

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

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Allen
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REPORT

OF

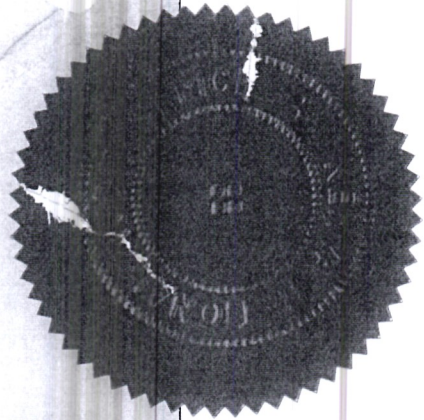
KENYA NATIONAL AUDIT OFFICE

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL CRIME RESEARCH CENTRE**

**FOR THE YEAR ENDED
30 JUNE 2014**



REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

Kenya Land
1st Leader of
May 1st 2013
Allen
Smith
3/3/2013
[Signature]

REPORT

OF

THE AUDITOR-GENERAL

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL CRIME RESEARCH CENTRE FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Crime Research Centre set out on pages 21 to 36, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 8 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.

Management's Responsibility for the Financial Statements

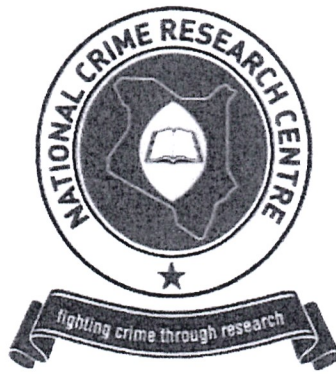
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 7 of the Public Audit Act, 2003 and Section 17 of the National Crime Research Centre Act, Revised 2012.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures



NATIONAL CRIME RESEARCH CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2014

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background Information

The National Crime Research Centre (NCRC) is a state corporation in the State Law Office. The centre was established by an Act of Parliament, the National Crime Research Act Cap 62 Laws of Kenya. Its objective is to carry out research into the causes of crime and its prevention.

(b) Principal Activities

The objectives of NCRC is to carry out research into the causes of crime and its prevention and to disseminate research finding and recommendations to the Government agencies concerned with the administration of crime justice.

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director	John Onyango Oriri
2.	Principal Researcher	Stephen Masango Muteti

(c) Fiduciary Oversight Arrangements

Audit and finance committee activities

The National Crime Research Centre has an operational Audit committee. The Audit Committee of NCRC has a non-executive status and serves in an advisory capacity to the Director whose mandate is;




Internal controls in order to improve efficiency, transparency and accountability; Reviewing audit issues raised by both internal and External Auditors; resolving unsettled and unimplemented Public Accounts and Public Investment Committees (PAC/PIC) recommendations; enhancing communication between management, Internal and External Audit and fostering an effective Internal Audit function.

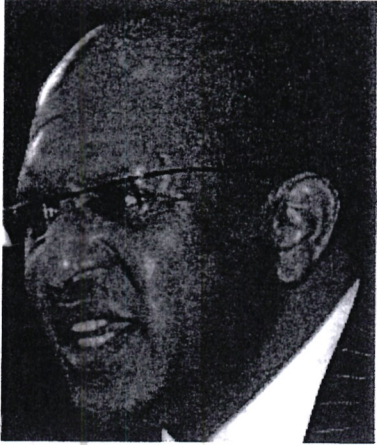


The key duties and responsibilities of the NCRC Audit Committee include:

- Evaluating adequacy of management procedures in regards to issues relating to risk management, control and governance.
- Reviewing and approving the Audit Charter where applicable and the internal audit Annual Work plans.
- Reviewing the Internal and External Audit findings and recommendations and proposing corrective and preventive action where necessary.
- Reviewing the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Director.

