*Rep. Institute of Engineers of Kenya*



*Prof. Miriam Were*  
*Rep. Kenya Medical Association*

## KENYA ANTI-CORRUPTION COMMISSION MANAGEMENT TEAM

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*Justice Aaron G. Ringera*  
**Director/Chief Executive**



*Fatuma Sichale*  
**Deputy Director/Asst. Director, Legal Services**



*Dr. John P. Mutonyi*  
**Asst. Director, Investigations and Asset Tracing**



*Dr. Smokin Wanjala*  
**Asst. Director, Preventive Services**

# THE KENYA ANTI- CORRUPTION COMMISSION

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## 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

## ABBREVIATIONS

<b>ACECA</b>	- Anti-Corruption and Economic Crimes Act	<b>KNEC</b>	- Kenya National Examinations Council
<b>APSEA</b>	- Association of Professional Societies in East Africa	<b>KNH</b>	- Kenyatta National Hospital
<b>ASK</b>	- Agricultural Society of Kenya	<b>KPC</b>	- Kenya Pipeline Corporation
<b>AU</b>	- African Union	<b>KPLC</b>	- Kenya Power and Lighting Company
<b>CBO</b>	- Community Based Organizations	<b>KPLC-RBFS</b>	- Kenya Power and Lighting Company Retirement Benefit Fund Scheme
<b>CDC</b>	- Constituency Development Committee	<b>KRA</b>	- Kenya Revenue Authority
<b>CDF</b>	- Constituency Development Fund	<b>KRB</b>	- Kenya Roads Board
<b>CEO</b>	- Chief Executive Officer	<b>KRWU</b>	- Kenya Railways Workers Union
<b>CID</b>	- Criminal Investigation Department	<b>KTN</b>	- Kenya Television Network
<b>CPC</b>	- Corruption Prevention Committees	<b>KUSCCO</b>	- Kenya Union of Savings and Credit Co-operatives
<b>CRA</b>	- Corruption Risk Assessment	<b>KWS</b>	- Kenya Wildlife Services
<b>DANIDA</b>	- Danish International Development Agency	<b>LATF</b>	- Local Authority Transfer Fund
<b>DO</b>	- Ditto	<b>MOU</b>	- Memorandum of Understanding
<b>EDC</b>	- Ethics Development Centre	<b>NACP</b>	- National Anti-Corruption Plan
<b>EMU</b>	- Efficiency Monitoring Unit	<b>NCC</b>	- City Council of Nairobi
<b>ENI</b>	- Education for National Integrity	<b>NEW KCC</b>	- New Kenya Cooperative Creameries
<b>FiRe</b>	- Financial Reporting	<b>NGO</b>	- Non Governmental Organization
<b>GITS</b>	- Government Information Technology Services	<b>NHIF</b>	- National Hospital Insurance Fund
<b>GJLOS</b>	- Governance Justice Law and Order Sector	<b>NSIS</b>	- National Security Intelligence Service
<b>GOK</b>	- Government of Kenya	<b>NSSF</b>	- National Social Security Fund
<b>IAO</b>	- Integrity Assurance Officers	<b>OCS</b>	- Officer Commanding Station
<b>ICDC</b>	- Industrial Commercial and Development Corporation	<b>PAC</b>	- Public Accounts Committee
<b>ICPAK</b>	- Institute of Certified Public Accountants of Kenya	<b>PCID</b>	- Prevention Coalitions and Intervention Department
<b>ICT</b>	- Information Communications Technology	<b>PIC</b>	- Public Investment Committee
<b>IEC</b>	- Information, Education and Communication	<b>PIEC</b>	- Professional Integrity and Ethics Committee
<b>IFMIS</b>	- Integrated Financial Management Information System	<b>PSIP</b>	- Public Service Integrity Programme
<b>KACA</b>	- Kenya Anti-Corruption Authority	<b>REP</b>	- Representative
<b>KACC</b>	- Kenya Anti-Corruption Commission	<b>REPPS</b>	- Research, Education, Policy and Preventive Service
<b>KBC</b>	- Kenya Broadcasting Corporation	<b>RVIST</b>	- Rift Valley Institute of Science and Technology
<b>KCSE</b>	- Kenya Certificate of Secondary Education	<b>SACCO</b>	- Savings and Credit Co-operative
<b>KEMSA</b>	- Kenya Medical Supplies Agency	<b>TLB</b>	- Transport Licensing Board
<b>KIA</b>	- Kenya Institute of Administration	<b>TOT</b>	- Training of Trainers
<b>KNAD</b>	- Kenya National Archives and Documentation Services	<b>TRAG</b>	- Training, Research, Advocacy & Governance
<b>KNAO</b>	- Kenya National Audit Office	<b>UNCAC</b>	- United Nations Convention Against Corruption
		<b>UNDP</b>	- United Nations Development Programme
		<b>VAT</b>	- Value Added Tax
		<b>VSDF</b>	- Veterinary Services Development Fund



## MESSAGE FROM THE CHAIRMAN



Allan N. Ngugi - *Chairman*

The publication of this report is an important statutory milestone marking the end of an eventful year at the Kenya Anti-Corruption Commission (KACC). Being the first year of full operation with a complete staff establishment, the Commission was able to undertake and execute a host of anti-corruption measures and programmes.

In the last year, corruption has retained its status in the public mind as the foremost public enemy. That this is so, is consistently reflected in opinion polls, in complaints sent to me as the Chairman of the Advisory Board, in reports received by the Commission from citizens, and in feedback given to us as members of the Advisory Board representing various constituencies in our body politic.

The Commission has faced many challenges. Key among these challenges is the existing sky-high public expectation that corruption should be eliminated at once. This expectation has co-existed side-by-side with the factual situation that the Commission is a young institution, only set up three years ago, and without appointment of a director and recruitment of senior staff until the latter part of 2004.

Recognizing the importance of planned activity as a requirement for a sustainable war on corruption, the Advisory Board participated substantially in the development of a Strategic Plan that will guide the Commission over the next three years. This was a momentous exercise whose key concern was that the Strategic Plan should fulfill the statutory mandate set out in the Anti-Corruption and Economic Crimes Act 2003.

The Advisory Board was also fully involved in the

development and launch of a National Anti-Corruption Plan. This Plan is another landmark in the war against corruption in Kenya. The Plan is designed to conflate all existing anti-corruption efforts in all sectors of the Kenyan society and to channel these efforts and resources towards the achievement of common goals.

I have no doubt in my mind that if the National Anti-Corruption Plan is executed as planned, great efficiency will be introduced in the allocation and management of national resources and in the fight against corruption.

Another key challenge that defined the year for the Commission was the media. The Advisory Board is of the view that the media has not taken up its rightful role as a partner in the fight against corruption. While media attention and interest on matters under the mandate of the Commission has been unstintingly high, there has been, in the opinion of the Advisory Board, a tendency towards disparaging the Commission's efforts rather than towards institution-building through constructive criticism. The Commission's quarterly reports, for example, which give an update of corruption cases investigated and their status, are virtually ignored by the media. The reason for the media's lack of interest in these reports seems to be that they do not include the names of certain "big fish", whom the media considers guilty of fraud and/or corruption.

The Commission's plea that we cannot take people to court before investigations are concluded and there is credible evidence against them has been characterized as weakness or lack of will by the Commission. This attitude by the media is worrying and we would like to appeal for more balanced reporting of the Commission's successes and failures, weaknesses and strengths – an attitude that seeks to build, not to destroy.

On a different note, the Advisory Board is established under the Anti-Corruption and Economic Crimes Act 2003 as an unincorporated body comprising thirteen (13) members. These are individuals recommended for appointment to the Advisory Board by:

- the Law Society of Kenya (replacement nominee awaited);
- the Institute of Certified Public Accountants of Kenya (Mr Richard Boro Ndung'u);

- the International federation of Women Lawyers (FIDA) Kenya Chapter (replacement nominee awaited);
- the Kenya Association of Manufacturers (Mr Allan Ngugi);
- the Joint Forum of Religious Organizations (Mr Charles Kariuki Wambugu);
- the Federation of Kenya Employers (Mrs Shehnaz Sumar);
- the Kenya Bankers Association (Mr Kipng'etich Bett);
- the Central Organization of Trade Unions (Mr Francis Atwoli);
- the Association of Professional Societies of East Africa (Mrs Anna Muchungu);
- the Architectural Association of Kenya (Mrs Mariamu El-Maawy);
- the Institution of Engineers of Kenya (Professor Alfred Otieno); and
- the Kenya Medical Association (Professor Miriam Were).

The Director and Chief Executive of the Commission is also a member and the Secretary of the Board.

Following the resignation of the representative of the Law Society of Kenya, nominations for a replacement were forwarded to Parliament. The approved candidate will formally join the Advisory Board upon being gazetted. The nominations by the International Federation of Women Lawyers were referred back to the nominating body by Parliament for further consideration and for fresh nominations because they did not meet the requirements of the Act.

Under the Anti-Corruption and Economic Crimes Act 2003, the Advisory Board's major function is to advise the Commission generally on the exercise of its powers and the performance of its functions under the Act. The medium through which the Advisory Board's advice is channeled is the Director and Chief Executive, who is a substantive member of the Advisory Board and also its Secretary.

I take this opportunity to report that attendance of Board meetings has been good, as has been the involvement of Board members in the activities and programs of the Commission. As representatives of

substantial constituencies and communities of interest in our country, the full participation of Board members in the affairs of the Commission bodes well for the national, broad-based support of the war on corruption in Kenya.

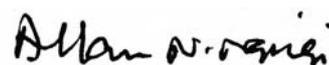
It is my distinct pleasure to note that the Board and the Commission continue to work in operational and aspirational harmony towards the achievement of the mandate set out in the Act.

All the necessary structures for successful anti-corruption initiatives are now in place, including adequate funding by the Government and credible leadership of the Commission.

As all fair-minded critics will discover through our Quarterly and Annual Reports and by visiting our website, considerable success has already been achieved in all aspects of our mandate embracing prevention (especially through education), detection, investigation and law enforcement though civil recovery and recommendations for prosecution to the Attorney General.

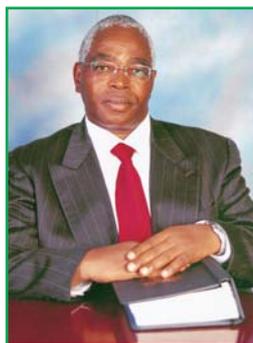
While various observers might differ on the basis by which we measure this success, that success has been achieved on all fronts is, in the opinion of the Advisory Board, indisputable.

Finally, the Commission and the Board have no illusions about the challenges we face in achieving our vision of a country that exercises zero tolerance to corruption. To realize this vision is our specific responsibility. But to be successful we need the general support of all Kenyans – in Government, Parliament, professional organizations, the Civil Society, the business community, the general public and most significantly, the media.



Allan N Ngugi, OGW  
Chairman  
Kenya Anti-Corruption Commission Advisory Board

## DIRECTOR'S MESSAGE



*Justice Aaron G. Ringera*  
**Director/Chief Executive**

The Kenya Anti-Corruption Commission is established by the Anti-Corruption and Economic Crimes Act, 2003. The functions of the Commission as set out in Section 7 of the Act leave no doubt that the Commission is vested with the principal obligation of spearheading the fight against corruption and economic crime in Kenya.

This wide anti-corruption mandate is expressed in terms of investigation of suspected offences of corruption and economic crime, assistance to law enforcement agencies concerned with corruption and economic crime, advising Kenyans individually and in their corporate organizations on ways and means of fighting corruption and economic crime, conducting public education geared towards enlisting public support in the war on corruption and instituting civil suits to recover the proceeds of corruption, economic crime and/or unexplained wealth.

On the functions of the Commission, it is worth mentioning that it is often forgotten, or overlooked, that the Commission has no powers to prosecute criminal offences, whether for corruption, economic crime or anything else. Rather, the Commission conducts investigations and then makes recommendations for prosecution or other action to the Hon. Attorney General.

Principles of good corporate accountability demand that the Commission be accountable to Kenyans with regard to the mandate vested on it by law. For the Commission, accountability is provided for in the Anti-Corruption and Economic Crimes Act, 2003 through the requirement that the Commission prepares and publishes Quarterly Reports and the Annual Report.

Quarterly Reports are the medium through which Kenyans, through Parliament, keep a close watch on how many cases the Commission investigates, finds actionable and recommends prosecution of persons by the Hon. Attorney General. They therefore address the Commission's investigatory function since the Commission has no powers of prosecution.

The Annual Report, on the other hand, is wider in scope. In it, the Commission is obligated to report on the finances of the Commission and to give a description of all the activities undertaken in fulfillment of the wider mandate set out in Section 7 of the Act.

I am pleased to point out that this Annual Report is the second to be issued by the Commission following its constitution in September 2004 when the three Assistant-Directors and I were sworn into office. The intervening period since the last Annual Report has seen momentous challenges and equally momentous achievements by the Commission. These are detailed in the body of the Report. However, it behoves me to mention some of these issues for the purpose of clarity and to ease understanding of the milieu in which the Commission operates.

### Staff Establishment

The Commission has undertaken and completed the second and third phases of staff recruitment, bringing the Commission to reasonable staff strength as envisaged in its establishment. The immediate impact of this recruitment was that the Commission was able to address itself adequately well to its mandate without being crippled by lack of staff as had been the case in the previous year.

There will be a fourth phase of staff recruitment in the next financial year with the aim of bringing the Commission's total staff strength to 270 officers. With the envisaged additional recruitment and the resultant increased human resource capacity, the Commission can only discharge its mandate better.

The need for increased staff compliment is accentuated by the fact that the Commission is, at present, not able to cover the entire country as may be desired. The consequence of this is that many Kenyans wishing to

report corruption have to make a trip to the Commission's headquarters in Nairobi, or communicate through mail, telephone and electronic mail. Needless to say, many Kenyans upcountry can neither afford visits to Nairobi and telephone calls nor access the internet. To mitigate these problems in the short to medium terms, the Commission has made and is implementing plans to have frequent and regular presence all over the country through its outreach programme so as not to shut out many Kenyans from its services.

The Commission's key mandate areas are Investigations and Asset Tracing, Corruption Prevention, Public Education and Recovery of the proceeds of Corruption and Economic Crime. The facts on the ground, supplemented and backed by actual outputs of the Commission with regard to these key mandate areas, prove that the Commission has done commendably well in the period between September 2004 to date.

It is also important to keep in mind that the period between September 2004 to date was taken up by staff recruitment and institution-building. But despite the short period, the Commission has achieved impressive results as I will proceed to highlight below.

### **Investigation and Prosecution of Corruption and Economic Crimes**

As I pointed out in the last Annual Report, the Commission continues to be the first port of call for Kenyans who are unhappy for one reason or another. Out of 7,888 reports of alleged corruption and economic crime brought to the Commission's attention by Kenyans, during the reporting year, only 15% of them fell within the mandate of the Commission, thereby meriting further action by the Commission. There is a continuing need to address the bulk of complaints by the public through establishment of the Office of Ombudsman.

A total of 84 investigation reports were forwarded by the Commission to the Hon. Attorney General. Seventy of these investigation reports which is 83% of the investigated cases, recommended prosecution of the suspects. Twelve reports this accounts to 14.3% of the investigated cases, recommended closure of the investigation files, while two files contained

recommendations for administrative action rather than prosecution for criminal offences. The Hon. Attorney General agreed with 68 out of 70 of the Commission's recommendations to prosecute, representing a 97% degree of agreement with the Commission's assessment on prosecution of offenders. This high concurrence ratio attests to the professionalism and high quality of the investigations.

It is remarkable that there are more than 190 corruption cases before various courts in Kenya today. This contrasts sharply with the often heard though misguided complaint that the Commission has not prosecuted any case of corruption at all, which is itself a fallacy as the Commission does not prosecute.

In the civil courts, the Commission has 43 multi-million shilling lawsuits in various stages of Hearing. The subject matter of 18 of these lawsuits has a combined value of Ksh 87,188,678. The other lawsuits are for recovery of land whose estimated value is Ksh 1.5 Billion.

On the implementation of the Ndung'u Report into the Illegal or Irregular allocation of public land, the Commission has so far issued more than 450 Demand Notices to concerned persons requiring surrender of the properties involved. Thirty-seven Title Deeds and eleven Deed Plans totalling 223 acres and estimated value of Ksh 144 million have been recovered.

The Commission has also filed and prosecuted 78 applications for warrants to investigate, seize and freeze funds held in bank accounts and suspected to be the proceeds of corruption and economic crime. This is in exercise of the Commission's powers to reach into and recover proceeds of corruption and economic crime.

The Commission has often been criticized for laying too much emphasis on investigation and eventual prosecution of what are called 'small fish', that is, petty corruption, at the expense of the so-called 'big fish'. Nothing could be further from the truth. The overwhelming majority of Kenyans are disproportionately affected by what is derisively referred to as 'petty' corruption. This overlooks the fact that the public officers who drive 'petty' corruption are the face of the Government to many Kenyans. The perceptions of these Kenyans, as faithfully recorded in

opinion polls, are a reflection of this fact. This is the reason why the Commission will continue to apply its policy of dealing with both 'petty' and 'grand' corruption without discrimination as to perceived value of the subject matter.

Quick conclusion of the so-called Grand Corruption cases has been hampered by the countless opportunities for legal defence afforded by the laws of Kenya and the guarantees it gives to the due process of law. Further, there are capacity constraints in both the Office of the Attorney General and the Judiciary.

