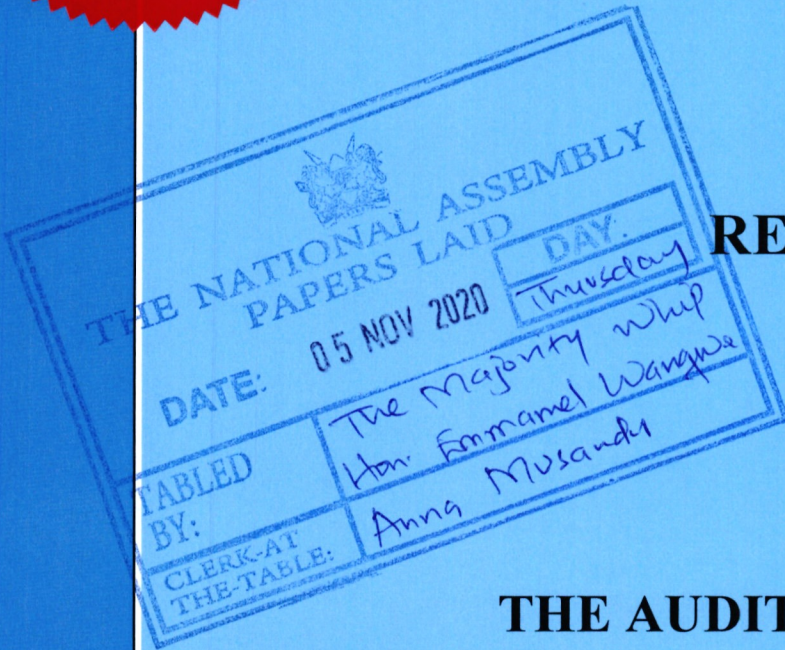
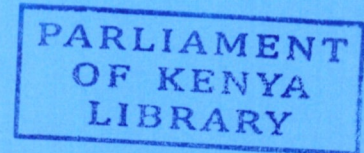


REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**INDEPENDENT POLICING OVERSIGHT  
AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2019**



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**INDEPENDENT POLICING OVERSIGHT AUTHORITY (IPOA)**

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**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019**

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

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**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

**Incorporation/Objectives**

The Independent Policing Oversight Authority (IPOA) was established through Act No. 35 of 2011.

The objectives of the Authority are to:

- a) Hold the Police accountable to the public in the performance of their functions;
- b) Give effect to the provision of Article 244 of the Constitution that the Police shall strive for professionalism and discipline and shall promote and practice transparency and accountability; and
- c) Ensure independent oversight of the handling of complaints by the National Police Service.

**Principal Functions**

The principal functions of the Authority are to:

- a) Investigate any complaints related to disciplinary or criminal offences committed by any member of the National Police Service, whether on its own motion or on receipt of a complaint, and make recommendations to the relevant authorities, including recommendations for prosecution, compensation, internal disciplinary action or any other appropriate relief, and shall make public the response received to these recommendations;
- b) Receive and investigate complaints by members of the Police Service;
- c) Monitor and investigate policing operations affecting members of the public;
- d) Monitor, review and audit investigations and actions taken by the Internal Affairs Unit of the Police Service in response to complaints against the Police and keep a record of all such complaints regardless of where they have been first reported and what action has been taken;
- e) Conduct inspections of Police premises, including detention facilities under the control of the Service;
- f) Co-operate with other institutions on issues of Police oversight, including other State organs in relation to services offered by them;
- g) Review the patterns of Police misconduct and the functioning of the internal disciplinary process;
- h) Present any information it deems appropriate to an inquest conducted by a court of law;
- i) Take all reasonable steps to facilitate access to the Authority's services to the public;
- j) Subject to the Constitution and the laws related to freedom of information, publish findings of its investigations, monitoring, reviews and audits as it seems fit, including by means of the electronic or printed media;
- k) Make recommendations to the Police Service or any State organ;
- l) Report on all its functions under its Act or any written law; and
- m) Perform such other functions as may be necessary for promoting the objectives for which the Authority is established.

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**KEY ENTITY INFORMATION AND MANAGEMENT (continued)**

**b) Board and Senior Management Staff**

**Members of the Board:**



**Mrs Anne Makori**  
**Chairperson**

*Mrs. Anne Makori is the Chairperson of the Independent Policing Oversight Authority Board. She holds a Law Degree (LLB Hons) from the University of Nairobi, a Postgraduate Diploma from the Kenya School of Law, and a Postgraduate Diploma in Human Resource Management and a Masters in Leadership. She is a Certified Public Secretary (C.P.S.) K., a Certified Professional Trainer and a certified professional mediator.*

*Anne has vast experience spanning over 20 years with exposure at both Board and management levels in the government, Media Industry, Finance Sector (Banking), and Legal Practice where she specialized in civil litigation, conveyancing and corporate law. Mrs. Makori has also undertaken Human Resource Consultancy at both local and international level.*

*She is an experienced leader in the areas of Strategy Development and implementation, Company Secretarial, Organizational Review, Performance Management, Culture and Change Management as well as Business Development having previously given oversight and leadership at different levels including serving as a General Manager in charge of Business Development, Legal and Human Resources.*

*Mrs. Makori is a member of Law Society of Kenya (LSK), Institute of Certified Public Secretaries of Kenya (ICPSK) and the Institute of Human Resource Management (IHRM). She is also actively involved in community service in the areas of education, literacy and language development for small and marginalized community groups as well supporting Churches.*



**Dr. Jonathan Lodompui, PhD,**  
**Vice-Chairperson**

*Dr. Lodompui is the Vice Chairperson at IPOA. He holds a PhD in Political Science and Public Administration with a bias in Conflict Transformation, a Master's Degree in International Relations and Diplomacy and a Bachelor's Degree in Public Administration and Political Science biased on Reforms and Transformational Development all from the University of Nairobi. He also holds two Diplomas.*

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*He has management experience in various organizations and in national consultancies in transformative development, peace building, conflict management and security matters. He has presented locally and internationally and contributed in academic journals including; Conflict Analysis and Mapping in Kenya, Impoverishment of the Pastoralists Groups in Kenya, fathers are parents too, the Collapse of the EAC in 1977, the National interest of Tanzania, Samburu Origins, Migrations and Settlement and Internal and external conflict triggers.*

*He is the immediate former Director for the Enablers and Macros Directorate at the Kenya Vision 2030 Delivery Secretariat, which is charged with coordination of the implementation of infrastructure projects. Prior to joining IPOA, he worked with the Military as an Air Force Officer, the Child Fund as a Regional Coordinator, Teachers Service Commission as a Chief Research Officer and a Director at Kenya Vision 2030 Secretariat. He also taught at various universities including the University of Nairobi, Technical University of Kenya, Africa Nazarene University and the United States International University.*



***Dr. Jimmy Mwithi, PhD***  
***Commissioner***

*Jimmy is a holder of Doctor of Philosophy (PhD), Leadership and Governance from the Jomo Kenyatta University of Agriculture and Technology. A holder of a Master's degree in Business Administration (MBA) Strategic Management – Kenya Methodist University (KeMU) and Bachelor of Arts (Hons) Criminology; Egerton University. He is a fellow at the Kenya Institute of Bankers (FKIB); a full Member of the Kenya Institute of Management (MKIM) and a Certified Fraud Examiner (CFE). He has attended to several courses on management, leadership and governance.*