- (d) **Entity Headquarters**
NSSF Building
Block A Western Wing
P.O. Box 21180-00100
Nairobi, Kenya
Telephone No. 0202716762
- (e) **Entity Contacts**
NSSF Building
Block A Western Wing
P.O. Box 21180-00100
Nairobi, Kenya
Email: ncrckenya07@gmail.com
Telephone No. 0202716762
- (f) **Entity Bankers**
Kenya Commercial Bank
Milimani Branch
P.O. Box 69696-00400
Nairobi, Kenya
A/C No. 1122479417
- (g) **Independent Auditors**
Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O.Box 30084
GOP 00100
Nairobi, Kenya
- (h) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II. GOVERNING COUNCIL MEMBERS

	NAME	DETAILS
1.	 <p>Prof. Githu Muigai, SC.</p>	<p>Attorney General, Republic of Kenya PhD , University of Nairobi LL.M ,Colombia University LL.B , University of Nairobi</p>
2.	 <p>Justice Philip K. Tunoi</p>	<p>Judge of Supreme Court of Kenya PhD ,University of Nairobi B.A , University of East Africa Dar-es salaam Date of Birth: 1944</p>
3.	 <p>Mr. David M. Kimaiyo</p>	<p>Inspector General of Police Since 2012 Master of Science in Criminology & Criminal Justice Date of Birth: 1st July, 1960</p>

<p>4.</p>  <p>Mr. Keriako Tobiko</p>	<p>Director of Public Prosecutions Masters of Law (LLM) Date of Birth: 12th December, 1964</p>
<p>5.</p>  <p>Mr. Joseph Kanja Kinyua, CBS</p>	<p>Chief of Staff, Public Service Head B.Sc (Econ.), MA (Econ)</p>
<p>6.</p>  <p>Mr. Jerim W. Odhiambo Oloo</p>	<p>Director of Probation & Aftercare BA in Sociology & Political Science Date of Birth: 12th November, 1956</p>

7.



Mr. Mwakio Obadiah Righa

Director Gender and Social Development
Ministry of Gender, Children & Social Dev.
Master of Economics & Social Studies
Date of Birth: 22nd November, 1954

8.



Isaya S. M. Osugo CBS




Commissioner General of Prisons




9.



Dr. Florence Muli-Musiime PhD

Chancellor and Council Chair of Daystar
University.
PhD ,University of Edinburgh
Master of Science, Indiana State University
B.A. Makerere University

<p>10.</p>	 <p>Dr. Beneah M. Mutsotso PhD</p>	<p>Senior Lecturer University of Nairobi PhD in Sociology Date of Birth: 1967</p>
<p>11.</p>	 <p>Dr. Hadijah Matuli Murenga PhD</p>	<p>Lecturer & Consultant, PhD in Sociology Head Department of Peace, Security and Social Studies, Egerton University Date of Birth: 1966</p>
<p>12.</p>	 <p>Dr. Daniel M. Muia PhD</p>	<p>Senior Lecturer PhD in Sociology of Education Chairman, Department of Sociology, Kenyatta University</p>

<p>13.</p>	 <p>Mr. John Kipkoech Chebii</p>	<p>Senior Lecturer & Head of Department Public Law, Moi University Eldoret Master of Law (LL.M) Advocate, High Court of Kenya Date of Birth: 13th April, 1963</p>
<p>14.</p>	 <p>Mr. Elijah Oluoch Asher's</p>	<p>Lecturer and Dean School of Law, Jomo Kenyatta University of Agriculture & Technology Masters of Laws (LL.M) Advocate and Dean Date of Birth: 9th July, 1973</p>
<p>15.</p>	 <p>Mr. Bernard Nyakundi Bwoma</p>	<p>Internal Audit & Risk Manager NGOs Co-ordination Board. Masters Degree in Business Administration (Finance option) Members of (ICPAK) Institute of Certified Public Accountants of Kenya. Date of Birth: 1st January, 1972</p>

16.



Mr. John Oriri Onyango

Director, National Crime Research Centre

Masters of Laws (LLM)

Date of Birth: 1952

III. MANAGEMENT TEAM

Director/Secretary Governing Council	J. Onyango Oriri Director, National Crime Research Centre Masters of Laws (LLM)
Principal Researcher	Stephen M. Muteti Master of Arts, Sociology, Bachelor of Arts, Sociology, Higher diploma HRM.
Accountant 1	Josephine N. Mandere Bachelor of Commerce, Finance Option; Members of (ICPAK) Institute of Certified Public Accountants of Kenya. Certified Public Secretaries (CPS) Finalist.
Human Resource Management officer 1	Ronald T. Ruwa Higher Diploma Human Resources Management(HRM) Diploma in HRM
Internal Auditor 1	James Maina Mwangi Certified Public Accountant (CPA) Part III (Section 5)
Supply Chain Management Officer 11	Mercy Njoroge Advanced Certificate in Supplies
Accountant 1	Benson Okioma Accounts Clerk National Certificate II
Research Officer	Alexander Luchetu Likaka M.A Sociology (Community Dev. & Project Management) B.A (Sociology & Philosophy) Post Graduate Diploma (Criminology & policing) CPA Part II