It is however heartening to note that both constraints are being addressed. The Chief Justice has promulgated new rules of procedure in constitutional matters which will facilitate expeditious hearing of constitutional references. He has also expanded the territorial jurisdiction of several special magistrates. For his part, the Attorney General has moved to recruit more State Counsels and authority has been given to his office to recruit 26 special prosecutors to deal with corruption cases.

### **Public Education and Corruption Preventive Services**

Under the auspices of the Public Service Integrity Program, the Commission has reached 11,830 public sector employees to date. Sensitization of public officers on corruption and on how to stem and address the scourge in ministries and government departments continues in all eight provinces of Kenya.

The Commission has also undertaken three one-month structured training courses involving 96 Senior public officers under the Training, Research, Advocacy and Governance programme (TRAG). One hundred and forty three institution-based resource persons have also been trained under the Training of Trainers programme that began early in the year 2004. These intensive training programmes are designed with a focus on transfer of skills and learning in the mainstream public service on how to combat and prevent continued proliferation of opportunities for corruption and economic crime.

A total of 351 integrity assurance officers from 50 public institutions have also been trained by the

Commission. They form the bedrock of corruption prevention committees in various public institutions, and are a necessary and effective vicarious representation of the Commission in the public sector.

The Commission has also participated in high-volume forums such as annual agricultural shows and the Nairobi International Trade Fair. Since 2005, the Commission has sensitized 42,831 people and distributed 44,500 assorted educational materials on corruption to members of the public.

To address the need for anti-corruption course content in the education curriculum and in the schools system, the Commission sponsored the Kenya Drama Festival's anti-corruption theme which attracted many competing entries. Significantly, in 2005 Kenya Certificate of Secondary Education (KCSE) English Literature examination paper, there were compulsory questions that tested the student's knowledge of ethics and anti-corruption.

Kenyans will no doubt have seen, heard or read an anti-corruption message in the media. The high level of outreach and public communication has had tremendous effect on enlisting public support in the war on corruption. Kenyans can expect more varied and sector-specific anti-corruption content in the Commission's public education and corruption prevention activities in the coming year.

To address systemic corruption, and working with concerned institutions to close corruption-facilitating loopholes, the Commission conducted in-depth examinations and corruption risk assessments on the Nairobi City Council and the Department of Immigration in the period under review. The Commission also continued to monitor implementation of the recommendations of the two examinations conducted in year 2005 on the registration and licensing of motor vehicles and enforcement of traffic laws for the Ministry of Transport, the Kenya Revenue Authority and the Kenya Police, and also on the Ministry of Immigration and Registration of Persons.

Some of the recommended changes have already been implemented, such as the application of an improved revenue and car-tracking system by the Kenya Revenue Authority.

## National Anti-Corruption Plan

The Commission spearheaded the development of the National Anti-Corruption Plan (NACP). It was subsequently presented at a national stakeholders delegates conference in May 2006 at the Bomas of Kenya, where the document was adopted. The stakeholders delegates constituted themselves into the Kenya Integrity Forum charged with the implementation of the National Anti-Corruption Plan. The plan was launched on July 5th, 2006 at Kenyatta International Conference Centre. The Commission, and indeed the country, has placed great importance on the success of the NACP as Kenya's first sector-wide, representative and focused anti-corruption platform upon which all national efforts will be concentrated.

For the first time in Kenya's history, the war on corruption is no longer sporadic, half-hearted and reactionary, but consistent, endorsed by all critical sectors of our society and proactive rather than reactive.

## Strategic Plan

The Commission has developed a three year Strategic Plan to guide its strategies, programmes and activities. The Plan outlines measures to be implemented by the Commission to foster zero-tolerance to corruption in Kenya. In particular, it sets the Commission's way forward, spells out its purpose, identifies and defines the current status on the fight against corruption and develops medium term strategies for ultimately achieving zero-tolerance to corruption in Kenya

## Conclusion

For the Commission, the road ahead is littered with many challenges. However, there are also many opportunities to stem the haemorrhage of public funds caused by systemic and opportunistic corruption and economic crime.

The Commission is keenly aware of the very high expectations that Kenyans have on it. Indeed, it is justifiable to say that these expectations are unreasonably high because they emanate from a detached position where the person criticizing does not see herself as either part of the problem or as part of the solution.

As I have often reiterated, it is the responsibility of every Kenyan to fight corruption. The Commission is no more than *primus inter pares* – a first among equals. This is the thrust of the Commission's approach and strategy to leading the war on corruption, hinged on increased public awareness and participation, corruption prevention, and effective punishment through prosecution of offenders and the recovery of the proceeds of corruption and economic crime. When fighting corruption is accepted as the business and responsibility of all Kenyans, and not just the preserve of the Commission, the war on corruption in Kenya will be on a sound footing. It is my intention, and that of the Commission, to mainstream this understanding in the coming years.

Lastly, I am confident that with the current staff complement now on board, a national anti-corruption plan in implementation and continued unstinting support from the Advisory Board and the Government, the Commission will in the coming year discharge its mandate as required by the Anti-Corruption and Economic Crimes Act, 2003 better than in the year under review.



Justice Aaron G. Ringera  
Director/Chief Executive  
Kenya Anti-Corruption Commission

# 1. OVERVIEW

## 1.1. GLOBAL SCENE ON CORRUPTION

Corruption can be found in all walks of life. It hinders economic development, diverts investments in infrastructure, institutions and social services and also undermines efforts to achieve other country specific targets.

The international community has become increasingly concerned with the problem of corruption and its negative impact on economic growth and poverty alleviation. Development partners, international organizations, non-governmental organizations and academic experts on corruption have advocated for an integrated and comprehensive approach to fighting corruption around the globe. This includes: introducing new or amended legislation aimed at reducing public officials' opportunities for rent-seeking; building alliances with other governments in the struggle against corruption by signing international anti-corruption agreements; and the implementation of anti-corruption programmes.

Action against corruption is high on the global agenda. Anti-corruption efforts by the international community have led to the establishment of global and regional initiatives to fight corruption. Among them are the UN Convention against Corruption; the African Union Convention on Preventing and Combating Corruption; the UN Convention against Transnational Organized Crime; the UN Declaration against Corruption and Bribery in International Commercial Transactions; and the International Code of Conduct for Public Officials.

In addressing the problem of corruption, a number of countries in Africa and Asia have developed and implemented anti-corruption initiatives with varying levels of success. Experience from successful countries like Hong Kong, Singapore and Botswana have taught us that there are at least six important components to any anti-corruption strategy namely:

- (i) raising awareness and public education;
- (ii) institution- building across all sectors (judicial, legislative, executive, private, civil society, media);
- (iii) prevention;
- (iv) enforcement;
- (v) national and international anti-corruption and money laundering legislation; and,

- (vi) establishing partnerships at the national and international levels.

## 1.2. LOCAL SCENE ON CORRUPTION

Corruption is a complex and multifaceted phenomenon and is as old as Kenya's history. Corruption emerged in tandem with the systematic distortion of socio-cultural values that governed the African way of life. Virtues such as reverence for elders and people in authority and the traditional hospitality of gifts or token exchange got perverted and were transformed into outright demands for bribes before service could be rendered.

In the 60s and 70s overt corruption in Kenya centred on opportunities presented by interventionist policies through which the State sought to manage economic activities. The political and economic reforms of the late 80s through the early 90s, particularly the liberalization of foreign exchange and trade regimes, eliminated many of the earlier opportunities where corruption manifested itself. However, other forms of corruption such as bribery in revenue collection, property transfers, and procurement, emerged. Poor institutional governance and ineffective law enforcement have led to distorted public policy thus leading to misallocation of resources.

As a show of commitment to the fight against corruption, Kenya was the first country worldwide to ratify the United Nations Convention against Corruption (UNCAC), signing this landmark international treaty prior to all other signatories, including the host country, Mexico. The Government has also signed the African Union (AU) Convention on the Prevention and Combating of Corruption.

Kenya adopted the UN Convention against Corruption and has made great strides in the fight against corruption. Key among these is the publishing of the Witness Protection Bill, to provide for protection of whistle-blowers in line with the UNCAC. There has also been vigorous enforcement of the Anti-Corruption and Economic Crimes Act, 2003 and the Public Officer Ethics Act, 2003. In addition, in an attempt to fight organized crime, both national and international, the Government is working on Anti-money laundering and the proceed of crime legislation. That law, when it comes to pass, will

assist in the tracing, freezing and eventual confiscation of the proceeds of all crimes.

Other initiatives undertaken by the Government in the fight against corruption include:

- a) The abolition of harambees in government offices and the proscription of public servants from presiding over harambees.
- b) Initiatives to end land-grabbing in Kenya.
- c) The establishment of commissions of inquiry with mandates and responsibilities to address and resolve significant existing problems, for example, the Commission of Inquiry into the Goldenberg Affair and the Commission of Inquiry into Land-Grabbing in Kenya referred to as the Ndung'u Land Commission.
- d) The purge on the Judiciary to weed out corrupt elements from the seat of Justice.
- e) Introduction of a professional, performance-driven, results-based, management style of government.
- f) The overhaul of the administration of parastatals and semi-autonomous Government Agencies through execution of service charters, execution of performance contracts by Chief Executive Officers and the implementation of a Monitoring and Evaluation system by the central government.
- g) The return to meritocracy in public sector appointments.
- h) Enhancement and improvement of democratic space, transparency and accountability in all public institutions in Kenya,
- i) Legislative reforms geared towards combating corruption such as the Public Procurement and Disposal Act, 2005 and The Privatization Act, 2005.

Besides these strides in the fight against corruption, it is critical to note that the war on corruption is not an event, but a process. A successful anti-corruption strategy must incorporate these facts and understanding if it is to succeed in the long run.



Kenya Anti-Corruption Commission Headquarters

## 2. INSTITUTIONAL STRUCTURE

### 2.1 INTRODUCTION

The institution which in common parlance is known as the Kenya Anti-Corruption Commission is in reality two distinct bodies: The Kenya Anti-Corruption Advisory Board and the Kenya Anti-Corruption Commission.

#### 2.1.1 The Advisory Board

The Advisory Board is an unincorporated body which is independent and answerable only to Parliament. It consists of thirteen members representing various sectors and interests through civic, religious, professional and business organizations/ associations and the Director, as enumerated in section 16 of the Anti-Corruption and Economic Crimes Act, 2003 (hereafter referred to as the Act). The Chairman and board members are nominated by the specified organizations, then vetted by Parliament and appointed by the President. The Director is the Secretary to the Advisory Board.

The Board's functions are to:

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

#### 2.1.2 The Commission

The Kenya Anti-Corruption Commission is established by the Act as a body corporate. It comprises of the Director, the Assistant Directors and the staff.

The Commission has been structured to reflect its mandate and to achieve its goals and objectives. There are four Directorates namely:

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

Each directorate consists of several departments and divisions with specific functions geared towards achieving the Commission's mandate.

#### 2.1.3 The Office of the Director/Chief Executive

The Director is the Chief Executive of the Commission and is responsible for its direction and management. He is assisted by three Assistant Directors. The Director, as empowered by the Act, has appointed one of them to the position of Deputy Director. Under the Office of the Director are the functions of Internal Audit and Public Relations.

### 2.2 DIRECTORATE OF INVESTIGATION AND ASSET TRACING

The Investigation and Asset Tracing Directorate (IAT) is responsible for investigation of corruption and economic crimes and tracing of corruptly acquired assets.

It comprises of four (4) departments namely: Report and Data Centre, Intelligence Production, Special Operations, and Forensic Investigations.

### 2.3 DIRECTORATE OF LEGAL SERVICES AND ASSET RECOVERY

The Legal Services Directorate is tasked with the responsibility of enforcing the Commission's mandate as spelt out under section 7(1) h of the Act, namely to investigate the extent of liability for the loss of or damage to any public property and institute civil proceedings against any person for the recovery of such property, or seek compensation. The Directorate has the broad responsibility of providing legal advice to the Commission. It is in charge of all litigation undertaken by the Commission, either on its own behalf or on behalf of third parties. The Commission is further mandated by Section 53(3) of the Act to recover on behalf of public bodies losses suffered by those bodies as a result of corruption and economic crime.

The Directorate is responsible for auditing completed investigation files and preparing reports to the Attorney General on each completed investigation file as required by Section 35 of the Act. The Directorate also prepares

the Quarterly Reports stipulated under Section 36 of the Act.

The Directorate is divided into three (3) departments, namely: Civil Litigation and Asset Recovery; Crime Reading, and Research & Documentation.

## 2.4 DIRECTORATE OF PREVENTIVE SERVICES

The Preventive Services Directorate is mandated 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. To achieve this mandate, the Directorate is tasked with the following responsibilities:

- a) Making policy and operational reform recommendations to prevent corruption in public and private institutions;
- b) Building partnerships with other agencies involved in the fight against corruption;
- c) Providing advisory services to the public and private sectors on anti-corruption and good governance;
- d) Training integrity and quality assurance officers in the public and private sectors;
- e) Conducting ethics and integrity education in the public and private sectors;
- f) Disseminating and creating awareness on corruption prevention in Kenya; and

g) Conducting research into corruption, economic crimes and related activities.

The Directorate is divided into three departments namely; Prevention, Education, and Research and Planning.

## 2.5 DIRECTORATE OF FINANCE AND ADMINISTRATION

The Directorate of Finance and Administration provides administrative services to the other Directorates. It is tasked with the following responsibilities:

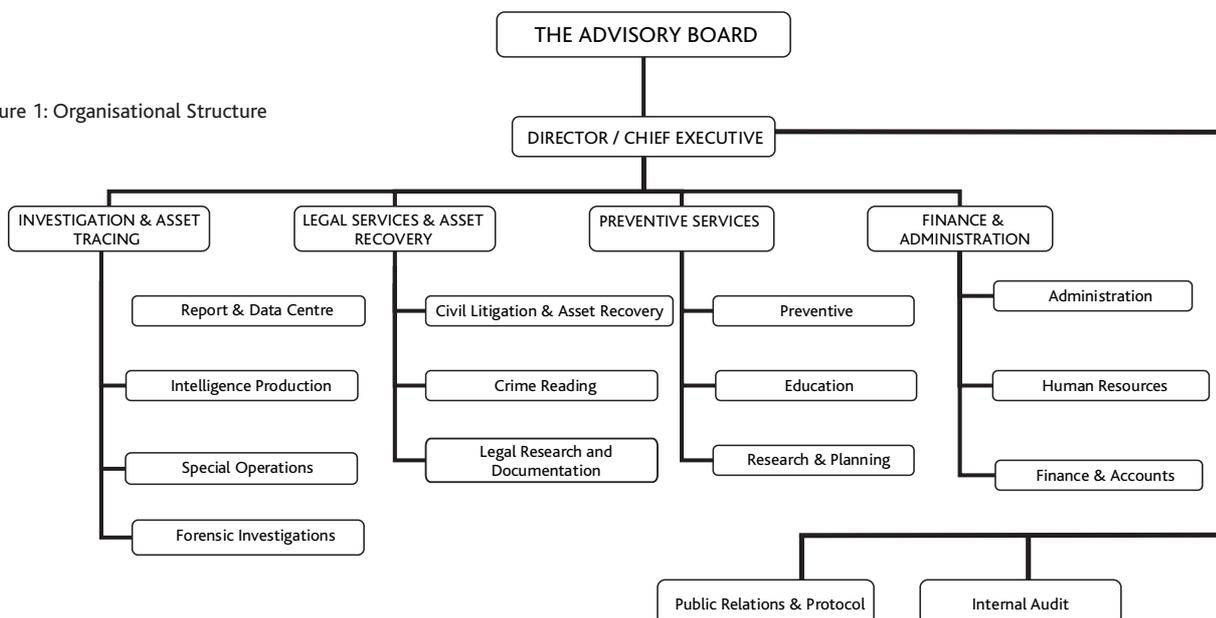
- a) Providing efficient and effective human resource management;
- b) Managing financial resources;
- c) Procuring all goods and services;
- d) Providing general office management;
- e) Providing Information, Communication and Technology (ICT) services; and
- f) Providing and creating a sustainable corporate image of the Commission.

The Directorate comprises of three departments namely: Administration, Human Resources, and Finance and Accounts.

## 2.6 ORGANIZATION STRUCTURE

Figure 1 below is a graph of the Organizational Structure of KACC

Figure 1: Organisational Structure



### 3. PERFORMANCE REPORTS

This section of the report provides a comprehensive account of the Commission's performance during the period under review.

#### 3.1 INVESTIGATIONS

The Commission conducts investigations into all corruption-related matters, reported to it, as defined by the Act. Upon completion of investigation the files are then forwarded to the Attorney General for prosecution. The Commission also carries out investigations to trace assets suspected to be corruptly acquired with a view to instituting civil recovery proceedings on behalf of the Government and other public bodies.

##### 3.1.1 Reports received by the Commission

The Commission received and analyzed a total of 7,888

reports as compared to 3,234 in 2004/05, reflecting an increase of 144%. Out of these reports, 1,150 (15%) fell under our mandate and were allocated for investigation by the Commission; 885 (11%) were forwarded to other Investigative agencies because they disclosed criminal offences which do not fall under our Act; 1,474 (19%) were referred to Public Service Institutions for administrative intervention; 59 (1%) required additional information, whereas 4,071 (51%) reportees were appropriately advised. After analysis, 249 (3%) reports were found to deserve no further action either because appropriate action was being taken by other agencies, or because they lacked sufficient information to facilitate investigations. [See Figure 2 below] In the latter case, the reports were from anonymous sources, thereby making it difficult to contact them for more information.