*He has served in various capacities in the Public and Private sector for 29 years and has dealt with strategy/policy formulation, capacity building programs, intelligence collection, investigations and prosecution of criminal & civil cases. He has worked at the Kenya Police Service, Efficiency Monitoring Unit (Office of the President), Kenya Anti-Corruption Commission, Consolidated Bank of Kenya Limited and a University Lecturer. He has published Journals on Leadership & Governance, Strategy formulation and Security.*

*He is a former Chairman of the Association of Certified Fraud Examiners (ACFE) Kenya Chapter and former Chairman of the Kenya Bankers Association (KBA), Security Committee. He chairs the Audit and Risk Committee of the Board.*

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**Ms. Fatuma Mohamud,**  
**Commissioner**

*Fatuma is a Gender and Governance Specialist who holds a Masters and Bachelor's Degree in Gender and Development Studies from the University of Nairobi. She has over 20 years' experience in policy-related development issues, policy formulations, dealing with stakeholders, donor organizations and local communities.*

*She is a trained mediator with experience in fostering peaceful coexistence, conflict management and national cohesion. She founded the Women Centre for Peace and Development, an NGO that empowers marginalized women in peace, security and education through economic and political participation in the Northern Counties of Kenya. She has knowledge of the relevant national and international gender and human rights instruments, convention and legislation.*

*Fatuma was a Commissioner with the National Cohesion and Integration Commission and also served as a part time lecturer at the Egerton University's Institute of Women Gender and Development Studies. She is a member of the National Women Steering Committee which advocates for the implementation of the two-third constitutional gender rule. She also served at the Barclays Bank (K) Ltd. in several capacities. She is the chairperson of the Communication and Outreach Committee of the IPOA Board.*



**Ms. Doreen Muthaura, MBS**  
**Commissioner**

*Ms. Muthaura is an advocate of the High Court of Kenya, an expert in Legislative Drafting, Law Reform, Policy Formulation and evidence based Regulatory Impact Assessment (RIA).*

*She holds a Master's Degree in Law (LLM – Distinction) from the University of London, Law Degree (LLB Hons.) from Moi University, a postgraduate Diploma in Legal Studies from the Kenya School of Law, a Postgraduate Diploma in Legislative Drafting from the Royal Institute of Public Administration (RIPA – International) London, a Postgraduate in Evidence Based Policy Formulation and Translating Policy into Legislation from RIPA International London, Certificate in Effective Governance, Leadership and Integrity from the Griffith University, Queensland Australia.*

*She has served in various capacities in the Public and Private sectors. She was the Vice Chairperson and Commissioner at the Kenya Law Reform Commission, from 2013 to 2018 where she chaired the Committee on Law Reform, Policy Formulation and Legislative Services, spearheaded and drafted the first Legislative Process Guide in Kenya, participated in the drafting of over 60 model laws for County Governments customization and adoption, developed several Government policies and other legal instruments. She is a law lecturer and has trained County Attorneys and other senior Government officers.*

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*She worked for the Commission for the Implementation of the Constitution (CIC) from 2011 where she participated extensively in drafting laws required by the Fourth Schedule to the Constitution. Ms Muthaura was instrumental in drafting the National Police Service Act, National Police Service Commission Act, Independent Policing Oversight Authority Act, Kenya Defence Forces Act, Power of Mercy Act, National Security Council Act, National Intelligence Service Act, amongst others.*

*She is also a Parliamentary Counsel having worked for the Office of the Attorney-General, State Law Office, and Legislative Drafting Department. At the AG Chambers, she drafted several legal instruments, Bills and subsidiary legislation and offered high profile legal and legislative advice to the Government of Kenya.*

*She participated in various taskforces and committees including the Taskforce on the Review of the Mandatory Nature of the Death Penalty in Kenya and has also undertaken law reform and legislative drafting consultancies at both local and international levels. She is a Member of the Law Society of Kenya, the East African Law Society, the Commonwealth Association of Lawyers, the Commonwealth Association of Legislative Counsel (CALC), the Chevening Scholars Alumni, the Federation of Women Lawyers Kenya Chapter FIDA-K and an Australian Award Fellow.*

*She is also actively involved in community service in the areas of human rights, education as well supporting women, churches and other charity organizations. She chairs the Human Development Committee of the IPOA Board.*



***Dr. Walter Owen Ogony,***  
***Commissioner***

*Dr. Ogony, a distinguished medical practitioner, is a former Chief Medical Specialist at the Kenyatta National Hospital and Assistant Director of the Surgical Division. He has served in Public Service for 35 years, including 27 at Kenyatta National Hospital where he rose to the Chief Specialist position.*

*He holds a Master's Degree in Medicine from the University of Nairobi, Postgraduate Diploma from University of London, and Fellowship of the Eastern Africa College of Ophthalmologists. He is a registered and licenced member of the Medical Practitioners and Dentists Board and also a member of the Kenya Medical Association and Ophthalmological Society of Kenya.*

*He is vastly experienced in medical practice having initially worked as a general practitioner, then later as a specialist, medical education and management. He is conversant with matters pertaining to work injury and benefits. Throughout, Dr. Ogony has upheld professional and personal ethics, integrity and honesty. He chaired and also sat as member of several Taskforces and Committees of the Kenyatta National Hospital while in service.*

*He has attended several courses including, Senior Management Course at the Kenya School of Government, Corporate Governance, BIDE Performance Contracting, Industrial Relations at F.K.E and Trustee Development Programme Kenya. He is a past Chair and member of the Board of Governors of Sidindi Secondary School and a past member of the Nairobi Health Management Board. In 2012, His Excellency the President awarded Dr. Ogony the Order of the Grand Warrior (OGW) for his exemplary service to the nation.*

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**Ms. Praxedes Tororey,**  
**Commissioner**

*Ms. Tororey holds a Master's degree in Women's Law from the University of Zimbabwe and pursuing another Masters in Diplomacy and Foreign Policy at Moi University. She also holds a Bachelor of Laws (LLB) from the University of Nairobi, Diploma in International Environmental Law-making and Diplomacy from University of Joensuu, Diploma in Women's Law and a Diploma in Law from the Kenya School of Law and Certificates in Management and Strategic Reform of Electoral Processes, Legal Audits, Legislation Drafting, Mediation, Arbitration, Conflict Management and Dispute Resolution, Strategic Leadership Development Programme and Corporate Governance.*

*Praxedes has twenty-six years of Public Service experience having worked as Magistrate in Narok, Nanyuki, Karatina and Machakos Law Courts. She participated in the development of the Judiciary Bench Book for Magistrates in criminal proceedings and also developed a training manual on application of Human Rights Instruments in Courts by Judicial Officers.*

*She served as an in-house General Counsel with State Corporation and Constitutional Commission in Public Sector Management, Constitutional Development, Administration of Justice, Human Rights, Devolution, Policy and Legislative Drafting, Elections management, Management of Forests and Corporate Governance including development of National Anti-corruption frameworks. She was Director, Legal and Public Affairs at Independent Electoral and Boundaries Commission (IEBC). Among other achievements, she supported the transition of Kenya's electoral management body from ECK, IIEC to the IEBC and developed the Referendum Regulations, 2010 together with the Referendum Media Guidelines of the same year.*