IV. CHAIRMAN'S STATEMENT

An overview of NCRC's accomplishments during the year and challenges

(a) Accomplishments

Generally, the Centre was able to achieve a **composite score of 2.962** implying a "Very Good" performance based on self evaluation in the 2012/2013 Performance Contract. It is hoped that this score will be endorsed as true in the final evaluation by the Performance Contracting Division. The following were the key specific accomplishments.

1. Finalization of a study on Organized Criminal Gangs in Kenya after its final review by the Governing Council in May, 2013.
2. Finalization of a study on Gender Based Violence in Kenya after its final review by the Governing Council in May, 2013.
3. Undertaking of a study on Election Crimes and Offences in Kenya in the last two quarters of the financial year and whose report is almost complete.
4. Recruitment of substantive staff of the Centre (that is, the Director, two Researchers and one Accountant) and secondment of five other staff.
5. Installation of the second Governing Council (G.C) of the Centre (and formation of various committees the G.C) after the expiry of the term of the first Council.
6. Acquisition of the required infrastructure and key software for the establishment of a Crime Data Base/Bank.
7. Establishment of good working relationship, linkages and collaboration with stakeholders (such as Childline Kenya with whom there is a Memorandum of Understanding (MOU) awaiting signatures by the parties).
8. Acquisition of new office premises at the Bishops Annex building and allocation of additional funding by the Treasury at the close of the Financial Year for partitioning of the premises.

(b) Challenges

NCRC face the following key challenges during the period

1. Understaffing which contributed to implementation of activities at a slow pace not desirable to the Centre. This was mainly evident in the Research and Information Technology related activities.
2. Inadequate funding which contributed to implementation of activities at a lower scale and the non-implementation of other key activities, policies and plans.
3. Delayed disbursement of funds to the parent Ministry and the Centre.
4. High and unmet expectations for crime research information resulting from increasing crime incidences coupled with inadequate resources.
5. Bottlenecks in accessing some information and in interviewing of key government personnel during data collection for research studies.

6. Inadequate publicity of the role of NCRC and hence the inability to attract extra funding from outside the government allocation.

III. Acknowledgements

The following organizations played a key role in the execution of the mandate of the Centre.

1. The Office of the Attorney General and Department of Justice which played a role in securing government resources and for offering guidance and direction in the Performance Contracting exercise.
2. The Treasury for availing resources to the Centre.
3. Institutions in the administration of criminal justice that are represented in the Centre's Governing Council for facilitating collection of crime research data from their field stations.
4. The former Provincial Administration for facilitating researchers during field data collection.
5. Public and private universities and the civil society (NGOs) that agreed to support NCRC in achieving its mandate by sending their representatives to the Governing Council.
6. The Fourth Estate (that is, members of the public) who supported NCRC by providing critical information during research studies.

CHAIRMAN:

Signed.....

PROF. GITHU MUIGAI, SC.

V. REPORT OF THE DIRECTOR

The National crime research Centre (NCRC) is a State Corporation established to carry out research into the causes of crime and its prevention and to disseminate research findings and recommendations to the agencies of government concerned with the administration of criminal justice, with a view to assisting them in their policy formulation and planning. The Corporation falls under the Office of the Attorney General and Department of Justice.

The National Crime Research Centre carried out research into the causes of crime to attain its objects. The researches already conducted by the Centre aimed at addressing the problem of crime in the country and safeguards citizens through a multidimensional strategy that breaks the financial strength of criminal networks, disrupts illicit trafficking networks, defeats transnational criminal organizations fights government corruption strengthens the rule of law, bolsters judicial systems, and improves transparency.