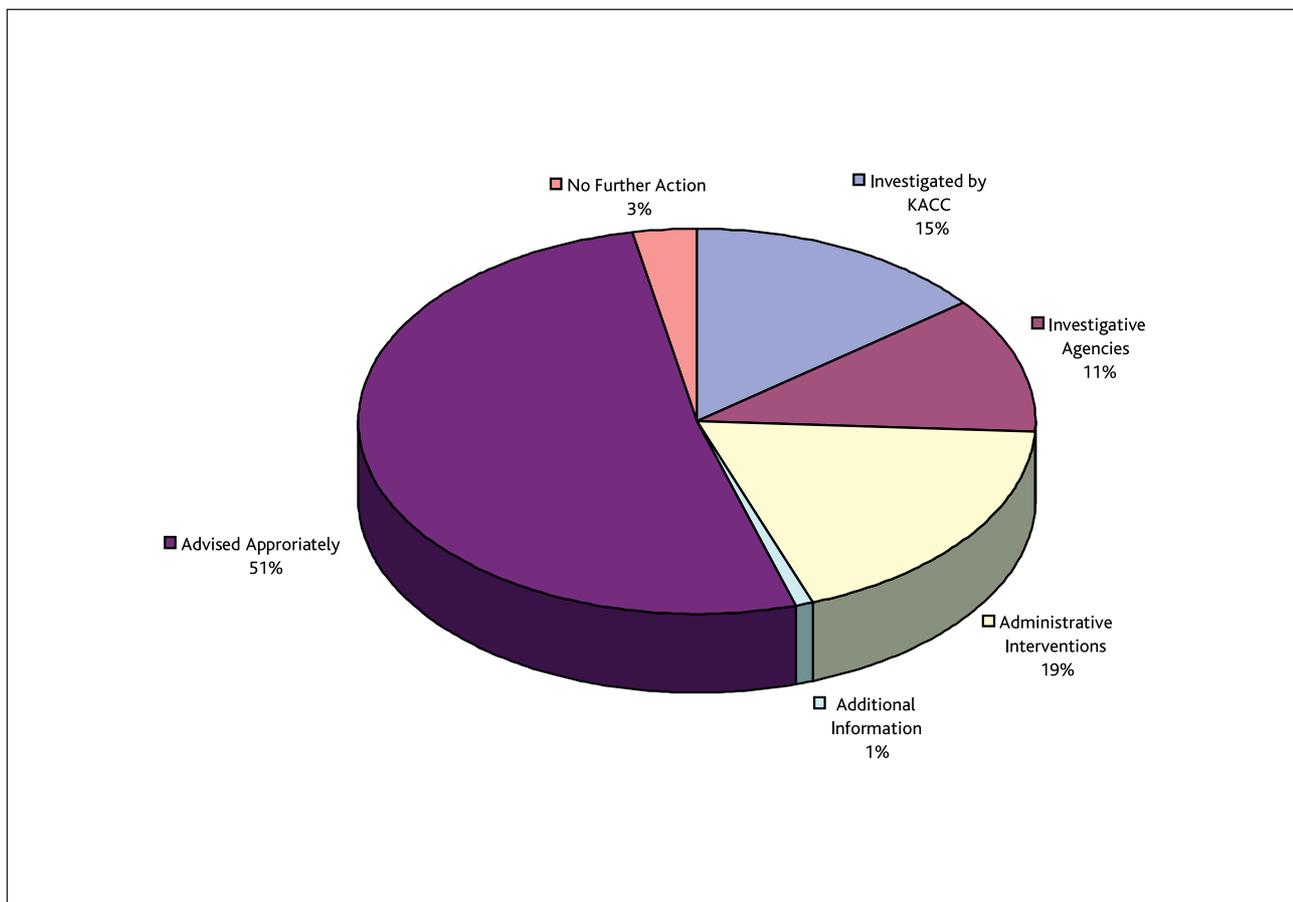


Figure 2: Distribution of Reports Received in 2005/2006

### 3.1.2 Ongoing Major Investigations

The Commission is undertaking investigations into scores of cases involving allegations of grand corruption by public officers and private contractors whose value is estimated at Ksh.75.1 billion. Table 1 below is a list of some of the major cases under investigations initiated in the year under review.

ITEM No.	KACC FILE NO;	PARTICULARS OF INVESTIGATIONS
1.	KACC/INQ/52,53,54/04	<p>Investigations into allegations of <b>massive tax evasion</b> by several private companies through use of secret bank accounts maintained at a local Bank. The investigations are being done in collaboration with the Kenya Revenue Authority and Central Bank of Kenya.</p> <p>The resultant effect is that Kenya Revenue Authority is pursuing the recovery of an estimated Ksh 1.6 billion in taxes and penalties.</p> <p>The local bank is placed under statutory management.</p>
2.	KACC/FI/INQ/109A,B,C/06	<p>Investigations into allegations of financial mismanagement by a former Managing Director of a parastatal. It is alleged that the Managing Director;</p> <p>Irregularly approved a loan of <b>Ksh. 100 Million</b> to a Hotel in Mombasa associated with a senior cabinet Minister from funds raised through divestiture or privatization proceeds without following laid down procedures.</p> <p>Arbitrarily increased his salary and backdated it by 13 months without the Board's approval.</p> <p>Irregularly acquired the Corporation's Lavington house at the cost of <b>Ksh. 10 million</b> whereas the highest bidder had quoted <b>Ksh. 16 million</b>.</p>
3.	KACC/FI/INQ/20/06	<p>Investigations into allegations of bid rigging by senior officers in the Ministry of Health in collusion with a supplier of medical equipment and drugs.</p> <p>The supplier is alleged to have been awarded contracts worth <b>Ksh 300 million</b> through use of 42 different companies some of which were not legally in existence.</p>
4.	KACC/FI/INQ/19,20,21,22,23,24,25,26,27,28,29,30/05	<p>Investigations into allegations that the Government, through the Ministries of Finance, Office of the President, Transport and Communications and Home Affairs procured 18 Anglo Leasing type security contracts in excess of <b>Ksh. 69.6 billion</b> without following the laid down procurement procedures:-</p>

ITEM No.	KACC FILE NO;	PARTICULARS OF INVESTIGATIONS
		Investigations are two-fold: - local and International.
		Investigations into two contracts have been completed and cases taken to court, investigations into five contracts are in the final stages of completion, whereas investigations into 11 contracts are still ongoing.
		International Investigations: Letters of request for mutual legal assistance have been sent to relevant collaborating agencies to assist with international investigations.
		The Commission has interviewed <b>220 witnesses</b> and recorded 200 statements.
5.	KACC/FI/INQ/95/05	Investigations into allegations of irregular procurement in the award of tenders for the construction of the Migori –Awendo Bus Park in Nyanza Province by the Ministry of Local Government. The contract was awarded for <b>Ksh. 99 million</b> .
		Senior officers in the Department of Urban Development in the Ministry of Local Government are alleged to have been involved in bid rigging and irregular procurement procedures with certain contractors in this and other projects in other provinces.
6.	KACC/FI/IN/27/06	Investigations into allegations of corruption in the construction of the Garissa –Dadaab Road project under the Ministry of Roads and Public Works at a cost of <b>Ksh. 100 million</b> .
		Possible collusion by two private construction companies together with senior government engineers to get approval for payment for substandard work done on Garissa-Daadab Road.
7.	KACC/FI/INQ/36/06	Investigations into allegations of corruption against officials of the Ministry of Roads and Public Works and the contractors in the construction of Thuci-Nkubu Road at a cost of <b>Ksh. 1.3 billion</b> .
8.	KACC/FI/INQ/9/05	Investigations into allegations of irregular contracting of a financier by a board of a public organization to negotiate and service their debts amounting to <b>Ksh.2 billion</b> .

Table 1: Ongoing Major Investigations

### 3.1.3 Sting Operations

During the year under review the Commission handled five hundred and fifty one Trap and Sting Operations leading to the following:

- a) Arrest and charging of over 140 suspects in court, among them senior government officers from the Office of the President, Kenya Revenue Authority, Ministry of Lands, Nairobi City Council and a lawyer in private practice.
- b) Increased reporting of bribe demands because of the publicity which resulted from the sting operations.
- c) The trend for public servants to make outright bribery demands from members of the public has reduced leading to them devising new ways and methods by which bribes are given, for fear of being detected.

### 3.1.4 Covert Operations

In the year under review, covert operations were carried out by the Commission in relation to the recruitment of staff for the disciplined forces which had a major national impact as detailed below:

- a) **Kenya Police:** Investigations revealed that the recruiting officers were receiving bribes ranging from Ksh. 70,000/- for male recruits and Ksh.100, 000/- for female recruits. Following a report submitted to the Commissioner of Police by KACC the exercise was cancelled.
- b) **Administration Police:** Preliminary Investigations revealed the exercise was marred by corruption. During the recruitment exercise, KACC operatives arrested a senior administration police officer collecting a bribe of Ksh.40, 000/-. As investigations progressed it was revealed that there was an excess of approximately 600 recruits who were recruited irregularly above the approved number of 996 recruits. The excess recruits have since been sent back home under unexplained circumstances. Investigations are still on-going.
- c) **Armed Forces:** The Commission carried out undercover operations in the Armed Forces recruitment which led to administrative action being taken against senior military officers, including a Colonel and a Major.

- d) Undercover operations were also conducted into the recruitment of KWS Rangers and Prisons Warders.

### 3.5.5 Challenges

- a) There has been a marked increase of reports received in the year leading to a huge volume of work. This has strained the current human resource in the Commission.
- b) Inadequate legislative protection of whistle blowers and witnesses has limited the number and quality of reports submitted to the Commission due to fear of victimization. The Commission is in the process of installing a web-based anonymous reporting system which will guarantee anonymity and confidentiality of the whistle blowers and other informants.
- c) Failure by the public to understand the core functions and mandate of the Commission has led to increased receipt of reports that should be handled by other agencies.
- d) Failure by the public to appreciate that prosecution trial and conviction is not part of the Commissions mandate has led to unrealistic expectations.
- e) Suspects and witnesses leaving the jurisdiction in the course of investigations therefore complicating and protracting the process of investigations.

## 3.2 TRACING AND RECOVERY OF ASSETS

The Commission is mandated to investigate the extent of liability for the loss of/or damage to any public property and to institute civil proceedings for the recovery/restitution of such property for compensation. The Commission's mandate hinges on the establishment of a connection between a specific person(s) with the property allegedly damaged or lost. The Commission is further mandated to investigate persons reasonably suspected of corruption and economic crime and to institute forfeiture proceedings in respect of unexplained assets against them. This process involves asset tracing/tracking which entails filing of applications in Court to facilitate investigations into suspect bank accounts, search of premises and seizure of evidential material and travel documents of persons under investigation.

During the report period, the Commission filed and prosecuted 78 applications. Seventy four of these

applications were for search and seizure warrants for investigating bank accounts and premises of persons suspected of involvement in corruption; and four applications were for orders to impound passports/travel documents of persons under investigation. The Commission obtained and executed orders in all the applications.

### 3.2.1 Investigations for Asset Tracing

The Commission investigates allegations against persons suspected to have acquired property through corrupt conduct. Table 2 below indicates some of the ongoing investigations undertaken by the Commission during the period under review estimated value of Ksh.1.5 billion.

ITEM No.	KACC FILE NO;	PARTICULARS OF INVESTIGATIONS
1.	KACC/AT/INQ/35/05	Investigations into allegations against a former cabinet Minister suspected to have amassed wealth, which cannot be justifiably explained by his known sources of income
2.	KACC/INQ/AT 1/06	Investigations into allegations against a senior cabinet Minister suspected to have amassed wealth estimated at Ksh.100 million, which cannot be justifiably explained by his known sources of income:
3.	KACC/AT/INQ/2/05	Investigations into allegations against a senior officer in the Ministry of Home Affairs headquarters suspected to have amassed wealth estimated at Ksh.40 million, which cannot be justifiably explained by his known sources of income
4.	KACC/AT/INQ/16/05	Investigations into allegations against a senior Prisons officer suspected to have acquired unexplained wealth, which cannot be justifiably explained by his known sources of income
5.	KACC/ AT/INQ/10/06	Investigations into allegations against a Clerk employed in the Judiciary suspected to have amassed wealth estimated at Ksh. 100 million which cannot be justifiably explained by his known sources of income
6.	KACC/AT/INQ/2,6,7,12/06	Tracing and preservation of property suspected to have been acquired with proceeds from Anglo Leasing Type contracts Property with an estimated value of Ksh 1.2 billion traced and caveats placed on some of them.
7.	KACC/AT/INQ/46,49-58/05	Investigations into irregular payment of Ksh. 30.4 Million to various private law firms paid out by a public body for legal services not rendered.
8.	KACC/AT/INQ/13/06	Investigations into allegations against a senior KRA officer suspected to have amassed property estimated at Ksh.62 million which cannot be justifiably explained with his known sources of income.

Table 2: Investigations for Asset Tracing

### 3.2.1 Traced Public Assets

The Commission has set out to trace and recover corruptly alienated, lost or damaged public property in a multifaceted approach that ensures firm and faithful enforcement of the law. The process of tracing/tracking is complex and time consuming. However, the Commission has traced several assets and identified several cases of tax evasion in both rural and urban areas whose total estimated value is Ksh. 7 billion, as listed below.

- a) up market residential estate in Nairobi suspected to be property of the City Council of Nairobi. (Case to be filed in court)
- b) residential house in Lavington Nairobi- property reserved for the use of the Mayor of the City Council of Nairobi, but suspected to have been fraudulently sold. (Case filed for recovery of residential house)
- c) 58 Acres of land in Karen property belonging to KPLC Staff Retirement Benefit Funds Scheme. (Case to be filed in court)
- d) 4 large farms (Kitale, Nakuru) suspected to have been corruptly acquired. (Case to be filed in court)
- e) 15 Residential properties in prime locations (Nairobi, Kitale, Eldoret) suspected to have been corruptly acquired. (Case to be filed in court)
- f) a five star hotel at the Coast suspected to have been acquired with proceeds from Anglo leasing type contract (Caveat in place to preserve the property).
- g) Mt Elgon Hospital (Kitale) – alleged to have been fraudulently transferred to a private company from a public trust. (Case filed for recovery)
- h) 236 acres land in Tigoni belonging to KARI alleged to have been irregularly acquired. (Case filed for preservation)
- i) 3 plots (Nairobi, Kitale, Eldoret) suspected to have been acquired with proceeds of corruption and economic crime (Case to be filed in court)
- j) 3 blocks of residential Flats (Nairobi) suspected to have been acquired with proceeds of corruption and economic crime (Caveat in place to preserve the property)
- k) 679 acres of land belonging to Rift Valley Institute of Science and Technology – Nakuru. (Case filed for recovery)
- l) suspected tax evasion by a local bank. (Case to be filed in court)
- m) a Flower Farm in Machakos District alleged to have been acquired with proceeds from the Anglo Leasing type contracts (Caveat in place to preserve the property)
- n) suspected evasion of stamp duty payable upon registration of a transfer in respect of L.R. No.10074 C.R. 27784/1 belonging to the Municipal Council of Malindi. (Case to be filed in court)



Some of the recovered Title Deeds by the Commission

### 3.2.2 Recovered Public Properties

During the period under review, the Commission issued over 450 demand notices in respect of illegally or irregularly alienated public land. Pursuant to the notices, 48 title documents were surrendered to the Commission. These were in respect of public properties in rural and urban areas whose approximate value is Ksh. 97.29 million. The Commission has commenced the process of transferring the same back to the Government or respective public institutions. One hundred and thirty written responses were received

while others were done in person giving or offering varied explanations to justify the allocations or ownership. Where the title documents have not been surrendered and no plausible explanation has been forthcoming, the Commission has either instituted recovery proceedings or extended investigations with a view to establishing the propriety or otherwise of the transaction(s) in issue.

Table 3 below shows details of recovered public land in various parts of the country during the financial year.