*Ms Tororey also served as the Corporation Secretary and Head of Legal Services at the Kenya Forest Service. At KFS, she helped develop the Board Code of Conduct, Code of Conduct for disciplined officers, four (4) Subsidiary Legislations under the Forest Act and a litigation strategy for the Service. She also trained Forest Officers in prosecutions and oversaw their Gazettement.*

*She is a member of the International Commission of Jurists (Kenya Chapter), Law Society of Kenya, FIDA-Kenya and Kenya Women Judges Association, Associate Member of the Chartered Institute of Arbitrators, Member, Consolata Friends Association (Flora Chapel Branch), Vice Chairperson, One More Day for Children and a life member of the Red Cross Society of Kenya.*

*She has undertaken various leadership responsibilities including; Chairing the Review of Electoral Laws Taskforce and Referendum Technical Committee (IEBC), member to the Taskforce on Review of Legal, Policy and Institutional Framework for fighting Corruption in Kenya, 2015, Secretary, Legal Reforms, Electoral*

*Code of Conduct and Compliance Committee (IEBC), Taskforce Member, National Steering Committee on Devolved Government; Chairperson Court Users Committee, Registrar of Titles, Ministry of Lands, Past Secretary, Jurist of the Year – International Commission of Jurists (ICJ). Ms Tororey is the Chairperson of the Technical Board Committee.*

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**Hon. John Waiganjo,**  
**Commissioner**

*Hon. John Waiganjo is an Advocate of the High Court with a Law Degree from the University of Nairobi and a Postgraduate Diploma in Law from the Kenya School of Law. He was admitted to the Bar in 1996.*

*He represented the Ol Joro Orok Constituency in Parliament between 2013 to 2017 where he was credited for making more than 360 presentations. In Parliament, he was a member of the Departmental Committee on Justice and Legal Affairs where his name is synonymous with the Penal Code (Amendment) Bill and the Criminal Procedure Code (Amendment) Bill which sought to abolish the death penalty. Championing for proper procedures to be followed during drafting and enactment of laws by various State agencies, Hon. Waiganjo supported the Parliamentary Committee on Delegated Legislation's rejection of PSV regulations developed by the National Transport and Safety Authority which had not been tabled in Parliament arguing that it was only Parliament that could make laws.*

*Hon. Waiganjo is also a Co-Convenor of the Kenya Parliamentary Human Rights caucus and a member Law Society of Kenya. He is senior partner at J.M. Waiganjo and Company advocates, an avid sports fan and a black belt in Shoto Kan martial artist. Hon. John Waiganjo is the Chairperson of the Finance and Administration Board Committee.*

**Senior Management Staff:**



**Maina Njoroge**  
**Chief Executive Officer**

*Mr Njoroge holds a Master in Business Administration (MBA) degree in Finance, and a Bachelor of Commerce (Accounting) degree from the University of Nairobi. He has attended the Senior Management Leadership Programme (SMLP) at Strathmore Business School (Strathmore University) and Antai College of Economics and Management (Shanghai Jiao Tong University, China). He has attended several local, regional and international training courses in finance, management and strategic leadership.*

*He is a Certified Public Accountant of Kenya, CPA (K), and a Certified Investment and Financial Analyst. He is member of the Institute of Certified Public Accountants of Kenya (ICPAK), Kenya Institute of Management (KIM), Institute of Certified Investment and Financial Analysts (ICIFA), and Institute of Directors (Kenya).*

*He has vast experience in finance and accounting spanning over 20 years. He has a track record of accomplishment in financial management in both private and public sectors. Additionally, he has substantial experience in human resource, strategic and administrative management, and has special interest in corporate governance and investments. He has experience in managing multi-donor grants and writing funding proposals.*

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*He has previously worked with an auditing firm and as Senior Accountant, Chief Accountant and Finance and Administration Manager with large manufacturing and service industry firms.*

*Before joining IPOA in 2013, Mr Njoroge worked with the Kenya Institute of Public Policy Research and Analysis (KIPPRA) as Finance and Administration Manager and later Finance and Investments Manager for seven years where he managed a large portfolio of donor funds, including grants from USAID, EU, ACBF, IDRC/TTI, and Brookings Institution, and several projects commissioned by local and international organizations. He was IPOA's Director Business Services 2013 to 2018 before being appointed the CEO. He is currently serving as a member of the Audit Committee at the Office of the Director of Public Prosecutions (ODPP).*



**Stephen Wetheo Musau**  
**Director, Inspections, Research and Monitoring**

*Mr Musau holds a Master of Arts in Human Rights and Conflict Management from the School of Advanced Studies (Pisa, Italy) and Bachelors of Arts Degree majoring in Economics and Sociology from Egerton University. He also holds diplomas in International Law and Human Rights (University of Helsinki); Organisation Development and Management (Kenya Institute of Management) and Security in Peacekeeping Missions training at Centre of Excellence for Stability Police Units (CoESPU-Vicenza, Italy). He also holds certificates in Peace Operations from School of Peace Operations (Netherlands); International Investigations; Proposal Writing, Logframe Analysis and Report Writing; Participatory Monitoring, Evaluation and Learning;*

*He worked and has sat on the Boards of several civil society organisations since 1999 in various capacities including being in the Board and most recently in Cambodia with an international non-governmental organisation. He has a wealth of experience in human rights; advocacy and civic engagements and networking. He has a keen interest in monitoring and documentation of human rights issues related to security and law enforcement.*

*Mr Musau's other skills and competencies include facilitation and training on development issues such as change management; Human Rights Based Approaches (HRBA) to programming and development; conflict prevention, management and transformation; and participatory monitoring and evaluation.*



**David Nderitu**  
**Director, Complaints and Legal**

*Mr Nderitu is an advocate of the High Court of Kenya having been called to the bar in 1995. He holds a law degree (LLB) from the University of Nairobi and a post graduate diploma in law from Kenya School of Law. He also holds a Master's degree in political science (MPA) from Eastern Washington University (EWU) (USA),*

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*specializing in public administration. Mr. Nderitu has been in legal practice in Kenya for over 20 years. Before joining IPOA he served as a senior assistant director of public prosecutions at ODPP.*



**Jeremiah Arodi**  
**Director, Investigations**

*Jeremiah holds a Bachelor of Science Degree from Kenyatta University and is currently pursuing Master of Arts in Security Management at Egerton University and Master of Science in Governance, Peace and Security at African Nazarene University. He has extensive experience in Forensics Crime Scene Management and general investigations. Jeremiah served for seven years in the National Police Service in the Directorate of Criminal Investigations. He later joined the EACC where he worked in the Investigations Directorate for six years. Jeremiah has specialised training in Forensic Crime Scene Management by the FBI, Prevention Interdiction and Investigations on acts of Terrorism through the Terrorism Assistance Programme by United States of America Department of Justice. He has also attended FBI training in Crime Scene*