Research findings and recommendations have strengthened the following capabilities of crime prevention in the country:

- a) Tackling corruption and the weak legal and institutional framework.
- b) Boosting border surveillance along all Kenya's border points.
- c) Penalties and criminal sanctions through imposing sufficient punishment
- d) Regional cooperation between Kenya and neighbouring countries to combat cross-border insecurity and crime.
- e) Extradition in the case of transnational crimes by reviewing existing extradition arrangements between Kenya and the relevant foreign nations with a view to enhancing Mutual Legal Assistance in the area of combating crime.
- f) Resources to the police Service (both Human and Technical)
- g) Building an Effective Model for Criminal Investigation through training of Prosecutors and Police in major case management.
- h) Effective prosecution.
- i) Specialized equipment to support law enforcement in serious crime prone areas.
- j) Institutional capacity building for crime prevention through an integrated security system.
- k) Crime intelligence in order to combat crimes in the country
- l) Youth empowerment to stop them from perpetrating crimes.
- m) Hiring of more Police Officers
- n) Rehabilitation of Custodial and Non-custodial offenders to ensure that they do not slip into recidivist behaviour after their release from prisons to join the social.
- o) Strengthening of the crime data-base to enable the Centre and the law enforcement agencies to share the information regarding strategies and measures applied in combating crime.
- p) The "Nyumba Kumi" initiative involving a requirement that people should know at least ten of their neighbours to ensure their own safety.
- q) Reviving Community Policing which involves the participation of the Community in the implementation of safety programmes to enhance security geared towards protection of life and properties of an individual citizen.

- r) Tackling radicalization of youth through involvement of all leaders drawn from religious groups and non-governmental agencies to destroy the network of perpetrators and sympathizers of criminal groups such as *Al-shabaab* especially in Coastal and North-eastern region.

Crime has continued to be a serious problem in the country. Crime prevention approaches must be evidenced-based and anchored on research. However, the government budgetary allocation to the National Crime Research Centre during the year remained low compared to the magnitude of the Centre's mandate and the seriousness of crime. Further, the Centre was seriously understaffed and this negatively affected the smooth implementation of programmes. Development partners who could assist the Centre in its resource base were not forthcoming despite efforts to attract them. This was partly because of the Centre's low publicity and the inability to continuously churn out crime research reports which could interest potential donors.

IV. Concluding Remarks

In order to adequately assist in crime prevention through research approach, the National Crime Research Centre will need to be adequately funded through the exchequer and development partners. To enable the Centre to continue being there to discharge this critical mandate of crime research, more substantive and key staff that are on permanent terms of engagement will need to be recruited guided by the approved organizational structure.

DIRECTOR

Signed.....

J. ORIRI ONYANGO

VI CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process and structure by which companies are directed and controlled and held accountable in order to achieve the mandate of the Centre and the interest of stakeholders.

The Governing Council of National Crime Research Centre (NCRC) is responsible for the governance of the Corporation and is accountable for ensuring that the Corporation complies with the law and the highest standards of business ethics and corporate governance. Accordingly the Council attaches very high importance to the generally accepted corporate governance practice and has embraced the international developed principles and code of best practice of good corporate governance.

Governing Council

The Chairman of the Governing Council is Prof. Githu Muigai, Attorney General.

The roles and functions of the Chairman and the Director are distinct and their respective responsibilities clearly defined.

The Council comprises of sixteen members including the Chairman. The Council defines the Centre's strategies, objectives and values and ensures that procedures and practices are set in place to ensure effective control over strategic, financial, operational and compliance issues. The Council members bring a wealth of experience and knowledge to the Council's deliberations.

Except for direction and guidance on general policy, the Council has delegated authority of its day-to-day business to the Director. The Council nonetheless is responsible for the stewardship of the Corporation and assumes responsibilities for the effective control over the Centre.

The Director advises the Governing Council on all corporate governance matters and statutory requirements as well as attends all Council meetings.

Council Meetings

The Council holds meetings on a quarterly basis while special meetings are called when it is deemed necessary to do so.

Committees of the Governing Council

The Council has set up the following principal committees which meet under well defined terms of reference set by the Council. This is intended to facilitate efficient decision making of the Centre in discharging its duties and responsibilities.

Audit Committee of the Council

The membership of the Audit Committee comprises Mr. Benard Bwoma, Chairman, Mr. Keriako Tobiko, Mr. Righa, Dr. Muli Musiime and Mr. Isaiah Osugo.

The Committee assists the Council to fulfil its corporate governance responsibilities and in particular to:

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The national crime research centre (NCRC) is committed to supporting the community, through working with employees and other stakeholders.

NCRC in collaboration with probation department Limuru (community service orders) planted trees Kinyogori primary school on 27th march 2014 to Promoting environmental protection and conservation through partnerships with stakeholders.