No.	Particulars of title	Name of Institution	Acreage	Locality	Estimated Value
1	LR. 22771/41	RVIST	92.80	Nakuru	44m
2	Escapement/ Kinari Block 1/ 1702	G.O.K.	4.48	Kiambu District	1.8m
3	Block 6/ 714	Nyahururu Municipality	0.12	Nyahururu Municipality	0.4m
4	Block 6/ 717	Nyahururu Municipality	0.09	Nyahururu Municipality	0.1m
5	T.623	Karuri Township	0.12	Karuri Township	0.35m
6	L.R. No. MN /1 / 12625- C.R. 36010	Mombasa Municipality	0.77	Mombasa Municipality	5m
7	Block 11/ 287	Kiambu Municipality	0.16	Kiambu Municipality	0.45m
8	Kiptangich /815 (Extension)	Forestry department	10.14	Kiptakich Settlement Scheme	2m
9	Block 9/ 267	Kisumu Municipality	0.24	Kisumu Municipality	1.1m
10	Kajiado/ Mosiro/ 960	G.O.K.	80.70	Kajiado District	13m
11	Kabare / Nyangati / 136 / 89	Kutus Municipality	0.192	Kutus Municipality	0.14m
12	L.R. No. 22263	G.O.K.	2.41	City Council of Nairobi	2.5m
13	L.R. No. 22264	G.O.K.	2.409	City Council of Nairobi	2.5m
14	L.R. No. 22265	G.O.K.	4.89	City Council of Nairobi	4m
15	L.R. No. 22265/ 12	G.O.K.	0.10	City Council of Nairobi	0.35m
16	L.R. No. 22265/ 8	G.O.K.	0.11	City Council of Nairobi	0.35m
17	L.R. No. 22265/ 6	G.O.K.	0.11	City Council of Nairobi	0.35m
18	L.R. No. 22265/ 7	G.O.K.	0.11	City Council of Nairobi	0.35m
19	L.R. No. 22265/ 9	G.O.K.	0.11	City Council of Nairobi	0.35m
20	L.R. No. 22265/ 11	G.O.K.	0.11	City Council of Nairobi	0.35m
21	L.R. No. 22265/ 10	G.O.K.	0.11	City Council of Nairobi	0.35m
22	L.R No. 22265/ 20	G.O.K.	0.10	City Council of Nairobi	0.35m

23	L.R. No. 22265/13	G.O.K.	0.10	City Council of Nairobi	0.35m
24	L.R. No. 22265/ 21	G.O.K.	0.10	City Council of Nairobi	0.35m
25	L.R. No. 22265/ 32	G.O.K.	0.11	City Council of Nairobi	0.35m
26	L.R. No. 22265/ 33	G.O.K.	0.10	City Council of Nairobi	0.50m
27	L.R. No. 22265/ 35	G.O.K.	0.10	City Council of Nairobi	0.35m
28	L.R. No. 22265/ 36	G.O.K.	0.10	City Council of Nairobi	0.35m
29	L.R. No. 22265/22	G.O.K.	0.10	City Council of Nairobi	0.35m
30	L.R. No. 22265/ 26	G.O.K.	0.10	City Council of Nairobi	0.35m
31	L.R. No. 24772	G.O.K.	0.10	City Council of Nairobi	0.35m
32	L.R. No.22265/ 29	G.O.K.	0.10	City Council of Nairobi	0.35m
33	L.R. No.22265/ 24	G.O.K.	0.43	City Council of Nairobi	0.9m
34	L.R. No. 22265/ 30	G.O.K.	0.10	City Council of Nairobi	0.35m
35	L.R. No. 22265/2	G.O.K.	0.05	City Council of Nairobi	0.20m
36	L.R. No. 22265/ 4	G.O.K.	0.10	City Council of Nairobi	0.35m
37	L.R. No. 24771	G.O.K.	0.05	City Council of Nairobi	0.20m
38	L.R. No. 22265/ 3	G.O.K.	0.05	City Council of Nairobi	0.20m
39	L.R. No. 22265/ 31	G.O.K.	0.10	City Council of Nairobi	0.35m
40	L.R. No. 24770	G.O.K.	0.05	City Council of Nairobi	0.20m
41	L.R. No. 22265/ 28	G.O.K.	0.10	City Council of Nairobi	0.35m
42	Nairobi/ Block 7785/1179	G.O.K	0.3999 ha 0.2088	City Council of Nairobi	6m
43	Nairobi/Block 94/309	G.O.K	0.013	City Council of Nairobi	3.5m
44	Nairobi/Block 76/930	G.O.K	0.0113	City Council of Nairobi	0.55m
45	Nairobi/Block 76/932	G.O.K	0.041	City Council of Nairobi	0.5m
46	Nairobi/Block 60/505	G.O.K	0.1068	City Council of Nairobi	2m
47	L.R. No. 209/13539/122	G.O.K	0.0559	City Council of Nairobi	6m
48	L.R.209/13539/189	G.O.K	0.0559	City Council of Nairobi	6m
<b>TOTAL</b>			<b>89.4695 ha</b>		<b>144m</b>

Table 3: Surrendered Title Documents (approximate value Ksh. 144 million)

### 3.2.3 Recovery of Embezzled Public Funds

During the report period, the Commission commenced recovery proceedings for the sum of Ksh. 96.14 million embezzled from various public institutions, out of which Ksh. 4.54 million was recovered and Ksh. 8.052 million was frozen. Recovery proceedings are on-going in courts for the balance of Ksh.83.54 million whose details are shown in Table 4.

Institution from which the funds were stolen/embezzled	Amount Embezzled (Millions)	Amount so far Recovered (Millions)	Amount Frozen (Millions)	Balance (Millions)
City Council of Nairobi	9.5	1.54	Nil	7.96
Kenyatta National Hospital	43.56	0.52	Nil	43.04
Local Authority Transfer Fund	38.28	2.290	8.052	27.93
National Aids Control Council	4.8	0.19	Nil	4.61
<b>Total</b>	<b>96.14</b>	<b>4.54</b>	<b>8.052</b>	<b>83.54</b>

Table 4: Analysis of Recovery of Embezzled Public Funds

### 3.2.4 Asset Recovery Proceedings

The Commission prepared pleadings in 43 cases for restitution/recovery or preservation of illegally alienated, lost or damaged property. Eighteen of the filed cases were for recovery of a liquidated sum of Ksh. 83.5 4 million. Another eighteen cases were for recovery of land whose estimated value is Ksh. 1.5 billion. The Commission also obtained orders to preserve property worth over Ksh. 568,361,613 in applications brought under either Section 56 of the Anti-Corruption and Economic Crimes Act, 2003 or the provisions of the Criminal Procedure Code.

The Commission has initiated recovery processes in the matters as shown in Table 5 below.

	Ref. No.	Name of Debtor/Defendant	Particulars of Claim	Amount (Ksh) / property	Outstanding Balance
1	KACC/LEG. 8/16/10	Dr. Nguku and Dr. Njagi	The defendants who were medical doctors posted to City Hall by the Ministry of Health received Ksh.2,736,000 as double housing benefit from both institutions.	Recovered Dr. Njagi has remitted 1,000,000/= as at June, 2006  Dr. Nguku has remitted 120,000/= as at June '06	500,000/=
2	KACC/INV.6.15/1 Vol.III/(66)	S. G. Karicho, Senior Principal Personnel Officer	He was reportedly paid Ksh.169,000/- honoraria by City Hall between March and October, 2003, without any lawful authority.	169,000/=	Nil
3	KACC/LEG. 8/16/16	Franklin Magaju (Former Town Clerk, City Council of Nairobi)	Received Ksh. 246,000/- from City Council of Nairobi in excess of his approved housing allowance.	246,000/= Jan 2006	Nil

4	KACC/LEG. 8/10/26	Dr. John C. Kibosia, Ag. Director, Kenyatta National Hospital (KNH)	He received Ksh. 515,000.00, as sitting allowances for attending KNH Board Meetings, in contravention of the State Corporations Act.	515,000/= April 2006	Nil
5	KACC/LEG. 8/16/38	Dr. Patrick A. Orege, former Deputy Director National Aids Control Council	He received Ksh. 192,500.00 as sitting allowances for attending NACC Board Meetings in contravention of the State Corporations Act.	192,500/=	Nil
6	KACC/LEG. 8/10/42	Mr. David Rogito & 3 Others	The Defendants embezzled Ksh. 9,620,002/= from the Local Authorities Transfer Funds (LATF) in the name of Nyando County Council.  KACC has instituted Nbi. HCCC No. 170 of 2006 for recovery of Ksh. 7,724,612.70 withdrawn from the account.	2,290,389.30	7,724,612.70
7	KACC/LEG. 8/10/46	Mr. Peter Mwai Ndegwa & 9 Others, employees of the Treasury, Makuyu Town Council and private individuals.	The Defendants embezzled Ksh. 28,655,709.00 from the Local Authority Transfer Funds (LATF) purportedly allocated to Makuyu Town Council.  KACC has instituted Nbi. HCCC No. 300 of 2006 for recovery of the amount aforesaid. KACC has also filed CMC Misc. Appl. No. 54 of 2006, for preservation of the balances of Ksh. 6,502,683.70 and 1,550,000/ held in two bank accounts.	The sum of 6,502,683.70 and 1,550,000/= in the suspect accounts has been frozen.	28,655,709/=
8	KACC/LEG. 8/10/32	Dr. Florence Musau, Director, Kenyatta National Hospital (KNH).	She received Ksh. 1,670,020.00; as sitting allowances for attending KNH Board Meetings in contravention of the State Corporations Act. KACC has instituted CMCC. 11834 of 2005 (Milimani) for recovery of the amount.	Nil	1,670,020/=

9	KACC/LEG. 8/10/20	Rev. Bishop Peter Njoka, a Bishop of the Anglican Church of Kenya, Diocese of Nairobi.	He received Ksh. 1,726,780.00, as allowances for holding the office of Mayor's Chaplain, contrary to the provisions of the Local Government Act. KACC has instituted CMCC. 11898 of 2005 (Milimani) for recovery of the amount.	Nil	1,726,780/=
10	KACC/LEG. 8/10/33	Mr. Lawrence Githinji Ngacha, former Deputy Mayor of the City of Nairobi	He received Ksh. 1.5 Million in lieu of furniture for his private residence, contrary to the provisions of the Local Government Act. KACC has instituted CMCC. 13431 of 2005 (Milimani) for recovery of the amount.	Nil	1,500,000/=
11	KACC/LEG. 8/10/33(iii)	Mr. Joseph Kotonya Aketch, former Mayor of the City of Nairobi	He received Ksh. 1,964,965.00 in lieu of furniture for his private residence, contrary to the provisions of the Local Government Act. KACC has instituted CMCC. 13432 of 2005 (Milimani) for recovery of the amount.	Nil	1,964,965/=
12	KACC/LEG. 8/10/34	Mr. John Njenga Mututho and Countryside Supplies Limited	He fraudulently obtained Ksh. 41,371,515.15 by lodging false claims for refund of taxes allegedly paid on importation of bedside lockers supplied to Kenyatta National Hospital. KACC has instituted Nbi. HCCC. 1477 of 2005 for recovery of the amount.	Nil	41,371,515/15
13	KACC/LEG. 8/10/22	Nathaniel Tum & 8 others, former Trustees of Mt. Elgon Hospital Trust	The defendants illegally and fraudulently transferred all the assets of the Mt. Elgon Hospital registered trustees valued over Ksh. 40, 000,000.00 KACC has instituted Nbi. HCCC No. 169 of 2006 for recovery of the Trust properties.	Nil	

14	KACC/LEG. 8/10/25	Isabella Vickly Nzalambi	She was fraudulently allocated property L.R. No. 3734/261, being the official residence of the Mayor of the City of Nairobi. KACC has instituted Nbi. HCCC 231 of 2006 for recovery of the property. KACC has also filed an application for a preservation order in H.C. Misc. Application No. 1394 of 2005-KACC-Vs-Isabella Vickly Nzalambi.	Nil	
15	KACC/LEG. 8/10/27	Mr. George Wambua, Mr. Hamisi Mboga, former Treasurer and Deputy Town Clerk, City Council of Nairobi	City Council of Nairobi lost Ksh. 905,077.50, being an overpayment of per diem allowances to Councilors and Chief Officers of the City Council of Nairobi, contrary to the provisions of the Local Government Act, and Ministry's Circular. KACC has instituted CMCC 5071 of 2006 for recovery of the amount.	Nil	905,077.50
16	KACC/LEG. 8/10/60	Mr. Hamisi Mboga, former Deputy Town Clerk, City Council of Nairobi	He received a benefit of Ksh. 338,000.00 being payment of rent over and above his entitlement and in contravention of the Secretary to the Cabinet's directive on Housing for Public Officers. KACC has instituted HCCC 5072 of 2006 seeking restitution of the unjust benefit received.	Nil	338,000/=
17	KACC/LEG. 8/10/54	Mr. Ambrose Rachier, former Chairman of the Legal Task Force on HIV/AIDS (the task force)	He received Ksh. 585,000.00, being consultancy fees paid after he irregularly constituted himself into a consultant to the Task Force. KACC has instituted CMCC. 5019 of 2006 (Milimani) seeking restitution of the unjust enrichment received.	Nil	585,000/=

18	KACC/LEG. 8/10/51	Mr. Amollo Otiende, former joint Secretary to the Legal Task Force on HIV/AIDS (the task force)	He received a total of Ksh. 1,111,500.00, being a consultancy fee paid after he irregularly constituted himself a consultant to the Task Force. KACC has instituted CMCC. 6134 of 2006 (Milimani) seeking restitution of the unjust enrichment received.	Nil	1,111,500/
19	KACC/LEG. 8/10/49	Mrs. Catherine Mumma, former joint Secretary to the Legal Task Force on HIV/AIDS (the task force)	She received overpayment of Ksh. 903,000.00, as sitting allowances during her term as the joint secretary to the Task Force.  KACC has instituted CMCC. 5018 of 2006 (Milimani) seeking restitution of the unjust enrichment received.	Nil	903,000/=
20	KACC/LEG. 8/10/56	Dr. (Rev.) Jones Kaleli, former member of the Legal Task Force on HIV/AIDS	He received Ksh. 234,000.00, being consultancy fees paid after he irregularly constituted himself into a consultant to the Task Force. KACC has instituted CMCC. 6129 of 2006 (Milimani) seeking restitution of the unjust enrichment received.	Nil	234,000/=
21	KACC/LEG. 8/10/50	Mrs. Violet Wainaina, former member of the Legal Task Force on HIV/AIDS.	She received Ksh. 117,000.00, being consultancy fees after irregularly constituting herself into a consultant to the Legal Task Force. KACC has instituted CMCC. 5019 of 2006 (Milimani) seeking restitution of the unjust enrichment received.	NIL	117,000/=
22	KACC/LEG. 8/10/55	Mr. Abdul Hamid Slatch, former member of the Legal Task Force on HIV/AIDS	He received Ksh. 156,000, being consultancy fees paid after he irregularly constituted himself into a consultant to the Task Force. KACC has instituted CMCC. 6131 of 2006 (Milimani) seeking restitution of the unjust enrichment received.	Nil	156,000/=

23	KACC/LEG. 8/10/53	Mrs. Grace Madoka, former member of the Legal Task Force on HIV/AIDS	She received Ksh. 156,000, being consultancy fees paid after she irregularly constituted herself into a consultant to the Task Force. KACC has instituted CMCC. 6128 of 2006 (Milimani) seeking restitution of the unjust enrichment received.	Nil	156,000/=
24	KACC/LEG. 8/10/48	Dr. Gregory Wesonga, former member of the Legal Task Force on HIV/AIDS	He received Ksh. 390,500 being consultancy fees paid after he irregularly constituted himself into a consultant to the Task Force. KACC has instituted CMCC. 6103 of 2006 (Milimani) seeking restitution of the unjust enrichment received.	Nil	390,500/=
25	KACC/LEG. 8/10/52	Mr. Sammy Kipng'etich Kirui, former member of the Legal Task Force on HIV/AIDS.	He received Ksh. 234,000, being consultancy fees paid after he irregularly constituted himself into a consultant to the Task Force. KACC has instituted CMCC. 6132 of 2006 (Milimani) seeking restitution of the unjust enrichment received.	Nil	234,000
26	KACC/LEG. 8/10/29	Benjamin Andayi & Imelda Aoko	The Respondents are suspected to have acquired unexplained assets valued at approximately Ksh. 38,280,000 through corrupt conduct. KACC filed an application for recovery. In HC misc. Appl, 1457 of 2005. Preservation orders were issued.	Nil	N/A
27	KACC/LEG. 8/10/30	Francis Menjo & 11 Others	The Respondents are suspected of having irregularly acquired properties belonging to the Rift Valley Institute of Science & Technology (RVIST) including land measuring approximately 679 acres. The Property is valued at approximately Ksh. 340,000,000.00. KACC has filed H.C. Misc. Application No. 1522 of	Nil	N/A

			2005 – KACC –Vs- Francis Menjo & 11 Others, for a preservation order.		
28		Steroda Investments Limited & Anor	KACC has filed NRB HCCC. NO.750 and HCCC.NO.751/06, suits for recovery of L.R. No. 209/5782 and Nairobi Block112/354 respectively, which fall on the Northern bypass/Road Reserve	Nil	
29		Munir Mahmud Chohan	KACC has filed NRB. HCCC. No. 762/06, a suit for recovery of L.R. No. 7785/ 1187 which falls under the Northern bypass.	Nil	
30		Faryd Abdulrazak Sheikh	KACC has filed NRB. HCCC No. 754/06 a suit for recovery of L.R. No. 7785/ 1214 which falls under the Northern bypass.	Nil	
31		Chabi Furniture Limited	KACC has filed NRB. HCCC No.752/06 a suit for recovery of L.R. No. 7785/ 1177 which falls under the Northern bypass.	Nil	
32		Kamwana Njue Muriithi	KACC has filed NRB.HCC.NO.753/06, a suit for recovery of Nairobi Block 112/363 which falls under the Northern bypass.	Nil	
33		Everline Ngatunyi	KACC has filed NRB. HCCC. No.753/06, a suit for recovery of L.R. No. 7785/ 1174 which falls under the Northern bypass.	Nil	
34		Simon Ondiek	KACC has filed NRB. HCCC. NO.755/06 a suit for recovery of L.R. No. 7785/ 1210 which falls under the Northern bypass.	Nil	
35		Simon Ngatunyi	KACC has filed NRB. HCCC.NO. 760/06, a suit for recovery of L.R. No. 7785/ 1175 which falls under the Northern bypass.	NIL	

36		Faridun Abdalla Suleiman	KACC has filed NRB. HCCC. NO.756/06, a suit for recovery of L.R. No. 7785/ 1172 which falls under the Northern bypass.	Nil	
37		Wintech Systems Limited	KACC has filed NRB. HCCC.NO. 753/06, a suit for recovery of Nairobi Block 112/362 which falls under the Northern bypass.	Nil	
38		Kiama Maina Muriithi	KACC has filed NRB. HCCC. No.761/06, a suit for recovery of Nairobi Block 112/364 which falls under the Northern bypass.	Nil	
39		William Kabogo Gitau	KACC has filed NRB. HCCC. No. 758/06 a suit for recovery of L.R. No. 7785/ 1173 which falls under the Northern bypass.	Nil	
40		Dadaab Investment Limited	KACC has filed NRB. HCCC.748/06 a suit for recovery of Nairobi Block112/356 which falls under the Northern bypass.	Nil	
41		Stephen Odinga	KACC has filed NRB. HCCC. No. 749/06 a suit for recovery of L.R. No. 7785/ 1179 which falls under the Northern bypass.	Nil	
42		Benjamin Chesaina & 2 others	KACC has filed NRB. HCCC No. 757/06 a suit for recovery of L.R. No. 7785/1211	Nil	
43		Lands Ltd & 8 Others	KACC has filed an application for preservation of LR No. 5851/21 and LR No. 164/4, comprising land occupied by National Potato Research Centre- Tigoni and valued at approximately Ksh. 120,000,000.	Nil	

Table 5: Status of Asset Recovery Proceedings

### 3.2.5 Implementation of Reports by Watchdog Agencies and Institutions

The Commission undertook the responsibility of implementing various reports and findings from watchdog agencies, Commissions of Inquiry and other investigative institutions. The implementation of such reports was carried out within the legal framework of the Anti-Corruption and Economic Crimes Act, 2003.