**Eunice Juma,**  
**Director Business Services**

*Eunice Juma's experience spans over fourteen years in finance, project management and human resource management. Prior to joining IPOA she was the Board Secretary to the County Public Service Board of Tana River and a council member of the Murang'a University of Technology for a period of four and a half years and two years respectively. Previously she worked in various positions with ICPSK, National Environment Management Authority, Kenya Red Cross Society and Eldoret Hospital among others. She holds Master of Business Administration (MBA) Finance option, Master of Arts in Project Planning & Management both from the University of Nairobi and a Bachelor of Commerce degree (Accounting option) from the Catholic University of Eastern Africa. She is also a Certified Public Accountant of Kenya (CPAK) and a Certified Secretary (CS). She has undertaken training in corporate governance and performance management.*

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**c) Fiduciary Management:**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

	<b>Name</b>	<b>Designation</b>
1	Maina Njoroge	Chief Executive Officer/Board Secretary
2	Eunice Juma	Director Business Services
3	Stephen Musau	Director, Inspections, Research and Monitoring
4	Jeremiah Arodi	Director, Investigations
5	David Nderitu	Director, Complaints & Legal Services
6	Agatha Chepkoech	Chief Accountant

**d) Fiduciary Oversight Arrangements**

The Authority has five standing Committees, which meet as required. The Committees have been set up with clear terms of reference to facilitate efficient and effective decision-making in discharging its duties, powers and authorities. The Committees are aligned in accordance with the Authority’s mandate and functions.

The Finance and Administration Committee reviews annual budgets and procurement plans, quarterly and annual financial reports. The Committee also provides oversight on ICT and administration issues within the Authority.

The Technical Services Committee provides oversight over the Authority’s core functions i.e. complaints management, legal services, investigations, inspections, research and monitoring functions.

The Human Resource Committee is responsible for organizational structure, recruitment of staff, development of human resource policy, staff training and development, review of salaries and benefit packages. The Committee also makes recommendations for broad guidelines that promote operational efficiency.

The Communication and Outreach Committee is charged with the Authority’s communication and outreach function and programs.

The Risk & Audit Committee works closely with the internal audit unit and plays a critical role in reviewing financial information and ensuring that the system of internal controls is effectively administered. It considers significant audit findings identified by the Authority’s internal and external auditors. The Committee maintains oversight on internal controls, and makes recommendations on financial information, risk management, policies and audit issues.

**Finance & Administration Committee**

Hon. John Waiganjo (Chair)  
 Fatuma Mohamed  
 Jonathan Lodompui (Co-Convener)

**Technical Services Committee**

Praxedes Tororey (Chair)  
 Dr. Walter Ogony (Co-Convener)  
 Jonathan Lodompui

**Human Resource Committee**

Doreen Muthaura (Chair)  
 Praxedes Tororey  
 Hon. John Muriithi Waiganjo

**Communications & Outreach Committee**

Fatuma Mohamed (Chair)  
 Doreen Muthaura  
 Hon. John Waiganjo

**Audit & Risk Committee**

Dr. Jimmy Mwithi (Chair)  
 Willie Okwacho (National Treasury)

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**d) Headquarters**

**ACK Garden Annex,**  
2<sup>nd</sup>/3<sup>rd</sup> Floor,  
1<sup>st</sup> Ngong Avenue,  
P O Box 23035-00100 GPO,  
**NAIROBI.**

**IPOA Contacts**

Telephone: (+254) 20 4906 000  
E-mail: [info@ipoa.go.ke](mailto:info@ipoa.go.ke)  
Website: [www.ipoa.go.ke](http://www.ipoa.go.ke)

**Regional Offices:**

**Garissa:**

IPOA House, Off Kismayu Road,  
Behind Texas Petrol Station,  
P.O Box 1261-70100, Garissa,  
Tel: 0777 040400.

**E-mail:** [garissa@ipoa.go.ke](mailto:garissa@ipoa.go.ke)

**Mombasa:**

Jubilee Insurance Building (Arcade) along Moi Avenue,  
P.O Box 99758- 80107 Kilindini, Mombasa,  
Tel: 0799 019998.

**E-mail:** [mombasa@ipoa.go.ke](mailto:mombasa@ipoa.go.ke)

**Kisumu:**

Central Square Building, Opposite Barclays Bank,  
P.O Box 3560-40100, Kisumu  
Tel: 0799 862244.

**E-mail:** [kisumu@ipoa.go.ke](mailto:kisumu@ipoa.go.ke)

**Kakamega:**

Daaron Foundation Trust Building, Opposite Nala Community Hospital,  
P.O. Box 1642-50100, Kakamega,  
Telephone: 020 440 3549.

Email: [kakamega@ipoa.go.ke](mailto:kakamega@ipoa.go.ke)

**Nakuru:**

Assumption Centre, Opposite St. Paul University,  
P.O. Box 2400-20100, Nakuru,  
Telephone: 020 440 1076.

Email:333333 [nakuru@ipoa.go.ke](mailto:nakuru@ipoa.go.ke)

**Meru:**

Meru Makutano Road, Union Square,  
P.O. Box 203-60200, Meru,  
Telephone: 020 201 7237.

Email: [meru@ipoa.go.ke](mailto:meru@ipoa.go.ke)

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**Nyeri:**

County Mall, Next to Veterinary Department,  
P.O. Box 30-10100, Nyeri,  
Telephone: 020 200 4664.  
Email: [nyeri@ipoa.go.ke](mailto:nyeri@ipoa.go.ke)

**Eldoret:**

Kerio Valley Development Authority (KVDA) Annex Plaza,  
P.O. Box 109-30100, Eldoret,  
Telephone: 020 440 3548.  
Email: [eldoret@ipoa.go.ke](mailto:eldoret@ipoa.go.ke)

**F) IPOA Bankers**

**Central Bank of Kenya,**  
Haile Selassie Avenue Street,  
P O Box 60000, 00200 City Square,  
Tel: 2860 000,  
**NAIROBI.**

**National Bank of Kenya,**  
Hill Branch,  
NHIF Building,  
**NAIROBI.**

**g) Independent Auditors**

**Auditor General,**  
Kenya National Audit Office (KENAO),  
Anniversary Towers,  
P O Box 49384, 00100 GPO,  
**NAIROBI.**

**h) Principal Legal Adviser**

**The Attorney General,**  
State Law Office,  
Harambee Avenue  
P.O. Box 40112,  
City Square 00200,  
**NAIROBI.**

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**II. FOREWORD BY THE CHAIRPERSON**

On behalf of the Board, the Management and Staff, I am pleased to present the Independent Policing Oversight Authority's Financial Statements for the Financial Year ended 30<sup>th</sup> June 2019. During the period, the Authority received **Kshs. 806,548,849** (93%) from the exchequer out of the **Kshs. 862,711,494** allocations in the recurrent budget estimates. The Authority's budget was revised upwards by Kshs. 45,709,294 from Kshs. 817,002,200 to Kshs. 862,711,494 in the Supplementary Estimates II in May 2019 to cater for personnel emoluments.

The total expenditure during the period amounted to **Kshs. 791,249,198** of which **Kshs. 422,532,981** was on compensation of employees, **Kshs. 316,630,677** on use of goods and services, and **Kshs. 52,085,540** on acquisition of assets. The Authority absorbed 92% of the total budget, as compared to an absorption rate of 85% recorded during the previous financial year 2017/2018.

During the period, the Authority received a total of **3,237** complaints from the public and the police, bringing the total complaints received since the Authority was established in 2012 to **13,618**. The Authority conducted **676** inspections of police facilities, and investigated **728** cases bringing the total to **1,597** and **1,518** respectively since inception.