It was a worthwhile experience giving back to the community in undertaking an environmental sustainability activity in accordance with vision 2030.

Staff, stakeholders and students at a tree planting exercise at Kinyogori primary school in Limuru



VIII. REPORT OF THE GOVERNING COUNCIL

The Governing Council submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of the National Crime Research Centre affairs.

Principal activities

The principal activities of the entity to carry out research into the causes of crime and its prevention and to disseminate research finding and recommendations to the Government agencies concerned with the administration of crime justice.

Results

The results of the Centre for the year ended June 30, 2014 are set out on page 17 to 31

Governing Council Members

The members of the Governing Council who served during the year are shown on page 5. All directors are elected as per the National Crime Research Centre Act 1997.

Auditors

The Auditor General is responsible for the statutory audit of the Centre in accordance with the Public Audit Act Part Three Sec.39, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Governing Council


Secretary to the Governing Council
National Crime Research Centre

Date.....

IX. STATEMENT OF GOVERNING COUNCILS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the National Crime Research Act Cap 62 laws of Kenya, requires the Governing Council to prepare financial statements in respect of National Crime Research Centre, which give a true and fair view of the state of affairs at the end of the financial year and the operating results for that year. The Governing Council is also required to ensure that the Centre keeps proper accounting records which disclose with reasonable accuracy the financial position. The Council members are also responsible for safeguarding the assets of the Centre.

The Governing Council members are responsible for the preparation and presentation of the NCRC's financial statements, which give a true and fair view of the state of affairs of as at the end of the financial year ended on June 30, 2014. This responsibility includes: maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; safeguarding the assets of the Centre; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Governing Council accept responsibility for the Centre financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act and the State Corporations Act. The Council is of the opinion that the financial statements give a true and fair view of the state of NCRC's transactions during the financial year ended June 30, 2014, and of the NCRC's financial position as at that date. The Governing Council further confirm the completeness of the accounting records maintained which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The NCRC's financial statements were approved by the Governing Council on _____ 2014 and signed on its behalf by:

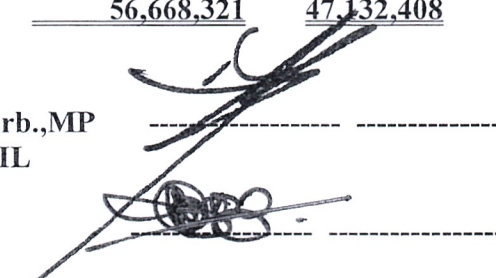
CHAIRMAN

X. REPORT OF THE AUDITOR GENERAL

**XI STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTES	2013/2014	2012/2013
		Kshs	Kshs
INCOME			
REVENUE FROM NON EXCHANGE TRANSACTIONS			
TRANSFERS FROM GOVERNMENT			
RECURRENT	3	77,010,000	72,560,000
DEVELOPMENT	3	19,000,000	14,400,000
REVENUE FROM EXCHANGE TRANSACTIONS			
OTHER INCOMES	-	-	300,000
		-	-
TOTAL INCOME		<u>96,010,000</u>	<u>87,260,000</u>
EXPENSES			
GENERAL EXPENSES	7	42,969,376	28,255,586
COUNCIL EXPENSES	5	4,945,607	4,038,750
DEPRECIATION	2	5,371,168	4,101,713
REPAIRS AND MANTAINANCE	6	871,980	828,707
EMPLOYEE COSTS	4	32,315,956	23,850,974
TOTAL EXPENSES		<u>86,474,087</u>	<u>61,075,730</u>
SURPLUS/ DEFICIT		<u>9,535,913</u>	<u>26,184,270</u>