Requiring special mention in this category are the reports of: the Goldenberg Commission, the Ndung'u Report, the Efficiency Monitoring Unit (EMU), reports on various investigations and audit on public bodies, the Controller and Auditor General Annual Reports and the Report on the Security Contracts, commonly known as the Anglo-Leasing.

With regard to the implementation of the Goldenberg Report, the Commission alongside the Criminal Investigation Department formed a specialized investigation team that was mandated to take custody of all the evidential material produced before the Bosire Commission and construct investigation files for each of the suspects. The team was also to analyze and evaluate the evidence against each of the suspects and make appropriate recommendations. The team recommended charges against the suspects in relation to the loss of Ksh. 5.8 billion. The suspects have already been charged.

With regard to civil recovery of the money that was lost in the Goldenberg scandal, the Commission has recommended an amendment to the law to pave way for filing of recovery proceedings. The Commission has also invoked the provisions of the Anti-Corruption and Economic Crimes Act to compel the suspects and their accomplices to account for their wealth, which will pave the way for forfeiture proceedings in appropriate cases.

### 3.2.6 Challenges faced in the course of Asset Tracing and Recovery

a) Lack of data and information on the processes of alienation and/or acquisition of public properties at the various public registries, thus rendering a paper trail almost impossible. In some cases, the problem emanates from disorganized record keeping in the various public offices rather than unavailability of information and records.

- b) In certain instances, prospective witnesses, including public registry officials are reluctant to record statements, very often feigning ignorance. This creates an obstacle in the preparation of cases to be taken to court.
- c) Most properties under the Commission's investigations have been dealt with by more than one party thus making tracing them more complex.
- d) Tracing of assets in the multi-billion cases in which the Commission has been undertaking investigations involve cross-border and international transactions which require gathering of evidence abroad. Without an elaborate legal framework by way of mutual legal assistance to facilitate gathering of evidence abroad, the Commission has been greatly hampered in its endeavors.
- e) The institution of constitutional references and judicial review applications by parties under investigations thereby further complicating tracing efforts.
- f) Slow determination and/or disposal of restitution proceedings due to inadequate Judicial capacity.

## 3.3 QUARTERLY REPORTS

The Commission prepared and published four Quarterly Reports during the period under review as per the requirements of Section 36 of the Anti-Corruption and Economic Crimes Act.

The Quarterly Reports comprised of 84 investigations reports made to the Attorney General during the report period. Out of these, 70 reports recommended for prosecution of named suspects, 12 recommended closure and two recommended administrative action. This reflects an increase of 140% of the cases forwarded to the Attorney General, compared to 2004/05.

Some of the high profile cases investigated and recommended for criminal prosecution are as follows:

- a) Investigations into allegations of a false claim for an amount of Ksh.56 million by the proprietor of Metro Laboratories against the Ministry of Water Resources Management and Irrigation. The matter arose as a result of a contract entered between Ministry of Environment and Natural Resources (Predecessor of Ministry of Water and Irrigation) and Metro

Laboratories for the supply of aluminum sulphate. KACC recommended that the proprietor of Metro Laboratories be charged with seven counts of forgery contrary to section 345 of the Penal Code and another seven counts of uttering a false document contrary to section 353 of the Penal Code. The case is pending before Court.

- b) Investigations into allegations of abuse of office by the Managing Trustee at the National Social Security Fund (NSSF) and conflict of interest by the Chairman of the Board of Trustees in the procurement of actuarial services. The two have been charged with the offence of abuse of office and conflict of interest respectively, and the case is pending before Court.
- c) Investigations into allegations that the former Managing Director of Kerio Valley Development Authority fraudulently approved the purchase of two plots for the Authority at Ksh. 6.6 million instead of Ksh. 2.5 million and that the acquisition was done in contravention of the procurement regulations. The Managing Director has since been charged with the offence of abuse of office.
- d) Recommendations that a former Minister in charge of Internal Security be charged for failure to comply with a notice issued by the Commission under Section 26 of the Anti-Corruption and Economic Crimes Act. The case is pending before Court.
- e) Investigations into allegations that the Governor of Central Bank of Kenya abused his office by irregularly hiring consultants, who included his son, under the aegis of African Centre for Economic Growth. The Governor has been charged with abuse of office and the case is pending before Court.
- f) Investigations into an allegation that an Advocate of the High Court of Kenya based in Mombasa forged a transfer document thereby causing the Government of Kenya to lose stamp duty to the tune of Ksh. 760,000.00. The advocate has been charged with Economic Crime Contrary to Section 45(1) (a) of the Anti-Corruption and Economic Crimes Act and an alternative charge of stealing Ksh. 760,000.00 from his client. In the same matter, the then Land Valuer, formerly based in Kilifi, has been charged with abuse of office for deliberately undervaluing the subject parcel of land in order to confer a benefit to the advocate.
- g) Investigations into allegations that the City Council of Nairobi made a payment of Ksh. 4.3 million to

Stonegate Products for a generator and pickup Matatu vehicle that were never supplied. However, investigations revealed that ten senior officers, among them the then Director of Housing Development Department, the Acting Workshop Manager, the City Treasurer, various Accountants and Auditors circumvented the set procedures and facilitated the irregular payment to Stonegate Products of Ksh. 2,799,000.00 for goods not delivered. It was recommended that the officers be charged with abuse of office and the proprietor of Stonegate Products be charged with obtaining by false pretences.

- h) Investigations into allegations that the Minister for Health and the former Director of Kenyatta National Hospital were irregularly paid sitting allowances for KNH Board meetings for 24th and 25th April 2005. Investigations revealed that the evidence against the Minister was not sufficient to sustain a criminal offence. Recommendations were made to charge the former Director, the serving Director and Finance Manager for abuse of office. The Attorney General however proposed that recovery of benefits be obtained through a civil process.
- i) Investigations into allegations of abuse of office by the Minister of Agriculture in the appointment of Mr. Francis Oyatsi and Mrs. Meuledi Mabruki Iseme to the post of Deputy Managing Director, National Cereals and Produce Board and Kenya Seed Company respectively. Recommendation was made to charge the Minister. The recommendation was not accepted by the Attorney General. He however advised the Head of Public Service to issue a circular to all Ministers on the correct legal position on the appointment of chief executives and staff of statutory corporations. He also advised that the purported appointment of Mrs. Iseme as Deputy Managing Director should be revoked unless otherwise regularized by the Board of Directors in accordance with the law.
- j) Investigations into allegations that the Member of Parliament for Galole Constituency, his Personal Assistant and Constituency Committee Development members had flouted the CDF Act and the Procurement Regulations. They have since been charged and the case is pending before Court.
- k) Investigations into allegations of irregular payment of furniture allowance to the former Mayor and

Deputy Mayor of the City Council of Nairobi. The Attorney General has recommended further investigations into the matter.

- l) A country wide investigation into allegations of bribery and under-declaration of export duty and other levies in the hides and skins industry leading to a loss of over Ksh. 600 million in taxes and penalties. Kenya Revenue Authority has commenced recovery proceedings and a senior public officer has since been charged with abuse of office. The case is pending before court.
- m) Investigations into allegations of impropriety in the procurement of computer equipment for the Integrated Financial Management Information Systems (IFMIS) Project, by the Ministry of Finance. Investigations established that procurement procedures were not followed. Investigations revealed that the then acting Director of Government Information Technology Services (GITS) Department and the Procurement Officer flouted procurement regulations when inviting bids for supply of computers for the project.
- b) Inquiry into allegations that a former Director of Kenya Wildlife Service (KWS) allowed a KWS aircraft to be hired and taken to Uganda without authority. The investigation did not establish any offence against the KWS Director.
- c) Inquiry into an alleged offence of bid rigging and abuse of office by the Procurement Committee of Egerton University in the tender for the provision of security services for the University. The investigation did not establish any wrong doing on the part of the officers.
- d) Inquiry into an allegation of bid rigging in the tender for the installation of a structured cable network for the National Social Security Fund (NSSF) by Copy Cat Limited. The investigations did not disclose any offence.
- e) Inquiry into allegations that the Kenya Police SACCO irregularly paid Ksh. 3,960,000/- to its lawyers. The investigation did not establish any wrong doing on the part of the lawyers or the SACCO.
- f) Inquiry into allegations of corruption in the award of a Ksh. 6.5 million insurance contract by NEW KCC Ltd to M/S Secular Insurance Brokers Ltd, a company associated with a Cabinet Minister. The investigations did not establish any direct involvement by the Minister or any wrong doing that could be the subject of criminal proceedings.
- g) Inquiry into an allegation that the management of Kenya Trading Corporation Ltd retained 58 retrenched employees on the payroll without lawful cause thereby occasioning loss of Government funds. Investigations established that the retrenched employees had been paid in full and they were no longer in the employ of the said corporation.
- h) Inquiry into an allegation that three principal officers of Kenya Railways Workers Union (KRWU) misappropriated a sum of Ksh. 8,580,000 belonging to the Union. Investigations established that the said officials indeed misappropriated the money and there was evidence of theft. However, all the officials have since passed away; hence it is not possible to prosecute the case.

The Commission recommended the officers be charged with economic crime for willfully failing to comply with laid down procurement procedures.

Some of the files closed for want of evidence are :-

- a) Allegation of corruption against M/s Agro Irrigation and Pump Services Limited leading to cover up of irregularities in VAT assessment. An anonymous report had alleged that in November 2003, Kenya Revenue Officers from the VAT Division visited the premises of Agro Irrigation and were allegedly given by the said company's auditor Ksh. 2.4 million bribe(s) in order to cover up the Company's VAT liability. The investigations did not disclose any evidence of corruption and the file was closed.

## 3.3.1 Criminal Cases taken to Court during 2005/06

NO.	CASE NUMBER	NAME OF ACCUSED	POSITION/INSTITUTION	NATURE OF CHARGE	DATE OF PLEA
1.	ACC 24/05 141/605/05	Richard Kamau Ngaburi	Clerk, Makadara Law Courts	Soliciting and receiving a bribe c/s 39(3)(a) of the Anti-Corruption and Economic Crimes Act, 2003.	4.7.05
2.	ACC 25/05 141/782/05	Edward Barasa Chinyinyi	Administration Police	-DO-	21.7.05
3.	ACC 26/05 141/707/05	Dennis W. Kemboi	Clerk, Pensions Dept.	-DO-	25.7.05
4.	ACC 27/05 141/714/05 ACC 28/0 141/741/05	Joseph Njoroge Wairimu Kioko Musyoki John Gitau	NCC employees	-DO-	12.8.05
5.	ACC 29/05 141/744/05	Hilow Abdile	Police Officer-OC Crime Branch, Kilimani Police Station	-DO-	4.8.05
6.	ACC 30/05	Francis Mwaura Kamau	Employee, City Council of NRB	-DO-	5.8.05
7.	141/751/05	William K. Kisavi	Senior Public Health Officer, NCC	-DO-	5.8.05
8.	ACC 31/05	Eric Sangura Nasoko	Police Officer, Pangani	-DO-	12.8.05
9.	ACC 32/05	Eric Muiruri		-DO-	
10.	EMBU 12/05	Walter Oyongo	Police Officer	-DO-	6.7.05
11.	EMBU 9/05	Wilson Ndungu Wambugu Patrick Mugo	District Internal Auditor, Tharaka District Accountant, Tharaka	-DO-	6.7.05
12.	EMBU 10/05	Dominic Githiora Kiana	Chairman Land dispute Tribunal N/Kinangop	-DO-	6.7.05
13.	EMBU 11/05	Francis Theuri Mwangi	OCS Ntumu Police Station	-DO-	11.7.05
14.	EMBU 16/05	Benedict Ogada Abura	Police Officer, Mwingi	-DO-	11.8.05
15.	NBI 33/05	John Makau Mutunga	NCC employee	-DO-	15.8.05
16.	ACC 17/05; 141/381/2005	Premji Mavji, Pravin Chandra Mavji, Ramesh Mavji, Govind Mavji, Harshad Mavji Ibrahim Hussein	Directors of N. K. Brothers Ltd Former CEO, NHIF	Corruption contrary to section 3 of the Prevention of Corruption Act (Repealed)	
17.	ACC 16/05 141/368/05	Henry Ekisa Emojong Dismas Otieno	Asst. Chief, Bahati Youth Winger	Soliciting and receiving a bribe c/s 39(3)(a) of the Anti-Corruption and Economic Crimes Act	11.7.05

18.	CR 122/489/05 ACC 38/05	Charles Aoko Kennedy Motari	Chief Kilimani Asst. Chief, Kilimani	-DO-	1.9.05
19.	CR 142/285/05 ACC 42/05	Peter Kagwi	Employee of the City Council of Nairobi	-DO-	5.9.05
20.	CR 741/400/05 ACC 40/05- moved to KERICHO	Martin Githinji Simon Mburu	Police officers, Kitengela Police Post	-DO-	2.9.05
21.	CR 141/842/05 ACC 39/05	Samuel Mukuba Mbogo	Court Clerk, Kiambu Law Courts	-DO-	2.9.05
22.	CR 141/864/05 CF 44/05	Paul Kamau Kimani	Health Officer, Nairobi City Council	-DO-	9.9.05
23.	CR 141/868/05 ACC 45/05	Meshack Amayo Sine Linus Amukanga Litsalia	Police Officers, Industrial Area P/Station	-DO-	12.9.05
24.	CR 141/871/05 CF 2009/05	Justus Nyangaka Nyangaca Benjamin Omukuba Kutwa Charles Otieno	Jua Kali artisans	Obtaining money by false pretences c/s 313 of the Penal Code	12.9.05
25.	KERICHO CR 741/325/05 CF 22/05	Jonathan Chesang	Police Officer	Soliciting and Receiving a bribe c/s 39(3)(a) of ACECA	31.8.05
26.	CR 141/891/05 ACC 46/05	Julius Kamande Wanyoike	Employee, KPLC	-DO-	19.9.05
27.	CR 142/305/05 ACC 49/05	David Munyoki Musili Dickson Mbuthia Muchai	Employees of NCC	-DO-	30.9.05
28.	CR 141/804/05 ACC 50/05 CR 943/296/05	Benson Kagunda Mwangi Paul Nguu Musau	NCC Employees	-DO-	30.9.05
29.	ACC 96/05 CR 141/858/05	James Chacha Simon Kipkemboi Rotich	DO Sinyalu AP Sinyalu AP's Camp	-DO-	4.10.05
30.	ACC 43/05	Joshua Mutati Kigonda	Private Person	-DO-	8.9.05
31.	CR 141/944/05 KERICHO ACC 26/05	Sammy Nganda Muli Sammy Muli Ndambuki & Thomas Kipamet Ole Tere Anastasia Wanjiru Nderitu Stephen Tarakus Kishwar	Employee of MOR&PW  Police Officers Employee, MOR&OW Police Officer	-DO-	6.10.05