The Authority has continued to experience a number of challenges in implementation of its mandate key among them being limited resources amid growing number of complain, non-cooperation by key external stakeholders. The Authority will continue to cooperate and complement its many stakeholders to effectively achieve its mandate including ODPP, Judiciary, KNCHR, EACC, CAJ, NPSC, WPA, International Committee of the Red Cross, International Commission of Jurists among others. The Authority also continues to recognize and appreciate the important role development partners played in Police Oversight among them the US Embassy and International Justice Mission.

Looking into the future, the Authority will continue to carry out its work in a transparent, impartial, just and in a fair manner to ensure a professional and disciplined Service through complaints management, investigations, inspections of police facilities and monitoring police operations and making recommendations to the service and other actors for improvement. It will continue to work and cooperate with all its key stakeholders for realization of this objective.



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**Anna Makori**  
**24<sup>th</sup> September 2019**

### **III. STATEMENT OF MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

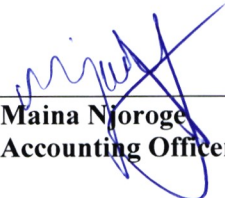
The Accounting Officer in-charge of the Independent Policing Oversight Authority (IPOA) is responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of IPOA entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

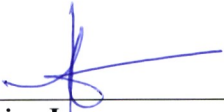
The Accounting Officer in-charge of IPOA accepts responsibility for the Authority's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Authority's financial statements give a true and fair view of the state of IPOA's transactions during the financial year ended June 30, 2019, and of the Authority's financial position as at that date. The Accounting Officer in-charge of the Independent Policing Oversight Authority further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of IPOA confirms that the Authority has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Authority's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the Authority's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

#### **Approval of the financial statements**

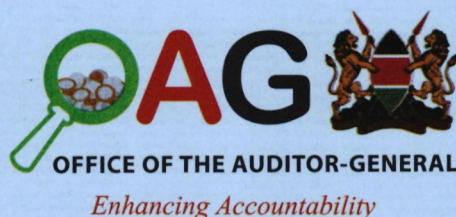
The Authority's financial statements were approved and signed by the Accounting Officer on *24<sup>th</sup> September 2019*.

  
\_\_\_\_\_  
**Maina Njoroge**  
Accounting Officer/CEO

  
\_\_\_\_\_  
**Eunice Juma**  
Director Business Services (ICPAK Member No.8567)

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON INDEPENDENT POLICING OVERSIGHT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2019**

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

#### **Opinion**

I have audited the accompanying financial statements of Independent Policing Oversight Authority set out on pages 18 to 35, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation – recurrent for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Independent Policing Oversight Authority as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Independent Policing Oversight Authority Act No. 35 of 2011.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the ability of Independent Policing Oversight Authority to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Independent Policing Oversight Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**30 September, 2020**

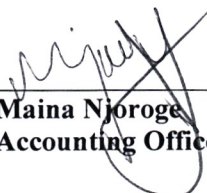
**INDEPENDENT POLICING OVERSIGHT AUTHORITY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

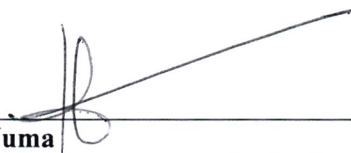
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**V. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2018/2019 Kshs.	2017/2018 Kshs.
<b>RECEIPTS</b>			
Exchequer releases	1	806,548,849	588,314,800
A.I.A (Sale of Tender)	2	5,000	10,000
<b>TOTAL RECEIPTS</b>		<b>806,553,849</b>	<b>588,324,800</b>
<b>PAYMENTS</b>			
Compensation of employees	3	422,532,981	253,343,332
Use of goods and services	4	316,630,677	286,527,509
Acquisition of assets	5	52,085,540	48,434,728
<b>TOTAL PAYMENTS</b>		<b>791,249,198</b>	<b>588,305,569</b>
<b>SURPLUS/(DEFICIT)</b>		<b>15,304,651</b>	<b>19,231</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on *24<sup>th</sup> September 2019* and signed by:

  
 \_\_\_\_\_  
**Maina Njoroge**  
**Accounting Officer/CEO**

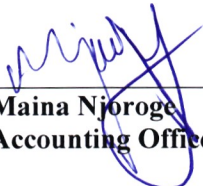
  
 \_\_\_\_\_  
**Eunice Juma**  
**Director Business Services (ICPAK Member No.8567)**


**INDEPENDENT POLICING OVERSIGHT AUTHORITY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

**VI. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2018/2019 Kshs.	2017/2018 Kshs.
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank balances	6	18,934,089	748,726
<b>Total Cash and Cash Equivalents</b>		<b>18,934,089</b>	<b>748,726</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>18,934,089</b>	<b>748,726</b>
<b>LESS: FINANCIAL LIABILITIES</b>			
Accounts payables - deposits	7	3,629,438	729,495
<b>NET FINANCIAL ASSETS</b>		<b>15,304,651</b>	<b>19,231</b>
<b>REPRESENTED BY:</b>			
Fund balance brought forward	8	19,231	654,220
Adjusted for: returns to Exchequer	9	(19,231)	(654,220)
<b>Surplus/(Deficit) for the year</b>		<b>15,304,651</b>	<b>19,231</b>
<b>NET FINANCIAL POSITION</b>		<b>15,304,651</b>	<b>19,231</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on *24<sup>th</sup> September 2019* and signed by:

  
 \_\_\_\_\_  
**Maina Njoroge**  
**Accounting Officer/CEO**

  
 \_\_\_\_\_  
**Eunice Juma**  
**Director Business Services (ICPAK Member No.8567)**

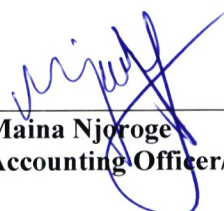
**INDEPENDENT POLICING OVERSIGHT AUTHORITY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**


**VII. STATEMENT OF CASH FLOW**

	Note	2018/2019 Kshs.	2017/2018 Kshs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts for operating income</b>			
Exchequer releases from the National Treasury	1	806,548,849	588,314,800
A.I.A (Sale of Tender)	2	5,000	10,000
<b>Total Receipts for operating income</b>		<b>806,553,849</b>	<b>588,324,800</b>
<b>Payments for operating expenses</b>			
Compensation of employees	3	(422,532,981)	(253,343,332)
Use of goods and services	4	(316,630,677)	(286,527,509)
Adjusted for:			
Changes in receivables			72,800
Returns to Exchequer*		(19,231)	(654,220)
<b>Net cash flow from operating activities</b>		<b>67,370,960</b>	<b>47,872,539</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of assets	5	(52,085,540)	(48,434,728)
<b>Net cash flows from investing activities</b>		<b>(52,085,540)</b>	<b>(48,434,728)</b>
<b>CASH FLOW FROM BORROWING ACTIVITIES</b>			
Domestic currency/domestic deposits (A/cs payable)		2,899,943	(547,931)
<b>Net cash flow from financing activities</b>		<b>2,899,943</b>	<b>(547,931)</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENT</b>		<b>18,185,363</b>	<b>(1,110,120)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>748,726</b>	<b>1,858,846</b>
<b>Cash and cash equivalent at END of the year</b>		<b>18,934,089</b>	<b>748,726</b>