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

	NOTES	2013/2014	2012/2013
ASSETS			
<u>CURRENT ASSETS</u>			
BANK	8	42,136,174	33,049,531
CASH	8	200,850	67,366
ACCOUNTS RECEIVABLE	9	3,392,575	1,956,726
TOTAL CURRENT ASSETS		45,729,598	35,073,623
<u>NON CURRENT ASSETS</u>			
PROPERTY PLANT AND EQUIPMENT	11	24,364,794	12,290,785
TOTAL ASSETS		70,094,392	47,364,407.64
LIABILITIES			
<u>CURRENT LIABILITIES</u>			
ACCOUNTS PAYABLE	10	13,426,071	232,000
NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		<u>13,426,071</u>	<u>232,000.00</u>
NET ASSETS		<u>56,668,321</u>	<u>47,132,407.64</u>
<u>RESERVES</u>			
ACCUMULATED SURPLUS		47,132,408	20,948,138
SURPLUS/(DEFICIT) FOR THE YEAR		<u>9,535,913</u>	<u>26,184,270</u>
TOTAL		<u>56,668,321</u>	<u>47,132,408</u>
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>HON.PROF. GITHU MUIGAI,FCLArb.,MP CHAIRMAN GOVERNING COUNCIL</p> <p>J.ORIRI ONYANGO DIRECTOR</p> </div> <div style="width: 50%; text-align: center;">  </div> </div>			

**XIII STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30TH JUNE 2014**

	ACCUMULATED SURPLUS 2013-2014 <u>KSHS</u>	ACCUMULATED SURPLUS 2012-2013 <u>KSHS</u>
BALANCE AS AT 30TH JUNE 2012	20,948,138	23,034,264
		(2,086,126)
SURPLUS FOR THE PERIOD SURPLUS AS AT 30TH JUNE 2013	26,184,270 47,132,408	20,948,138
SURPLUS FOR THE PERIOD BALANCE AS AT 30TH JUNE 2014	9,535,913 56,668,321	26,184,270 47,132,408

**XIV STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

	2013/2014	2012/2013
	Kshs	Kshs
Surplus for the year	9,535,913	26,184,270
Adjusted for		
Depreciation	5,371,168	4,101,713
Cash Generated from within changes in working capital	14,907,082	30,285,983
Increase/ Decrease in Debtors	(1,435,848)	(1,709,602)
Increase/ Decrease in Creditors	13,194,040	(6,413,122)
	11,758,193	(8,122,823)
Net Cash Flow Operating Activities	-	0
Cash Flow From Investing Activities		
Purchase of Assets	17,445,147	1,666,800
Net Cash Flow Investing Activities	(17,445,147)	(1,666,800)
Cash Flow From Financing Activities	-	-
Net cash flow from financing Activities	-	-
Increase in Cash and Cash Equivalents	9,220,127	20,496,360
Cash and Cash Equivalent at the beginning	33,116,897	12,620,537
Cash and Cash Equivalent at the End	42,337,024	33,116,897

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	BALANCE B/F	ORIGINAL BUDGET 2013-2014	ORIGINAL BUDGET 2013-2014	ADJUSTMENTS	FINAL BUDGET	ACTUAL ON COMPARABLE BASIS 2013-2014	PERFORMANCE DIFFERENCE
REVENUE							
GOVERNMENT GRANTS							
DEVELOPMENT		19,000,000		-	19,000,000		
RECURRENT		53,010,000		24,000,000	77,010,000		
BALANCE B/F	33,116,926	-					
TOTAL INCOME	33,116,926	72,010,000	105,126,926	24,000,000	129,126,926	129,126,926	129,126,926
EXPENSES							
RECURRENT EXPENSES							
Communication		1,057,661	1,057,661		1,057,661	874,089	183,572
Domestic Travel		3,376,623	3,376,623	2,508,352	5,884,975	5,711,574	173,401
Foreign Travel and subsistence allowance and other Transportation		1,300,000	1,300,000	(1,300,000)	-	-	-
Printing, Advertising, Magazines & Information supplies & services		6,991,919	6,991,919	(2,688,816)	4,303,103	3,204,667	1,098,436
Rents Rates & Service charges	2,100,000	8,048,752	10,148,752	(5,686,436)	4,462,316	2,379,346	2,082,970
Training Expenses (Including Capacity Building)		2,910,425	2,910,425		2,910,425	955,493	1,954,932
Hospitality Supplies and services		7,280,000	7,280,000	3,748,200	11,028,200	11,028,200	-
Specialized Material & Services		50,000	50,000		50,000	30,000	20,000
Office & General Supplies & Services.		523,626	523,626	(136,000)	387,626	298,741	88,885
Fuel Oil & Lubr.		1,000,000	1,000,000		1,000,000	754,214	245,786
Other Operating Expenses		816,965	816,965		816,965	992,537	56,428
Routine Maintenance - Vehicles and other Transport Equipment		500,000	500,000	371,980	871,980	871,980	-
Routine Maintenance - /Partitioning	15,000,000	202,220	15,202,220	20,000,000	35,202,220	8,445,964	26,756,256
Crime Mapping	-	-	-	4,000,000	4,000,000	-	4,000,000
Personal emoluments	-	-	-		-		-