32.	CR 141/872/05 CF 2019/05	Gakio Wanyoike	MD, Signal Excell Systems Ltd	Uttering a false document	
33.	CR 741/382/05 CF 27/05	Japheth Mwaluko Kilungu	Police Officer, Kilgoris	Soliciting and Receiving a bribe c/s 39 of ACECA	12.10.05
34.	CR 142/311/05 ACC53/05	Esther Wairimu Theuri Mary Mbaisi Indusa	Employees of the City Council of Nairobi	-DO-	12.10.05
35.	CR 141/1006/05 CF/7321/05	Christoper Gitahi Vincent Imala	Principal Admn. Officer and Clerical Officer of City Council of Nairobi	-DO-	21.10.05
36.	CR 142/319/05 ACC 61/05	Eunice Chepkemboi Norman	Social Development Officer, Starehe Division	-DO-	8.11.05
37.	CR 142/316/05 ACC/57/05	Stanley Kahuhi Njunga	Preventive Officer 1, KRA Customs Department	-DO-	21.11.05
38.	CR 141/1057/05 ACC 2/05	Jacob Kasim Waka Machacha Walter Wandera Oundo	CDF Secretary and Board Member	-DO-	31.11.05
39.	CR 141/1058/05 ACC 60/05	Kenslas Onami Nyakweba	National Registration Bureau, Dagoretti	Soliciting and Receiving a bribe c/s 39 of ACECA	3.11.05
40.	CR 141/1089/05 ACC 62/05	Fellan Sokre Ikenga alias Ochieng	Investigative Editor, Patriot Newspaper	-DO-	11.11.05
41.	CR 161/431/05 ACC 63/05	John Odhiambo Onunga	City Superitendant II, City Council of Nairobi	-DO-	16.11.05
42.	CR 032/45/2005 KISUMU ACC 906/05	John Irungu Nguthiru (Dcd) William Kipchoge Cheboi	OCS, Rongo Police Station	-DO-	28.11.05
43.	CF2399/05	Dr. Hosea Waweru Martin Oluoch James Mwenda Mwirithania	Former Director, KNH Manager, KNH Legal Officer	Abuse of Office C/S 101(1) of the Penal Code	27.10.05
44.	CF 2400/05	John Michael Mututho	Managing Director of Country Side Suppliers	Uttering false documents and obtaining by false pretences	27.10.05
45.	CF 2457/05	Geoffrey Muchiri Patrick Mwaganu Esther Kimani Samuel Thuita Jeremiah Gitangu James Mwangi Florence Richu Lucy Mathenge	Directors of Embakasi Ranching Co. Ltd	Failing to hold an annual General Meeting C/S 131(5) of the Companies Act	

46.	CF 146/1099/05	Cpl Samson Makokha Ndombi	Police Officer attached to Muthaiga Police Station	Soliciting and Receiving a bribe c/s 39(3)(a) of ACECA	16.11.05
47.	CR 141/1223/05 NRB ACC 67/05	Susan Njeri Njenga John Mureithi Wambugu	NCC Debt collection Dept	-DO-	23/12/05
48.	CR 142/360/05 NRB ACC 68/05	Eric Onyango Nyakinda		-DO-	27.12.05
49.	CR 144/15/2006 EMBU ACC 3/2006	Eng. Emmanuel Charo Birya John Otiddo Omar Sheriff	Former MD of EAPCC Financial Accountant EAPCC Proprietor of Donholm Rahisi	Economic Crime and Abuse of Office	
50.	CR/741/447/05 KERICHO	Andrew Cheruiyot Kuto Shem Magara	NHIF Employees	Soliciting and Receiving a bribe c/s 39 of ACECA	19.12.05
51.	CR/111/1254/05 CF 66/05	Peter Murage James Mburu	Private Persons	-DO-	19.12.05
52.	CR 141/794/05 ACC 36/05	Patrick Anyanga Angulu	KP&LC Agent	-DO-	17.8.05
53.	CR 741/307/05 KERICHO ACC 20/05	Joseph Ndemwa Mulewa	Prosecutor, Kilgoris	-DO-	17.8.05
54.	CR 141/1040/05 ACC 56/05	Rose Abongo Ongoro	Registrar of Persons, Birth Certificate Section	-DO-	1.11.05
55.	CR 411/228/05 EMBU ACC 21/05	Jorim Waore Marenya	NSSF Employee	-DO-	5.12.05
56.	CR 141/838/05	Charles Aoko Omulo Kennedy M. Mandere	Chiefs at Kilimani	-DO-	1.9.05
57.	CR 141/1162/05 ACC65/05	Ms Lynette Nyamoita Bundi	Employee of Children's Dept	-DO-	2.12.05
58.	CR 411/10/06 EMBU ACC 4/06	Jane Ngumbi Martin Kago Benson Musila	Traffic Police Officers	-DO-	24.1.06
59.	CR 141/34/06 ACC 4/06	Rose Endeixa Kibienda	Employee of NCC	-DO-	12.1.06
60.	CR 411/20/06 EMBU ACC 7/06	Regina Kasiva Muthoka	Land Registrar	-DO-	15.1.06
61.	CR 141/147/06 ACC 11/06	Dr. Christopher Ndarathi Murungaru	MP for Kieni and former Minister in Charge of Internal Security	Failure to comply with a notice contrary to section 26 of the ACECA	17.2.06

62.	CR 170/29/2006 ACC 5/06	Evans Mukholwe J. Achoki	Former Director, KWS; Assistant Director, Security, KWS.	Abuse of Office C/S 46 of the ACECA	20.1.06
63.	CR 121/18/06 ACC 01/06	Anthony Waititu	Employee of NCC	Soliciting and Receiving a bribe c/s 39 of ACECA	6.1.06
64.	CR 411/5/06 EMBU ACC 2/06	Daniel Rotich	Administration Police	-DO-	10.1.06
65.	CR 111/63/06 KIBERA CF 455/06	Jack Odhiambo Kwemba,	Freelance Journalist	Soliciting and Receiving a bribe C/S 39(3)(a) of ACECA	20.1.06
66.	CR 111/122/06 ACC 10/06	Evans Nyambat	Nairobi Water Company	-DO-	6.2.06
67.	CR 411/49/06 EMBU ACC 01/06	Boniface Mutuma Mitu	Police Officer	-DO-	10.1.06
68.	CR 142/06/06 ACC 3/06	Augustus Valua	Police Officer	-DO-	12.1.06
69.	CR 141/106/06 ACC 9/06	Beatrice Andeyi Atila Elizabeth Anyango Oringo	NCC Employees	-DO-	2.2.06
70.	ACC 6/06	Jos Konzolo	Former Managing Trustee, NSSF	Abuse of Office C/S 101(1) of the Penal Code	27.1.06
71.	ACC 7/06	James Israel Olubayi	Former Chairman of the NSSF Board of Trustees	Conflict of interest C/S 42 of ACECA	27.1.06
72.	CR 111/176/06 ACC15/06	John V. A. Onyango and Tom Odhiambo Malo	Meter Readers ii, KPLC	Soliciting and Receiving a bribe C/S 39(3)(a)	24.2.06
73.	CR 741/348/05 KERICHO ACC 24/05	George Athembo	Weights and Measures Dept, Kericho	-DO-	19.9.05
74.	CR 122/124/06 ACC 13/06	Beatrice Nyambura Maina	Chief, Ngara	-DO-	22.2.06
75.	CR 032/41/05 KISUMU ACC859/05	Zackary Omwega Mogeni	Police Officer, Ogembo	-DO-	
76.	CR 142/20/06 ACC 8/06	Mburu Muchoki Mativo Bohoko	-Editor - Journalist	-DO-	31.1.06
77.	CR 011/44/06 CF 1622/06	Benard Muriithi Evans	NCC Housing Section	-DO-	14.3.06

78.	CR 141/241/06 ACC 17/06	Mark Nato Masengeli	AP, Kuria Chief's Camp	Giving false information contrary to section 66(1)(b) and (d) of ACECA	20.3.06
79.	CR 141/249/06 ACC 18/06	Paul Mulani Mbuzi	Police Officer, Kariobangi Police Post	Soliciting and Receiving a bribe contrary to S 39(3)(a) of ACECA	20.3.06
80.	CR 141/257/06 ACC19/06	Joseph Kamau Bangwa	Investigator/Collector	-DO-	
81.	CR 142/40/06 ACC 16/06	Andrew Onyango Ongola	(KRA)	-DO-	17.3.06
82.	ACC20/06	Dr. Andrew Mullei	Former Governor of Central Bank of Kenya	Abuse of Office C/S 46 of the ACECA	23.3.06
83.	CR 111/164/06 ACC 14/06	Walter Onyango Nyapala	Police Officer, Central Police Station	Soliciting and Receiving a bribe C/S 39 of ACECA	23.2.06
84.	CR 142/52/06 ACC 21/06	James Munene Mutithi	Office of Registrar of Persons	-DO-	28.3.06
85.	CR 141/281/06 ACC 23/06	Diana Kahumbu	Police Officer	-DO-	31.3.06
86.	CR 141/257/06 ACC 19/06	Jacob Abade	KPLC-Loadline Company	-DO-	
87.	CR 112/314/06 ACC 22/06	John Kiprotich Chepkwony Israel Kibet Chelelgo	Employees of the City Council of Nairobi	-DO-	28.3.06
88.	CR 141/288/06 ACC 27/06	Charles Opara Anyona	Court Clerk, Milimani Commercial Court	-DO-	4.4.06
89.	CR 111/279/06 ACC 26/06	David Kirimi Mungatia	Senior Clerical Officer, Immigration Dept	-DO-	4.4.06
90.	CR 111/284/06 ACC 28/06	Hassan Ali	Police Officer	-DO-	4.4.06
91.	CR 111/280/06 ACC 24/06	Joel Ndirangu Kagema	Immigration Officer 11	-DO-	3.4.06
92.	CR 141/303/06 ACC 29/06	Ben Ombura Ganda	Police Officer, Pangani	-DO-	7.4.06
93.	CR 141/535/06 ACC 30/06	Jonathan Atoyi Rose Apondi Ayere	Asst. Chief, Kahawa West Acting Chief, Kahawa West	-DO-	20.4.06
94.	CR 141/363/06 CF 2462/06- MAKADARA	Japheth Omuletema Omurundo	Police Constable attached to Shauri Moyo	-DO-	24.4.06

95.	CR 032/14/06 KISUMU ACC 311/06	Hubert Muliki Nzuki	VAT Officer, Kisii	-DO-	27.4.06
96.	CR 151/2440/06 KIBERA CF 2440/06	CPL Mark Onyingo	Police Officer attached to Highway Patrol MTO	-DO-	3.5.06
97.	CR 341/350/06 MOMBASA ACC 1/06	Maurice Kilonzo Edwin Otieno Oduor Laurent Mwashigandi Makelele	Advocate, Mombasa Lands Officer/Valuer, Kilifi Clerical Officer, Lands office, Kilifi	Economic Crime C/S 45 of the ACECA	4.5.06
98.	Cr 142/96/06 Acc 31/06	Eric Maurice Anjenju Migwa	Provincial Technical Education Officer, Ministry of Science & Technology	Soliciting and Receiving a bribe C/S 39(3) of ACECA	2.5.06
99.	CR 151/69/06 ACC748/06	Abdulrahman Suleiman	Vehicle Inspection Unit	-DO-	10.5.06
100.	CR 141/416/06 ACC 33/06	Ephantus Maina Gichongu	City Council of Nairobi Licensing Department	-DO-	10.5.06
101.	CR 142/98/06 ACC 32/06	Nyandoro Yabesh Kambi	Advocate of the High Court of Kenya, practicing with the firm of Kangethe & Co. Advocates	-DO-	5.5.06
102.	CR 111/377/06 CF 2744/06	Walter Njenga Ngaruiya	Works foreman, County Council of Kikuyu	-DO-	18.5.06
103.	CR 741/152/06 KERICHO ACC 3/06	IP Brown Yakhama Inzian	Deputy OCS, Kericho Police Station	-DO-	
104.	CR 741/163/06 KERICHO ACC 4/06	Richard Lesoi Cheruiyot	Administration Police Officer	-DO-	
105.	CR 822/124/06 KERICHO ACC 5/06	Cherogony Isaac Cheboskwony	District Health Officer, Lodwar	-DO-	31.5.06
106.	CR 141/516/06 CF 1034/06	Joshua Nyakangi Omasire	District Lands Registrar, Makueni	Abuse of office C/S 101(1) of the Penal Code	
107.	CR 141/006 ACC34/06	Samuel Makori Kombo Dahir Lmeriyan kochale	OCS, Kilimani PC attached to Kilimani	Soliciting for and Receiving a bribe C/S 39(3)(a) of ACECA	15.5.06
108.	CR 411/76/06 ACC 13/06	Eliud Makanga	AP-CDT Mbeere	-DO-	16.6.06
109.	141/503/06 ACC 37/06	Watuka Mwenzi	Police Officer attached to Kagwi Patrol Base	-DO-	

Table 6: Criminal Cases taken to court

### 3.4 PREVENTIVE SERVICES

The Preventive Services Directorate is mandated by the ACECA 2003 to provide technical and advisory services to both public and private sector organizations. During the past year, the Commission undertook a number of examinations, research projects and public education programmes as detailed below:

#### 3.4.1 National Anti-Corruption Plan (NACP)

The Commission successfully steered the preparation of the National Anti-corruption Plan which culminated in the convening of a Stakeholders' Conference representing all sectors at the Bomas of Kenya on 30th May 2006. The conference validated the Plan, which was launched on 5th July 2006.

#### 3.4.2 Public Service Integrity Programme

The Public Service Integrity Programme (PSIP) is a partnership between the Kenya Anti-Corruption Commission, the Directorate of Personnel Management, Provincial Administration and other arms of government aimed at improving service delivery through elimination of corrupt conduct from public service. In the period under review, 469 public officers were trained and sensitized on concept of corruption, the legal framework, organizational culture and corruption prevention strategies.

#### 3.4.3 Development of Information, Education and Communication (IEC) Materials

The Commission developed and disseminated Information, Education and Communication (IEC) materials to members of public at various fora. The Table 7 below summarizes the distribution of IEC materials during the period under review:

Type of IEC Material	Number Distributed
Frequently Asked Questions Booklets	43,419
About the Commission Brochures	28,014
Promoting Integrity in Schools Leaflets	27,330
<b>TOTAL</b>	<b>98,763</b>

Table 7: Distribution of IEC materials

In an endeavor to make the laws on corruption and economic crimes simple for members of the general public to understand, the Commission developed simplified and illustrated versions of the following statutes:

- Anti-Corruption and Economic Crimes Act, 2003
- Public Officer Ethics Act, 2003
- Public Procurement and Disposal Act, 2005
- Case studies illustrating corruption offences and economic crimes.

The Commission also developed a brochure entitled "On the Frontline Against Corruption" detailing the Commission's efforts in the war against corruption.

#### 3.4.4 Training, Research, Advocacy and Governance (TRAG)

The Commission conducted a TRAG certificate course which provided both theoretical and practical based knowledge, skills and attitudes on anti-corruption studies. The course is aimed at mainstreaming good governance principles in the institutions and creating an understanding of anti-corruption legislation, the investigation and prosecution processes. It is funded by the United Nations Development Programme (UNDP), and the Government of Kenya with Egerton University as a collaborating partner.

The Commission mounted three one-month courses where a total of 96 senior officers drawn from government ministries and departments, universities, local authorities, parastatals, civil society and professional societies were trained.

#### 3.4.5 Outreach Programme

In its Outreach Programme, the Commission used the Agricultural Society of Kenya Shows and the Nairobi International Trade Fair as a means of communicating anti-corruption, ethics and integrity messages as well as enlisting public support in the fight against corruption. These Shows provide a vital avenue for public education where ordinary Kenyans, business people, tourists and investors interact. Through these initiatives, the Commission sensitized 42,831 people and distributed 44,500 assorted IEC materials for use by members of the public as shown in Figure 3.

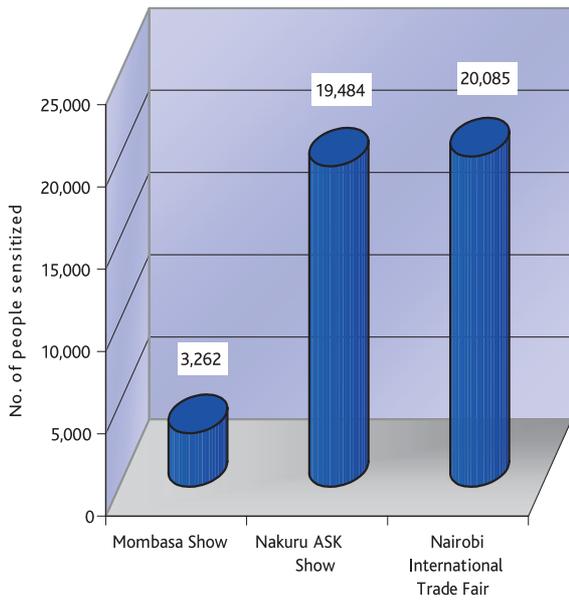


Figure 3: Number of people sensitized through ASK shows

During the Mombasa ASK show the general public received pamphlets and other materials on best practice in fighting corruption. It is the responsibility of every mwananchi to fight corruption.