\*An amount of Kshs. 15,304,651.40 being the unutilized funds during the year was returned to the exchequer.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on *24<sup>th</sup> September 2019* and signed by:

  
 Maina Njoroge  
 Accounting Officer/CEO

  
 Eunice Juma  
 Director Business Services (ICPAK Member No.8567)

**INDEPENDENT POLICING OVERSIGHT AUTHORITY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

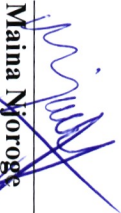
**VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on	Budget Utilization	Utilization
	Kshs	Kshs	Kshs	Comparable Basis Kshs	Difference Kshs	actual Kshs %
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases from the National Treasury	817,002,200	45,709,294	862,711,494	806,548,849	56,162,645	93%
A.I.A-Sale of Tender	-	-	-	5,000	(5,000)	0%
<b>Sub-Total</b>	<b>817,002,200</b>	<b>45,709,294</b>	<b>862,711,494</b>	<b>806,553,849</b>	<b>56,157,645</b>	<b>93%</b>
<b>PAYMENTS</b>						
Compensation of employees	383,200,000	62,318,764	445,518,764	422,532,981	22,985,783	95%
Use of goods and services	331,202,200	(8,436,653)	322,765,547	316,630,677	6,134,870	98%
Acquisition of assets	102,600,000	(8,172,817)	94,427,183	52,085,540	42,341,643	55%
<b>TOTALS</b>	<b>817,002,200</b>	<b>45,709,294</b>	<b>862,711,494</b>	<b>791,249,198</b>	<b>71,462,296</b>	<b>92%</b>

**Notes:**

- (a) The Authority recorded an overall 92% budget absorption during the year.
- (b) Compensation of employees absorbed 95% of the approved budget. This was also due to unavoidable circumstances in replacing vacant positions, and planned recruitment of additional staff.
- (c) On use of goods, the Authority recorded a budget absorption rate of 98%.
- (d) On acquisition of assets, an absorption rate of 55% was recorded. This was mainly due to the office refurbishment budget line earmarked for the regional offices. The sourcing of contractor for office refurbishment took along period than expected thus making it difficult to complete the exercise.

The financial statements were approved on **24<sup>th</sup> September 2019** and signed by:

  
**Maina Mgoroge**  
**Accounting Officer/CEO**

  
**Eunice Juma**  
**Director Business Services (ICPAK Member No.8567)**

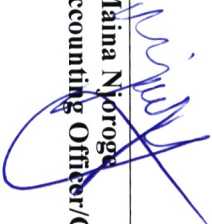
**INDEPENDENT POLICING OVERSIGHT AUTHORITY**  
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**IX. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on	Budget Utilization	Utilization
	Kshs a	Kshs b	Kshs c=a+b	Comparable Basis Kshs d	Difference Kshs e=c-d	actual Kshs f=d/c %
<b>RECEIPTS</b>						
Exchequer releases from the National Treasury	-	-	-	-	-	-
A.I.A-Sale of Tender	-	-	-	-	-	-
<b>Sub-Total</b>	-	-	-	-	-	-
<b>PAYMENTS</b>						
Compensation of employees	-	-	-	-	-	-
Use of goods and services	-	-	-	-	-	-
Acquisition of assets	-	-	-	-	-	-
<b>TOTALS</b>	-	-	-	-	-	-

The Authority did not have a development budget in the reporting period.

The financial statements were approved on **24<sup>th</sup> September 2019** and signed by:

  
**Maina Nyoroga**  
**Accounting Officer/CEO**

  
**Eunice Juma**  
**Director Business Services (ICPAK Member No.8567)**

**INDEPENDENT POLICING OVERSIGHT AUTHORITY**  
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**X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

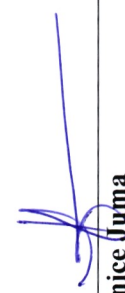
Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
Programme 1: Policing Oversight Services					
Sub-Programme 1: Policing Oversight Services	817,002,200	45,709,294	862,711,494	791,249,198	71,462,296
<b>Total</b>	<b>817,002,200</b>	<b>45,709,294</b>	<b>862,711,494</b>	<b>791,249,198</b>	<b>71,462,296</b>

Notes:

- The Authority has only one Programme; Policing Oversight Services.
- The Authority's original approved budget was Kshs. 817,002,200. However, the budget was revised upwards by Kshs. 45,709,294 to Kshs. 862,711,494 during Supplementary Estimates II. The additional funds were meant to cater for board members' salaries arising out of conversion of their terms of service from part time to full time.
- The total expenditure during the period amounted to Kshs. 791,249,198 and only Kshs. 71,462,296 (8% of the total revised budget) was not utilised. The supplementary budget was approved late making it impossible to recruit employees for replacements and also sourcing of contractor for office partitioning took longer than expected hence the budget utilisation difference.

The financial statements were approved on **24<sup>th</sup> September 2019** and signed by:

  
**Maina Njoroge**  
**Accounting Officer/CEO**

  
**Eunice Juma**  
**Director Business Services (ICPAK Member No.8567)**

## **XI. SIGNIFICANT ACCOUNTING POLICIES**

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

### **1. Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash Basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy notes below. In addition, the financial statements are in compliance with the Public Finance Management Act, 2012, Public Finance Management Act Regulations, 2015, Public Audit Act, 2015, and in line with the requirements of IPOA Act, 2011. This cash basis of accounting has been supplemented with accounting for: a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

#### **a) Reporting Entity**

The financial statements are for the Independent Policing Oversight Authority (IPOA). The financial statements encompass the entity as specified under section 81 of the PFM Act 2012. The Authority did not implement any development projects during the reporting period.

#### **b) Reporting Currency**

The financial statements are presented in Kenya Shillings (Kshs.), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

#### **c) Significant Accounting Policies**

The Accounting policies set out in this section have been consistently applied to all years presented.

##### **i. Recognition of receipts**

The Authority recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Authority.

- **Transfers from the Exchequer:**

Transfers from Exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the Authority.

- **External Assistance**

The Authority does not receive cash grants and loans from development partners.

In case of grants in kind are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

During the year ended 30<sup>th</sup> June 2019, there were no instances of non-compliance with the terms and conditions which have resulted in cancellation of external assistance.

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- **Other receipts:**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements at the time the associated cash is received.

- ii. **Recognition of payments:**

The Authority recognises all expenses when the event occurs and the related cash has actually been paid out by the Authority.

- **Compensation of employees**

Salaries and wages, allowances, statutory contributions for employees are recognized in the period when compensation is paid.

- **Use of goods and services:**

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

- **Interest on Borrowing**

The Authority has no loans.

- **Repayments of Borrowing (Principal Amount)**

The Authority has no loans.

- **Acquisition of fixed assets:**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt as a payment.

A fixed asset register is maintained by the Authority and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

- d) **In-kind contributions**

In-kind contributions are donations that are made to the Authority in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Authority includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

- e) **Third party Payments**

The Authority had no third-party payments in the reporting period.

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**f) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

**Restriction on cash:**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in the deposit bank account are restricted for use in refunding third party deposits. As at 30<sup>th</sup> June 2019, this amounted to Kshs. 3,629,438 compared to Kshs. 729,495 in prior period as indicated on notes 7 and 8.