Basic Salaries - Permanent Employees	8,110,741	4,836,359	12,947,100	(997,425)	11,949,675	11,949,675	-
Personal Allowances paid as part of salaries		14,115,450	14,115,450	1,504,068	15,619,518	15,162,093	457,425
Research, Feasibility studies, project preparation and Design/project supervision	2,497,910	17,023,200	19,521,110	2,676,077	22,197,187	21,775,475	421,712
			-	-	-		-
other development activities	3,401,200	1,976,800	5,378,000	-	-	-	-
Purchase of Office Furniture & General Equipment.			1,079,400	-	1,079,400	1,079,400	-
Purchase of computers and electronic equipment			1,598,600	-	1,598,600	894,454	704,146
Purchase of Office General Equipment.			1,500,000	-	1,500,000	494,000	1,006,000
Review of the act			1,200,000	-	1,200,000	-	1,200,000
Establish a crime database	2,007,075		2,007,075		2,007,075	120,000	1,887,075
			-		-		-
TOTAL EXPENDITURE	33,116,926	72,010,000	105,126,926	24,000,000	129,126,926	86,789,902	42,337,024
SURPLUS FOR THE PERIOD	-	-	-			42,337,024	86,789,902

XVI: NOTES TO THE FINANCIAL STATEMENTS

The principle accounting policies adopted in the preparation of these financial statements are set out below:

Note No.1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on accrual Basis Financial Reporting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost. The cash flow statement is prepared using the indirect method.

Note No. 2 REVENUE RECOGNITION

a) Revenue from non-exchange transactions

The entity receives Government grants through the ministry of Attorney General and Department of Justice. Revenue is recognized once received.

b) Budget information

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

c) Property, plant and equipment – IPSAS 17

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

Depreciation rates are as below;

The assets are depreciated annually on straight-line basis and charged to the statement of comprehensive income at the rates shown below;

Furniture and Fittings	12.5%
Office Equipments	12.5%
Computers	33%
Motor Vehicles	25%

Full depreciation is charged in the year of acquisition and none in the year of disposal.

d) Provisions – IPSAS 19

Provisions are recognized when the Entity has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate is made of the amount of the obligation.

e) Changes in accounting policies and estimates – IPSAS 3

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

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank.

g) Comparative figures

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

Contingent liabilities

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

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

m) Employee benefits – IPSAS 25

Retirement benefit plans

The Entity provides retirement benefits for its seconded staff and gratuity for the contracted staff. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

n) Related parties – IPSAS 20

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa

o) Significant judgments and sources of estimation uncertainty – IPSAS 1

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

NOTE NO.3 REVENUE FROM NON EXCHANGE TRANSACTIONS

	2013-2014	2012-2013
	<u>Kshs</u>	<u>Kshs</u>
Transfers from Government	96,010,000	87,260,000

NOTE NO.4 Employee costs comprises of

	2013-2014	2012-2013
	<u>Kshs</u>	<u>Kshs</u>
Basic Salaries - Permanent Employees	11,949,675	11,117,881
House Allowance	5,160,000	4,278,200
Entertainment Allowance	1,440,000	1,440,000
Responsibility Allowance	3,000,000	2,280,000
Transport Allowance	531,125	382,000
Government Pension/ NSSF	949,268	463,423
Leave Allowance	1,040,151	180,000
Non-Practice Allowance	480,000	480,000
Other allowances	720,000	720,000
Club Allowance	42,960	346,960
Group medical cover	1,280,328	1,896,520
Extraneous Allowance	168,000	266,000
Gratuity	5,554,449	-
Total	32,315,956	23,850,974