The Commission was awarded six prizes during the ASK Show, which attest to the Commission’s theme interpretation and high quality presentations as Table 8 below shows:

SHOW	CATEGORY	AWARD WON
Nakuru National Show (13th – 16th July 2005)	Best Social Organization Stand	Second Prize Certificate
Nakuru National Show (13th – 16th July 2005)	Best Kenya Government Ministry Stand	Third Prize Certificate
Mombasa International Show (24th – 28th August 2005)	Best Non-Agricultural Based Statutory Board Stand	Second Prize Certificate
Mombasa International Show (24th -28th August 2005)	Best Theme Interpretation	Third Prize Certificate
Mombasa International Show (24th – 28th August 2005)	Recognition of Exemplary Contribution	
Nairobi International Trade Fair (October 2005)	Best Non-Agricultural Based Statutory Board Stand for the year 2005	Third Prize Certificate

Table 8: ASK Awards

### 3.4.6 Education for National Integrity

As part of its education programmes, the Commission works in close collaboration with the Ministry of Education, Science and Technology in fostering anti-corruption and integrity initiatives through formal curriculum and co-curriculum activities. The strategy of the programme is to target the acquisition of positive values, attitudes, skills and the formation of character that reinforces integrity especially among the youth. One of the strategies adopted by the Commission was through sponsorship of music and drama festivals.

The competing pieces that reached the drama festival finals consisted of 17 plays, 5 choral verses, 4 dances, 1 solo verse and 1 narrative. These pieces were recognized for their excellence in depicting the vice of corruption and unethical practices. A play entitled: **"WHAT WE PRESENT"** was ranked the best overall play of the festival. A choral verse entitled **"The Chai Factor"** presented during the music festival, was the best overall in its category and has been recited at major national functions.

All these sensitization and sponsorship engagements with the Ministry of Education, Science and Technology have led to the infusion and integration of anti-corruption content in curriculum and examinations. Specifically, in the 2005 Kenya Certificate of Secondary Education (KCSE) Literature paper, there were compulsory questions items that tested the candidates' knowledge of anti-corruption and ethics issues.

### 3.4.7 Training of Trainers

The Commission carried out a Training of Trainers programme aimed at training facilitators from different training institutions to enable them mainstream anti-corruption and governance content in their curriculum. A total of 143 resource persons drawn from over a wide spectrum of Government training institutions were trained. The programme funded through the Governance, Justice, Law and Order Sector (GJLOS) Reform Programme undertaken by the Government of Kenya.

### 3.4.8 Anti-Corruption Training and Sensitization Seminars

The Commission held consultative meetings with various stakeholders to establish strategies aimed at sensitizing public officers on the phenomenon of corruption. Following the consultative meetings, a number of anti-corruption training and sensitization seminars were held to enable public officers deliver improved services and desist from corruption and unethical conduct. More importantly, these officers spearheaded the mainstreaming of anti-corruption and ethics in their organizations. Figure 4 below shows the number of officers trained.

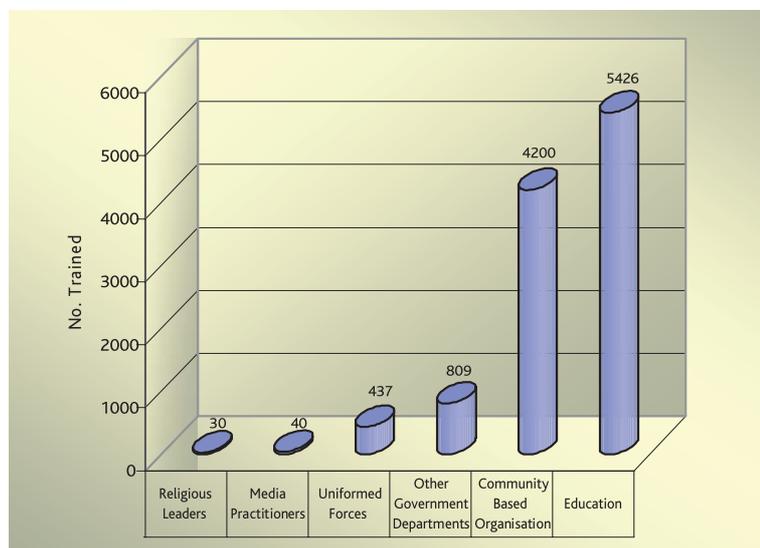


Fig 4: Number of Officers Trained

### 3.4.9 Media and Communications Programmes

The Commission, in collaboration with various media houses, designed and developed specific messages on anti-corruption geared towards positive attitude and behaviour change. These messages included spot adverts, branding of programmes, sponsorship of popular programmes, and participation in interviews. The Commission was able to achieve three main objectives, namely:

- Disseminating information about its functions.
- Educating the public on the dangers of corruption.
- Fostering dialogue with target audience.

The Commission sponsored prime time programmes that targeted a broad spectrum of listeners and viewers. To this end the Commission sponsored the KBC "news clock" and "*Je Huu ni Ungwana?*" programmes. The "*Je Huu ni Ungwana?*" programme uses day – to – day common *mwananchi* activities to profile and pass integrity-themed messages. The Commission also sponsored programmes on seven popular radio and television outlets and channels as follows:

- **Kamusi ya Leo** – a segment that explains anti-corruption and ethics vocabulary in Kiswahili on Kenya Television Network's, 'KTN Leo' news programme,
- **Soul Reflections** – a segment featuring philosophical quotes on integrity on KTN
- **"Up Next"** – a segment that runs six times daily in the evenings giving 42 exposures per week of anti-corruption messages
- **News Beat** - on KISS FM (radio) news with anti-corruption messages
- **News Beat** - on CLASSIC FM (radio) news with anti-corruption messages.

According to the 2006 Steadman Media Report, these programmes reached a combined total of 4.1 million Kenyans daily in urban areas alone.

### 3.5 CORRUPTION PREVENTION

Various strategies are used in carrying out the Commission's corruption prevention functions. The strategies aim at identifying organizational weaknesses and developing appropriate measures to mitigate against corruption risks. In addition, the Commission seeks to enhance capacities of the targeted organizations to prevent corruption through integrity and governance training and partnerships. The Commission undertook the following corruption prevention activities during the period under review as highlighted below:

#### 3.5.1 Systems Reviews (Examinations and Corruption Risk Assessments)

An examination/corruption risk assessment entails the review of existing systems, policies, procedures and practices in the operations of public and private

organizations. The review is carried out with a view to providing practical solutions aimed at minimizing corruption opportunities in the procedures and operations of the organizations.

The Commission conducted examinations on the Registration and Licensing of Motor Vehicles, Ministry of Immigration; and the City Council of Nairobi; whose findings were as follows:

##### 3.5.1.1 Registration and licensing of motor vehicles and enforcement of traffic laws

The Examination was conducted in March 2005 targeting the Ministry of Transport, the Traffic Department and the Road Transport Department of the Kenya Revenue Authority. It was presented to the Chief Executives of the three institutions in February 2006.

The examination revealed the existence of a market for fake licensing and registration documents of motor vehicles and outlined various operational and structural weaknesses in the institutions. In response to the Commission's recommendations, a joint Implementation Plan was submitted by the three examined institutions. The Implementation Plan indicates areas of action namely:

- Fast tracking the law review process by the Ministry of Transport to streamline and strengthen the operations of the Transport Licensing Board and to address emerging issues in the transport industry.
- Introduction of a car tracking system by KRA that will assist in addressing the problem of illegally imported vehicles.
- Development of an operational guide for police officers in their day to day licensing and registration duties.
- Investigation of forged TLB stickers and other motor registration documents by the Revenue Protection Unit of KRA.
- Strengthening of the valuation section at KRA to address the irregularities in assessment of duty for vehicles.
- Preparation of a draft cabinet memorandum by KRA seeking approval to commence the process and issuance of electronic logbooks and drivers licenses.
- Issuance of a directive to all police officers to declare ownership of public service vehicles.

### 3.5.1.2 Ministry of Immigration and Registration of Persons – Department of Immigration

The examination was carried out in August/September 2005 and the Report submitted to the Minister on 21st June 2006 for implementation. In addressing the recommendations made by the Commission, the Ministry undertook initiatives to curb corrupt practices through inter alia;

- Issuance of a Circular disbanding the National Identity Card Vetting Committee to ensure that aliens do not acquire identity cards through corruption.
- Computerization of its operations.
- Spearheading review of immigration and citizenship law.
- Investigating cases where foreigners are irregularly reissued with work permits after expiry of their contracts.
- Relocating some border points to control illegal entry by foreigners.

### 3.5.1.3 The City Council of Nairobi

The Examination was conducted in October 2005. During the examination, major corruption loopholes were exposed in the financial management systems. These included lack of accounting records; lack of control over the payroll system as well as material weaknesses in the internal and external audit functions leading to misappropriation of colossal sums of money from the collection centers. Following the exposure, several employees involved in the misappropriation of cash and manipulation of the payroll were arrested and charged in court and have since been dismissed from service.

The Report recommended immediate action in the following areas;

- Comprehensive technical, financial and performance audit on the routine road maintenance projects, and
- Supervision of buildings under construction and development of appropriate systems of procurement of goods and services.

### 3.5.2 Follow up Activities

The Commission carried out follow-up activities on examinations conducted in the Ministry of Health/Kenya Medical Supplies Agencies (KEMSA) and the Municipal Council of Mombasa during 2004/05. The findings were as follows:

#### 3.5.2.1 Ministry of Health/KEMSA

- Procurement of drugs is currently being done by KEMSA. Previously the procurement was done by the Ministry of Health without a pre-qualified list of suppliers.
- KEMSA has stopped the 'push system' of drug distribution and adopted 'pull system' where procurement is done for each health facility on a needs basis.
- KEMSA has asked all government hospitals to compile lists of expired drugs to facilitate destruction. Previously, expired and unexpired drugs were stored together.

#### 3.5.2.2 Municipal Council of Mombasa

There are positive changes in the management of the Council which include:

- Improvement of the Council's records management and creation of a personnel registry from where all personnel matters will be handled. This is being linked to the payroll section to ensure that those receiving salaries are bona fide employees of the Council.
- The review of the Mayor's allowances to the level approved by the Minister of Local Government.
- Improved revenue collections from the Council's housing estates, markets and other levies leading to prompt payment of workers' salaries.

As part of the implementation process, the Commission provided capacity building and advisory services to the Council in the areas of: financial and assets management; procurement practices; records management; human resource management; private/public sector partnerships.

### 3.5.3 Advisory services

The Commission provided advisory services on various aspects of corruption prevention to the following institutions: Administration Police Department; Kenya National Commission on Human Rights, Kenya Association of Manufacturers; Agricultural Finance Cooperation (Ngong Branch); Ministry of Finance; Kenya Medical Training College; Coffee Research Foundation; Kenya Union of Savings and Credit Co-operatives (KUSCCO); Northern Water Services Board and allied Water Service providers; Coast Water Services Board and Allied Water Service providers.

Advisory services were offered in various areas such as strategic planning, institutional performance and viability, human resources and organizational structure, records and financial management.

### 3.5.4 Best Practices Guidelines

The Commission developed a draft concept document on excellence in the governance of Local Authorities to assist in the development of best practices. The paper highlighted the following areas: financial management; human resource management; procurement processes; records management; services such as health, education, environment, etc; infrastructure; planning and development.

The Commission also developed a specimen Code of Conduct and Ethics that will guide public organizations in the formulation of their specific Codes of Conduct.

### 3.5.5 Training on Integrity and Corporate Governance

The main objective of the integrity training is to restore, transparency and accountability in the public service and to achieve zero tolerance to corruption through good governance.

The Commission trained 351 Integrity Assurance Officers (IAO's) in 50 public institutions. The training has led to formation of integrity divisions and Corruption Prevention Committees (CPCs); and the revamping of dormant CPCs as forums for spearheading anti-corruption strategies. It has also assisted organizations

develop home grown corruption prevention strategies based on identified corruption prone areas.

The Commission trained senior management and Board members from the Kenya Institute of Administration (KIA) and Industrial Commercial and Development Corporation (ICDC) on principles of corporate governance.

### 3.5.6 Partnerships and Coalitions

As part of the Commission's mandate, the Commission initiated collaborative efforts with the following organizations:

#### a) Kenya National Archives & Documentation Services

The Commission developed a joint strategy with the Kenya National Archives & Documentation Services (KNADS) to address records management systems in public institutions. The strategy covered all aspects of records management including developing a policy and training on records management. This is meant to achieve sound records management systems as a corruption preventive measure.

#### b) Public Procurement Directorate

As part of its collaborative effort with the Directorate of Public Procurement, the Commission contributed to the development of the draft regulations 2006. These rules are meant to guide the implementation of the Public Procurement and Disposal Act 2005 in streamlining and eliminating corruption in public procurement processes.

#### c) The Association of Professional Societies in East Africa (APSEA)

APSEA Council established the Professional Integrity and Ethics Committee (PIEC) to address concerns over violation of professional ethics among its members and invited the Commission to join the Committee. The Commission provided technical input into the activities of the PIEC which are directed at promoting governance, ethics and

integrity among professional bodies.

d) **Institute of Certified Public Accountants (ICPAK)**

During the year under review the Commission liaised and collaborated with ICPAK through facilitation of training programmes directed at promoting ethical standards in financial management systems to prevent corruption. The Commission sponsored the Gold category in the ICPAK's Financial Reporting (FiRe) Awards programme.

e) **Association of Kenya Insurers (AKI)**

The Commission initiated collaborative efforts with the AKI through publication of the Commission's articles in the Associations' journal. This kind of venture served as an effective medium for dissemination of information on the Commission and its activities and issues specific to the profession.

The Report was launched on the 5th of July, 2006 alongside the National Anti-Corruption Plan. The survey has identified problem areas in many public sector organizations including ministries and departments where corruption is rampant. According to the survey, about 73% of Kenyans believe that corruption can be fought successfully as shown in Figure 5 below.

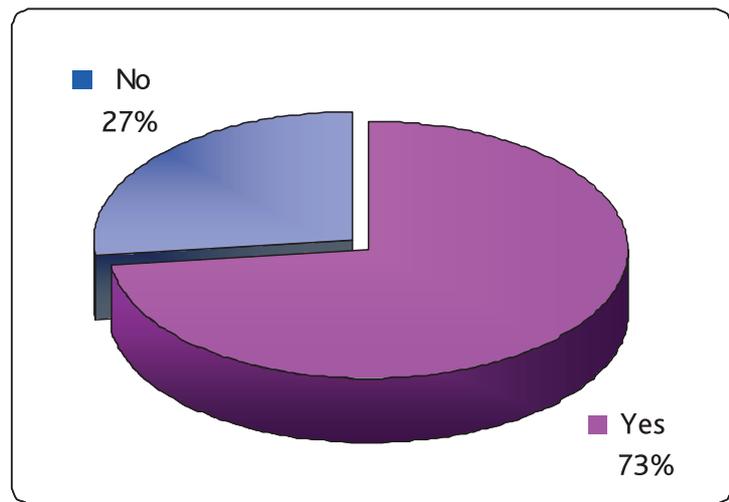


Fig 5: Success on the fight against corruption

### 3.6 RESEARCH PROGRAMMES

Research plays a critical role in the provision of knowledge and information for social and economic development. Research on corruption provides information necessary for programming and measuring national anti-corruption efforts and their impacts.

Research programmes undertaken by the Commission in the period under review are as follows:

#### 3.6.1 National Corruption Perception Survey

The Annual National Corruption Perception Survey was conducted between October to November 2005 countrywide. The survey covered 3,312 households. The aim of the survey was to provide baseline information on corruption in order to better understand the nature, form, extent and intensity and the places where it occurs. The survey sought to document corrupt practices which members of the public encounter on day to day basis with a view to propose anti-corruption strategies based on the findings.

#### 3.6.2 Enterprise Survey

The Survey was conducted between March and May 2006 to assess the impact which corruption has on the development of public and private sector enterprises. The Survey was designed to examine the quality of the business environment as determined by the wide range of interactions between businesses and the Government. Specific objectives of the survey were to:

- Establish factors that hinder business development.
- Determine corruption attitudes and perceptions and their impact on growth of businesses
- Assess the effectiveness and suitability of existing policies and regulations in promotion of business development
- Establish the role of businesses in perpetuating corruption
- Make recommendations based on the findings.

The survey report is currently under preparation.

### 3.7 FINANCE AND ACCOUNTS SERVICES

The Commission continued to maintain its stand on timely preparation and submission of revenue and expenditure estimates as per the requirement of the Anti-Corruption and Economic Crimes Act, 2003. Coupled with close control and monitoring of financial resources, the Commission's financial statements were the first to be audited in FY 2004/05 by the Controller and Auditor General. This led to ensuring that the Annual Report of 2004/05 was submitted on time.

The Commission, through adequate internal control systems facilitated prompt payments to suppliers, ensuring no pending bills were outstanding. This was in addition to the already in-built internal audit function.

In pursuit of its core values of integrity, accountability and transparency, the Commission submitted timely Expenditure Returns to the Treasury on a monthly basis. Open tendering system was enforced in its procurement processes allowing the public to actively participate in the execution of its mandate. To provide a level playing ground for all suppliers, detailed procurement guidelines were provided, alongside Tender Documents, Tender Forms and Contract Agreements.

### 3.8 HUMAN RESOURCES SERVICES

The Commission has prioritized capacity building, particularly in recruitment and training. During the period under review, the Commission undertook the following:

#### 3.8.1 Recruitment

A total of twenty-two officers were recruited to complete Phase 4 of the recruitment exercise, hence raising the staff complement to 211.

#### 3.8.2 Staff Training & Development

In an effort to ensure that officers performed optimally, several training and study tour programmes were conducted, with emphasis on the core business areas. The Commission organized study tours to leading anti-corruption agencies in Asia (Hong Kong and Singapore) and within the African region (South Africa, Botswana,

Uganda and Tanzania) for its senior officers as well as members of the Advisory Board. These visits enabled the Commission to share best practices in fighting corruption and also established networking mechanisms with leading anti-corruption agencies.