There are no other restrictions on cash during the year.

**g) Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**h) Accounts Payable**

For the purpose of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

**i) Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Authority at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**j) Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprests and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The Authority's budget was approved by parliament **on June 2018** for the period 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2019 as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

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**k) Comparative figures**

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

**l) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2019.

**m) Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 26 explaining the nature and amounts.

**n) Related Party Transactions**

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

**2. Financial Risk Management Objectives and Policies**

The Authority's activities expose it to a variety of financial risks including liquidity risks. The Authority's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effects of such risks on its performance by setting acceptable level of risks. The Authority has developed an Enterprise Risk Management (ERM) Framework upon which a risk register is maintained and reviewed regularly.

The Board recognizes that management of risk is a key element of sound governance and an important strategy for the achievement of its mission and supporting objectives. The Board further recognizes that risk management is a holistic management process that is to be applied at all levels of activity across the Authority. The Authority is committed to consistent management of risk as an integral part of its operations, focusing on strategies to minimize risks towards achieving strategic goals and objectives.

The Board has the overall responsibility for the establishment and oversight of the enterprise risk management framework. The Board has delegated its risk management to the Risk and Audit Committee. The Committee is responsible for the implementation and reporting of the framework. The Board Finance and Administration Committee is charged with management of financial risks arising from financial transactions and processes.

The following are financial management objectives and policies:

**a) Market risk**

Market risk is the risk that changes in market prices, such as interest rate, equity prices, and foreign exchanges rates will affect IPOA's income or value of its holding financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Authority's market risk is relatively low, based on its nature of business.

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**b) Credit risk**

Credit risk is the risk of financial loss to the Authority if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Authority cash and cash equivalents and deposits with banks, as well as trade and other receivables. Due to the nature of business, the Authority does not have any significant concentrations of credit risk. However, the Authority assesses the credit risk quality of each client, taking into account its financial position, past experience and other critical factors. The Authority's funds received from the Exchequer are usually placed with the Central Bank of Kenya.

**c) Liquidity risk**

Liquidity risk is risk that the Authority will encounter difficulty in meeting its obligations from its financial obligations. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due without incurring unacceptable losses or risk of damaging its reputation. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows, ensuring that Exchequer release requests are made to the National Treasury on timely basis.

**d) Capital risk**

The Authority is not exposed to capital risk as it does not have share capital, being an independent State Agency.

**e) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authorities processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally acceptable standards.

The Authority's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid any control procedures that restrict initiative and creativity in the Authority.

The primary responsibility of the development and implementation of controls to address operational risk is assigned to the Authority's management, with the overall responsibility resting with the Board. This responsibility is supported by the development of overall standards for the management of operational risks in the following areas:

- i. Requirement for appropriate segregation of duties including independent authorization and approval of transactions;
- ii. Requirement for reconciliation and monitoring of transactions;
- iii. Documentation of controls and procedures;
- iv. Staff training and professional development;
- v. Ethical and business standards;
- vi. Compliance with regulatory and other legal requirements;
- vii. Requirement for periodic assessment of operational risks faced by the Authority, and adequacy of controls and procedures to address the risks identified;
- viii. Requirement for the reporting of operational losses and proposed remedial action;
- ix. Development of contingency plans;
- x. Risk mitigation, including insurance where this is effective; and
- xi. Review of compliance with the Authority's standards is on an ongoing basis. The Authority has developed a staff code of conduct, which every employee is required to sign an integrity pact for compliance.

**f) Reputational risk**

Reputation risk is risk of failing to meet standards of performance or behaviour required or expected by the stakeholders in commercial activities or the way in which business is conducted. Reputational risk arises as a poor management of problems occurring in one or more of the primary risk areas and/or from social, ethical or environmental risk issues. All Board members and staff have a critical responsibility for maintaining the Authority's reputation through strict adherence of the highest level of personal and corporate conduct.

**g) Governance risk compliance**

Governance risk is risk that the Authority will not identify, measure, report and appropriately manage risks to achieve governance objectives with integrity and confidence. In order to mitigate governance risk, the Board ensures that it fulfils its regulatory obligations, duties and responsibilities. The Authority has developed and implemented a Board Charter, and has organized training on corporate governance for all the Board members.

**h) Compliance and regulatory risk**

Compliance and regulatory risk include the risk of non-compliance with regulatory requirements. During the period, the Authority complied with all its statutory obligations.

**i) Legal risk**

Legal risk is the risk of unexpected loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or the loss for the Authority, failure to protect the title to or liability control the rights to its assets, and changes in law. The Authority manages legal risk through the Risk and Audit Committee, legal department, use of effective internal controls and seeking legal opinion from the State Law Office.

**1. Taxation**

The Authority is not subject to taxation and, therefore, no provision for tax liability has been made in the financial statements.

**2. Retirement benefit obligations**

The Authority makes contributions to a statutory pension scheme, the National Social Security Fund (NSSF), for all its employees. Contributions to the scheme are determined by statute at Kshs. 200/- per employee per month for the 12-month period ended 30 June 2019. The employees also contribute a similar amount per month. The Authority's obligations to NSSF are charged to the salary costs on monthly basis.

For employees in Job Grades 4-9, the Authority contributes 20% of the employees' monthly basic salary to the staff retirement benefits scheme while the employees contribute 10% of their monthly basic salary. The scheme is managed by Jubilee Insurance Company Ltd.

**3. Staff service gratuity**

IPOA employees in Job Grades 1-3 are employed on a four-year renewable period. They are entitled to service gratuity of 31% of their monthly basic salary. The gratuity is payable whenever an employee's contract comes to an end or whenever an employee leaves employment. No provision is made for future gratuity liability, as the Authority uses the cash basis of accounting.

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**4. Legal status/going concern**

IPOA is a non-profit state agency. It was established through an Act of Parliament No. 35 of 2011. Its existence is thus anchored on this Constitutive Act. There is no legal threat or otherwise to its existence, and therefore continues to execute its mandate and functions as a going concern.

**5. Employees**

As at 30 June 2019, the Authority had a staff compliment of 218.

**6. Use of funds**

The Authority's management ensures that funds received from the Exchequer are utilized with utmost care, and as stipulated in the approved annual estimates. This is done with due attention to economy, efficiency, accountability, and only for the purposes for which the funding was provided.