NOTE NO. 7 General Expenses

The following are included in general expenses

	2013-2014	2012-2013
	<u>Kshs</u>	<u>Kshs</u>
Communication	874,089	968,154
Domestic Travel	5,711,574	3,004,148
Foreign Travel and Subsistence allowance	-	877,812
Printing , Advertising, subscriptions	3,204,667	4,562,135
Training expenses	955,493	1,047,770
Specialized Material	30,000	42,600
Office and General Supplies & Services	317,388	396,683
Fuels Oils & Lubricants	754,214	1,097,236
Other Operating Expenses	992,537	860,843
Rentals	2,271,346	229,680
Hospitality Supplies and Services	6,082,593	5,087,856
Research , Feasibility studies	21,775,475	9,959,371
Aligning of the ACT	-	122,000
Total	42,969,376	28,256,288

NOTE NO.8**Cash and cash equivalents**

	2013-2014	2012-2013
	<u>Kshs</u>	<u>Kshs</u>
Cash at Bank	42,136,174	33,049,531
Cash at Hand	<u>200,850</u>	<u>67,366</u>
Total	<u>42,337,024</u>	<u>33,116,897</u>

NOTE NO. 9**Receivables**

	2013-2014	2012-2013
	<u>Kshs</u>	<u>Kshs</u>
Rental Deposits	1,956,726	1,956,726
Gazeti Ltd	47,520	-
Lyoid Masika	108,000	-
Resolution Health	<u>1,280,329</u>	-
Total	<u>3,392,575</u>	<u>1,956,726</u>

NOTE NO. 10**Payables**

	2013-2014	2012-2013
	<u>Kshs</u>	<u>Kshs</u>
Kenao	232,000	232,000
Faim Enterprises	6,709,555	-
Government Pension	930,068	
Gratuity	5,554,448	
Total	<u>13,426,071</u>	<u>232,000</u>

NOTE 11: PRORERTY PLANT & EQUIPMENT

	RATE	12.50%	12.50%	33%	25%	Total
	class	Furniture & Fittings	Equipments	Computers	MOTOR VEHICLES	
Costs 1/7/2012 Balance b/f		2,003,000	1,222,450	5,433,500	12,738,266	21,397,216
Additions for the year 2012/13		33,400	146,000	1,487,400	-	1,666,800
Disposal		-	-	-	-	-
As at 30/06/2013		2,036,400	1,368,450	6,920,900	12,738,266	23,064,016
Costs 1/7/2012 Balance b/f		2,036,400	1,368,450	6,920,900	12,738,266	23,064,016
Additions for the year 2013/14		16,056,693	494,000	894,454	-	17,445,147
Disposal		-	-	-	-	-
As at 30/06/2014		18,093,093	1,862,450	7,815,354	12,738,266	40,509,163
DEPRECIATION						
As at 30/06/2012		467,047	286,512	2,733,393	3,184,567	6,671,518
Depreciation for the year 2012/13		196,169	135,242	1,381,877	2,388,425	4,101,713
Disposal		-	-	-	-	-
AS AT 30.06.13		663,216	421,754	4,115,270	5,572,991	10,773,231
As at 30/06/2013		663,216	421,754	4,115,270	5,572,991	10,773,201
Depreciation for the year 2013/14		2,178,735	180,087	1,221,028	1,791,319	5,371,168
Disposal		-	-	-	-	-
AS AT 31.06.14		2,841,951	601,841	5,336,268	7,364,310	16,144,369
NET BOOK VALUES						
As at 31/06/2014		15,251,142	1,260,609	2,479,086	5,373,956	24,364,794
As at 30/06/2013		1,373,184	946,696	2,805,630	7,165,275	12,290,785

NOTE 12: Amount spent on partitioning of office premises amounting to Kshs 14,977,293 was capitalized and depreciated under class IV.

NOTE 13: Subsequent events – IPSAS 14

There have been subsequent events to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

XVII.

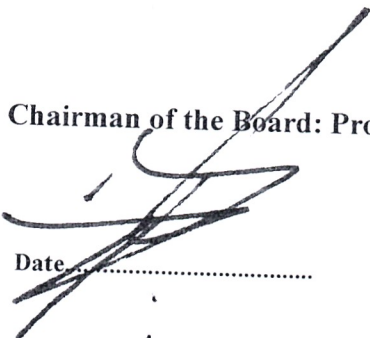
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
1.0	NCRC inherited assets of unknown value from AG&DOG'S office that have not been charged to date	Letter will be done to the office of AG&DOG to surrender the said Assets	Director	Ongoing	By the end of financial year 2014/15


Director : J. Oriri Onyango

Date.....


Chairman of the Board: Prof. Githu Muigai

Date.....