Other training conducted covered various topics such as: Basic Intelligence; Financial Investigations; Security Management; Legal Reforms; Constitutional Law; Civil and Criminal Procedures; Project Planning and Management; Prevention and Detection of Corporate Fraud; Procurement; Records Management; and Monitoring and Evaluation.

### 3.9 GENERAL ADMINISTRATION SERVICES

The Commission has a fleet of vehicles which are allocated to Directorates and has an inbuilt monitoring and control system. The local movement of these vehicles is authorized by respective heads of Directorates while all long distance journeys are co-ordinated through the transport office for planning purposes. To further enhance control of vehicle movement and utilization, the Commission introduced the fuel card system. This system has led to reduced fuel expenditure and minimized the logistics of facilitating vehicle fuelling. Due to diligence and controls, the Commission's vehicles were well utilized with minimal accidents and breakdowns.

### 3.10 INFORMATION COMMUNICATION AND TECHNOLOGY SERVICES

Internet and e-mail connectivity was commissioned in July 2005. This connectivity has greatly enabled sharing of information both within and outside the Commission.

The Commission developed and launched the KACC website in March 2006. The website has proved to be a good and effective communication tool visited by over 1,000 people daily. The website has also enabled the Commission to continuously update the Kenyan public and the rest of the world on its activities. The public continues to utilize the system to report all forms of corruption and to give suggestions on how to tackle corruption.



H.E. President of Kenya, Hon. Mwai Kibaki and the First Lady Lucy Kibaki visited the Commission's stand at the Nairobi International Trade Fair



H.E. President of Kenya, Hon. Mwai Kibaki and the First Lady Lucy Kibaki being given a guided tour of the Commission's stand at the Nairobi International Trade Fair by Dr. Smokin Wanjala.



The Speaker of the National Assembly Hon. Francis Ole Kaparo launches the Commission's website. Watching is Justice Aaron Ringera Director/Chief Executive.



Assistant Director – Preventive Services, Dr. Smokin Wanjala presents a trophy to winners during the National Drama Festival held in Mombasa.



Hon. Minister for Justice and Constitutional Affairs, Hon. Martha Karua hands over the National Anti-Corruption Plan to the Attorney General, Hon. Amos Wako during the launch of the Plan



Hon. Chirau Ali Mwakwere makes a contribution during the National Anti Corruption Plan Stakeholders meeting at Bomas of Kenya where the Forum for Integrity was formed.



Hon. Paul Muite and Hon. Musikari Kombo hold a discussion during the Commission's Strategic Plan Stake holders meeting. Next to them is the Director / Chief Executive Hon. Justice Aaron Ringera.



Hon. Minister for Justice and Constitutional Affairs, Hon. Martha Karua at a workshop on Investigation, Prosecution and Asset Recovery on Corruption conducted by Eva Jolly (seated 3rd from right)

**FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED**  
**30 June 2006**

## REPORT OF THE DIRECTOR

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The Director presents the report together with the audited financial statements for the year ended 30 June 2006.

### 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 52.

### Members of the Advisory Board

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

### Auditors

The auditors of the Commission for the year ended were the Controller and Auditor General in line with the Exchequer and Audit Act and Anti-Corruption and Economic Crimes Act, 2003. The auditors for the Commission continue to be the Controller and Auditor General.

On behalf of the Commission



Justice Aaron Ringera  
Director/Chief Executive  
03 October 2006

## Statement of Director's Responsibilities

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The Anti-Corruption and Economic Crimes Act 2003, requires the Director 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 Director 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 Director 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 Exchequer and Audit Act. The Director is of the opinion that the annual report together with the financial statements give a true and fair view of the state of the financial affairs of the Commission and of its operating results. The Director 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 Director 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:



Justice Aaron Ringera  
Director/Chief Executive  
03 October 2006

REPUBLIC OF KENYA

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## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE KENYA ANTI-CORRUPTION COMMISSION FOR THE YEAR ENDED 30 JUNE 2006

I have audited the financial statements of the Kenya Anti-Corruption Commission for the year ended 30 June 2006 in accordance with the provisions of section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit. The financial statements are in agreement with the books of account.

#### Respective Responsibilities of the Directors and the Controller and Auditor General

As set out in the statement of director's responsibilities, the directors are responsible for the preparation of financial statements which give a true and fair view of the Kenya Anti-Corruption Commission's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

#### Basis of opinion

The audit was conducted in accordance with the International Standards on Auditing. These standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatements. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well evaluating the overall presentation of the financial statements. I believe the audit provides reasonable basis for my opinion.

#### Opinion

In my opinion, proper books of account have been kept and the financial statements give a true and fair view of the financial affairs of the Commission as at 30 June 2006 and of its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Anti-Corruption and Economic Crimes Act, 2003.

Handwritten signature of P.N. Komora in cursive.

**P.N. KOMORA**  
**CONTROLLER AND AUDITOR GENERAL**

Nairobi

09 October 2006

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF  
THE KENYA ANTI-CORRUPTION COMMISSION FOR THE YEAR ENDED 30 JUNE 2005**

## BALANCE SHEET AS AT 30 JUNE 2006

ASSETS	Notes	2006 KSH	2005 KSH
<b>Non Current Assets</b>			
Property, plant and Equipment	2	110,220,001	109,343,050
Gratuity Fund Investment	3	142,891,613	35,898,431
		<b>253,111,614</b>	<b>145,241,481</b>
<b>Current Assets</b>			
Inventories	4	6,657,017	14,203,225
Receivables and Prepayments	5	42,410,452	750,880
Cash and Cash Equivalents	6	198,488,579	179,537,416
		<b>247,556,047</b>	<b>194,491,521</b>
<b>Total Assets</b>		<b>500,667,662</b>	<b>339,733,002</b>
<b>EQUITY AND LIABILITIES</b>			
Accumulated Fund	12	127,067,121	127,067,121
Revenue Reserves	12	210,688,365	176,164,063
		<b>337,755,486</b>	<b>303,231,184</b>
<b>Non Current Liabilities</b>			
Gratuity Fund	3	142,891,613	35,899,231
<b>Current Liabilities</b>			
Trade and Other Payables	7	7,103,443	10,111
Accrued Liabilities and Charges	8	12,917,120	592,477
		<b>20,020,563</b>	<b>602,588</b>
<b>Total Equity and Liabilities</b>		<b>500,667,662</b>	<b>339,733,002</b>

The financial statements on pages 51 to 60 were approved on 3rd October 2006 and signed on behalf of the Commission by;



Justice Aaron Ringera.  
Director/Chief Executive



Fatuma Sichale (Mrs.)  
Deputy Director

## REVENUE AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

REVENUE	Notes	2006 KSH	2005 KSH
Government Grants (GOK)		1,176,900,000	591,000,000
Development Partners/ Donor Support	9	14,680,405	5,202,129
Other Income	10	1,686,964	1,062,963
<b>Total Revenue</b>		<b>1,193,267,368</b>	<b>597,265,092</b>
<b>EXPENDITURE</b>			
Administration Expenses	11	704,426,643	258,842,739
Operating and Maintenance	11	283,865,422	162,258,291
<b>Total Expenditure</b>		<b>988,292,066</b>	<b>421,101,029</b>
<b>Surplus for the Year</b>		<b>204,975,303</b>	<b>176,164,063</b>

## Cash Flow Statement For the year ended 30 June 2006.

From operating activities	Notes	2006 KSH	2005 KSH
Net income from operations		204,975,303	176,164,063
Add back non-cash payment (Depreciation)		32,872,890	32,564,102
<b>Net Cash from operations</b>		<b>237,848,193</b>	<b>208,728,165</b>
Increase/Decrease in inventories		7,546,208	-
Increase/Decrease in receivables & Prepayments		(41,660,372)	(750,880)
Increase/Decrease in payables		19,418,774	603,388
<b>Net cash utilized from operating activities</b>		<b>223,152,003</b>	<b>208,580,673</b>
<b>From Investing Activities</b>			
Purchase of property, plant and equipment		(33,749,841)	(29,043,257)
<b>Net cash utilized in investing activities</b>		<b>(33,749,841)</b>	<b>(29,043,257)</b>
<b>From Financing activities</b>			
Refund of Surplus (FY 2004/5) to the Treasury		(170,451,000)	-
<b>Net cash used in Financing activities</b>		<b>(170,451,000)</b>	<b>-</b>
Net increase in cash and cash equivalents		18,951,162	179,537,416
Bank and Cash equivalents at beginning of year		179,537,416	-
<b>Bank and cash equivalent at end of year</b>		<b>198,488,579</b>	<b>179,537,416</b>

## Statement of Changes in Equity for the Year Ended 30 June 2006

	Accumulated Fund (Ksh)	Revenue Reserve (Ksh)	Total (Ksh)
<b>At 1 July 2005</b>	-	-	-
Surplus for the year	127,067,121	176,164,063	303,231,184
<b>At 30 June 2006</b>	<b>127,067,121</b>	<b>176,164,063</b>	<b>303,231,184</b>
As at 1 July 2005	127,067,121	176,164,063	303,231,184
Refund of Surplus (FY 2004/5) to the Treasury		(170,451,000)	(170,451,000)
Surplus for the year	-	204,975,303	204,975,303
<b>At 30 June 2006</b>	<b>127,067,121</b>	<b>210,688,365</b>	<b>337,755,486</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### 1. Summary of Significant Accounting Policies

#### (i) Basis of preparation and form of presentation

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

These financial statements have been prepared on a historical cost basis as modified by the inclusion of certain assets at valuation.

#### (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

#### (iii) Turnover

The turnover 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) Motor vehicles and equipment

Motor vehicles and equipment are stated at cost or valuation, less accumulated depreciation. The Commissions motor vehicles were re-valued in 2005 by M/s. Mechanical Department of the Ministry of Roads and Public Works. The equipment inherited by the now defunct Kenya Anti-Corruption Authority and Anti-Corruption Police Unit under the Office of the President have been carried at book values and where appropriate certain valuation by the Directors have been incorporated. The values derived have been transferred to the Capital Reserve/ Accumulated fund.

#### (v) Depreciation

Depreciation is provided on the cost/valuation of assets on a reducing balance basis at rates designed to write down the assets to their estimated residual values over their estimated useful lives as follows:-

Fixed Assets	Rate per annum (%)
Computers & Software	33.33
Motor vehicles	25.00
Office equipment:	12.50
Plant and Machinery	12.50
Communication/Surveillance Equipment	12.50
Furniture, Fixtures & Fittings	12.50

#### (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 are defined as 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	Plant & Equipment (Ksh)	Surveillance Equipment (Ksh)	Furniture, Fixtures & Fittings (Ksh)	Motor Vehicles (Ksh)	Computers (Ksh)	Total (Ksh)
At 01.07.05	18,770,017	1,786,745	17,957,294	80,574,245	22,818,851	141,907,152
Additions	555,790	4,511,198	8,213,983	-	20,468,870	33,749,841
As at 30.06.06	19,325,807	6,297,943	26,171,277	80,574,245	43,287,721	175,656,993
DEPRECIATION						
At 01.07.05	2,346,252	223,343	2,244,622	20,143,561	7,606,284	32,564,102
Charge for the year	2,122,444	759,325	2,990,827	15,107,671	11,892,623	32,872,890
As at 30.06.06	4,468,696	982,668	5,235,489	35,251,232	19,498,907	65,436,992
Net book value 30.06.06	14,857,111	5,315,275	20,935,788	45,323,013	23,788,814	110,220,001
Net book value 30.06.05	16,423,765	1,563,402	15,712,632	60,430,684	15,212,567	109,343,050

### 3. 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 on when due.

	2006 (Ksh)	2005 (Ksh)
Balance brought forward	35,898,431	-
Additions	114,543,056	35,898,431
Payments	(7,549,874)	-
<b>Total</b>	<b>142,891,613</b>	<b>35,898,431</b>

### 4. Inventories

	2006 (Ksh)	2005 (Ksh)
Consumables	5,824,707	13,993,128
Library books	832,310	209,503
<b>Total</b>	<b>6,657,017</b>	<b>14,203,225</b>

### 5. Receivable and Prepayments

	2006 (Ksh)	2005 (Ksh)
Imprest Debtors	1,581,321	425,280
Deposits	40,756,266	325,600
Prepayments	72,864	-
<b>Total</b>	<b>42,410,452</b>	<b>750,880</b>

### 6. Cash and cash equivalents

	2006 (Ksh)	2005 (Ksh)
Bank balance	197,268,826	178,363,110
Cash on hand	1,219,754	1,174,307
<b>Total</b>	<b>198,488,579</b>	<b>179,537,417</b>

### 7. Trade and other payables

	2006 (Ksh)	2005 (Ksh)
Trade payables	2,857,294	-
Other payables	4,246,149	10,111
<b>Total</b>	<b>7,103,443</b>	<b>10,111</b>

**8. Accrued liabilities and charges**

	2006 (Ksh)	2005 (Ksh)
Accrued expenses	12,617,120	-
Retention fees on contracts	-	292,477
Audit fees	300,000	300,000
<b>Total</b>	<b>12,917,120</b>	<b>592,477</b>

**9. Development Partners/Donor Support**

	2006 (Ksh)	2005 (Ksh)
Reimbursement from UNDP	4,983,198	-
Reimbursement from DPM- PSIP Project	8,561,886	4,019,650
Swiss Embassy	1,135,321	1,182,479
<b>Total</b>	<b>14,680,405</b>	<b>5,202,129</b>

**10. Other Income**

	2006 (Ksh)	2005 (Ksh)
Sale of tender documents	733,320	936,305
Interest Income	953,644	126,658
<b>Total</b>	<b>1,686,964</b>	<b>1,062,963</b>

## 11. EXPENDITURE

	2006 (Ksh)	2005 (Ksh)
<b>Administrative</b>		
Personal emoluments	370,274,440	119,903,993
Gratuity & pension contribution	112,674,740	38,257,758
House allowance	71,496,999	19,236,857
Other personal allowances	83,479,635	32,461,171
Medical Insurance Cover	19,684,372	1,957,336
Staff training	12,656,802	5,605,202
Passage & leave	7,514,814	69,137
Board, committees & conferences	26,228,642	41,279,487
NSSF - Employer contribution	416,200	71,800
	704,426,643	258,842,739
<b>Operating and Maintenance</b>		
Transport Operating expenses	14,962,923	7,570,878
Traveling and Accommodation expenses	10,371,542	6,572,749
External Traveling and Accommodation	21,117,912	3,297,670
Postal and Telegrams	614,756	216,330
Telephone Expenses	5,474,766	3,754,662
Official Entertainment	2,560,615	1,642,954
Workshops and Seminars	6,794,821	3,786,109
Electricity Expenses	3,696,329	3,664,640
Water and Conservancy	159,837	914,244
Gas/fuel Expenses	51,440	32,310
Purchase of consumable stores	8,640,359	1,001,476
Publishing and Printing	5,934,542	4,278,606
Uniforms and Clothes	301,589	12,890
Library Expenses	1,891,690	434,213
Purchase of stationery	3,969,691	2,589,031
Advertising and Publicity	37,206,833	9,659,364
Research Expenses	9,565,859	-
Periodicals	32,590	729,196
Rent and Rates	31,341,775	28,663,180
Contracted Professional Services	870,230	4,274,208
Computer Expenses	1,345,505	2,551,244
Insurance Costs	1,973,297	1,783,862
General Office Expenses	594,911	327,812
Court fees and Professional Legal charges	52,107,418	10,206,167
Security Expenses	23,635,000	14,410,000
Subscriptions	371,620	144,640
Maintenance of Plant, Equipment and Buildings	3,088,126	2,323,237
Audit Fees	300,000	300,000
Bank Charges	781,562	159,511
PSIP Programme	1,234,991	14,393,006
Depreciation Expenses	32,872,890	32,564,102
	283,865,422	162,258,291

## 12. Accumulated Fund and Revenue Reserve

The Accumulated fund represents the capitalization of inventory, property, plant and equipment inherited from defunct Anti-Corruption Police Unit (ACPU), whilst the Revenue Reserve, represents the surplus for the year.

### Accumulated Fund

	2006 (Ksh)	2005 (Ksh)
Accumulated Fund	127,067,121	127,067,121
<b>Total</b>	<b><u>127,067,121</u></b>	<b><u>127,067,121</u></b>

### Revenue Reserve

	2006 (Ksh)	2005 (Ksh)
Balance brought forward	176,164,063	-
Refund of surplus (FY2004/5)	(170,451,000)	-
Surplus for the year	204,975,303	176,164,063
<b>Total</b>	<b><u>210,688,365</u></b>	<b><u>176,164,063</u></b>

## 13. Contingencies

### Contingent liabilities

The Commission has given no guarantees to third parties. In the ordinary course of business, the Commission has been sued in various cases with potential exposure estimated at Ksh 3,075,000.

The Commission is a defendant or co-defendant in various litigations and claims. The outcomes of these litigations and claims is yet to be determined, hence the Commission has not made any provisions in these accounts towards contingent liabilities.

## 14. Commitments

Capital expenditure contracted for at the balance sheet date but not recognized amounts to Ksh 31,219,431

## 15. Comparative

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

## 16. Reporting Currency

These financial statements are presented in Kenya Shillings (Ksh) as the reporting currency.

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