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**XII. NOTES TO THE FINANCIAL STATEMENTS**

**1. EXCHEQUER RELEASES**

	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Total Exchequer Releases for Quarter 1	230,557,285	98,594,420
Total Exchequer Releases for Quarter 2	172,107,750	107,073,180
Total Exchequer Releases for Quarter 3	167,841,200	139,538,000
Total Exchequer Releases for Quarter 4	236,042,614	243,109,200
<b>Total</b>	<b>806,548,849</b>	<b>588,314,800</b>

**2. APPROPRIATION IN AID**

	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Sale of Tender	5000	10,000
	<b>5,000</b>	<b>10,000</b>

**3. COMPENSATION OF EMPLOYEES**

	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Basic salaries of permanent employees	268,859,347	161,890,673
Basic wages of temporary employees	22,585,652	20,902,370
Personal allowances paid as part of salary	80,033,404	60,512,203
Compulsory National Social Security Schemes	1,026,000	635,200
Compulsory National Health Ins. Schemes	4,076,450	2,537,450
Staff Pension	45,952,128	6,865,436
<b>Total</b>	<b>422,532,981</b>	<b>253,343,332</b>

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**4. USE OF GOODS AND SERVICES**

	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Utilities	494,431	160,694
Specialized materials and supplies	51,000	887,123
Communication, supplies and services	10,776,564	8,417,201
Domestic travel and subsistence	38,477,031	35,390,805
Foreign travel and subsistence	4,729,335	2,133,354
Printing, advertising/inform supplies & services	7,873,930	2,370,796
Rentals of produced assets	69,365,821	44,999,946
Training expenses	7,409,609	4,157,610
Hospitality supplies and services	16,248,344	15,698,343
Board Sitting Allowances	-	14,527,000
Insurance costs	52,184,410	31,380,254
Office and general supplies and services	8,547,447	3,927,120
Other operating expenses	32,741,871	15,025,562
Routine maintenance – motor vehicles	6,298,663	3,871,600
Fuel oil and lubricants	6,998,586	4,978,520
Gratuity	49,836,490	97,054,465
Routine maintenance – other assets	4,597,145	1,547,116
<b>Total</b>	<b>316,630,677</b>	<b>286,527,509</b>

**5. ACQUISITION OF ASSETS**

<b>Non-Financial Assets</b>	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Refurbishment of buildings	30,808,006	1,095,968
Purchase of motor vehicles	10,367,866	37,054,796
Purchase of office furniture/equipment	8,927,545	8,578,520
Purchase of specialized plant/equipment	1,982,123	1,705,444
<b>Total</b>	<b>52,085,540</b>	<b>48,434,728</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. BANK ACCOUNTS**

<b>Name of Bank, Account No. &amp; currency</b>	<b>Amount in Bank account currency</b>	<b>Type of Account</b>	<b>2018/2019</b>	<b>2017/2018</b>
			<b>Kshs.</b>	<b>Kshs.</b>
Central Bank of Kenya, Account No. 1000181559	Kshs.	Recurrent	15,304,651	19,231
Central Bank of Kenya 165, Account No. 1000182717	Kshs.	CBK165	-	-
Central Bank of Kenya, Account No. 1000182393	Kshs.	Deposit	3,629,438	729,495
National Bank of Kenya, Account No. 001094661400	Kshs.	Current	-	-
<b>Total</b>	<b>Kshs.</b>		<b>18,934,089</b>	<b>748,726</b>

During 2014/15 financial year, the Authority, through an approval of the National Treasury, opened a commercial bank account with the National Bank of Kenya (Account No. 01001094661400), Hill Branch, NHIF Building, and Nairobi. The account remained dormant during the period with no cash balance.

**7. ACCOUNTS PAYABLE**

<b>Description</b>	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Retention – office refurbishment	3,099,438	173,623
Deposits-IPOA Staff Welfare	530,000	555,872
<b>Total</b>	<b>3,629,438</b>	<b>729,495</b>

Notes:

The Authority has established a staff welfare. The staff monthly contributions through the payroll are transferred to the Deposit Account awaiting the Welfare to open its bank account.

**8. FUND BALANCE BROUGHT FORWARD**

<b>Description</b>	<b>2018/2019</b>	<b>2017/18</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Bank accounts	748,726	1,858,846
Temporary Imprest	-	72,800
Accounts payables	(729,495)	(1,277,426)
<b>Total</b>	<b>19,231</b>	<b>654,220</b>

**9. PRIOR YEAR ADJUSTMENTS**

<b>Description</b>	<b>2018/2019</b>	<b>2017/18</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Adjustments on bank account balances	(19,231)	(654,220)

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

The prior year adjustments related to fund balances brought forward from the previous period and surrendered back to the Exchequer during the subsequent financial year.

**10. RELATED PARTY DISCLOSURES**

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the Independent Policing Oversight Authority:

- Key management personnel that include the Commissioners, Accounting Officer and directors.

**Related party transactions:**

<i>Description</i>	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Key management salaries (CEO & Directors)	24,115,458	26,070,600
Commissioner's Salaries	53,167,880	-
<b>Total</b>	<b>77,283,338</b>	<b>26,070,600</b>

**11. OTHER IMPORTANT DISCLOSURES**

**11.1 PENDING ACCOUNTS PAYABLE**

<b>Non-Financial Assets</b>	<b>2017/2018</b>	<b>Additions during the period</b>	<b>Paid during the year</b>	<b>Balance C/F FY 2018/19</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Office partitioning project	24,758,725	-	24,758,725	-
Supply of goods	3,817,183	-	3,817,183	-
Supply of services	1,958,260	-	1,958,260	-
<b>Total</b>	<b>30,534,168</b>	<b>-</b>	<b>30,534,168</b>	<b>-</b>

**11.2 PENDING STAFF PAYABLES (Annex 1)**

	<b>2017/2018</b>	<b>Additions during the period</b>	<b>Paid during the year</b>	<b>Balance C/F FY 2018/19</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Middle Management	218,749	30,010	218,749	30,010
Others -Staff payroll deductions	71,793		71,793	-
<b>Total</b>	<b>290,542</b>	<b>30,010</b>	<b>290,542</b>	<b>30,010</b>

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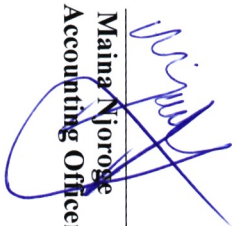
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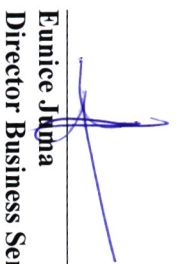
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12. PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS**

The Authority did not have any matter arising from the external audit of the 2017/18 financial year.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe:
-				-	-

  
**Maina Nioroge**  
**Accounting Officer/CEO**

  
**Eunice Juma**  
**Director Business Services (ICPAK Member No.8567)**

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**ANNEX 1 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-date	Outstanding Balance 2019	Outstanding Balance 2018	Comments	Status
Middle Management								
Ambrose Musyoka	5	30,010	30-07-2018	-	30,010	-	July 2018- Outstanding Salary.	Paid on 27 <sup>th</sup> November 2019
<b>Grand -Total</b>		<b>30,010</b>		<b>-</b>	<b>30,010</b>	<b>-</b>		

**Notes:**

The pending bill was caused by lack of proper clearance by the officer and not due to lack of budgetary provisions or exchequer.

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**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost 2017/18 Kshs'000</b>	<b>Additions during the Year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out) during the Year</b>	<b>Historical Cost 2018/19 Kshs'000</b>
Office refurbishment (2 <sup>nd</sup> and 3 <sup>rd</sup> Floors, ACK Garden Annex, 1 <sup>st</sup> Ngong Avenue, Nairobi)	77,547,488	30,808,006	-	-	108,355,494
Motor vehicles	138,961,114	10,367,866	-	-	149,328,980
Office equipment, furniture and fittings	35,011,412	8,927,545	-	-	43,938,957
ICT equipment, software and other ICT assets	9,874,950	1,982,123	-	-	11,857,073
<b>Total</b>	<b>261,394,964</b>	<b>52,085,540</b>	<b>-</b>	<b>-</b>	<b>313,480,504</b>

