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*Paper laid  
By Hon. Kithuo Olelele  
Majority Party Whip  
Wed. 18.11.2015 (pm)*

REPORT

OF

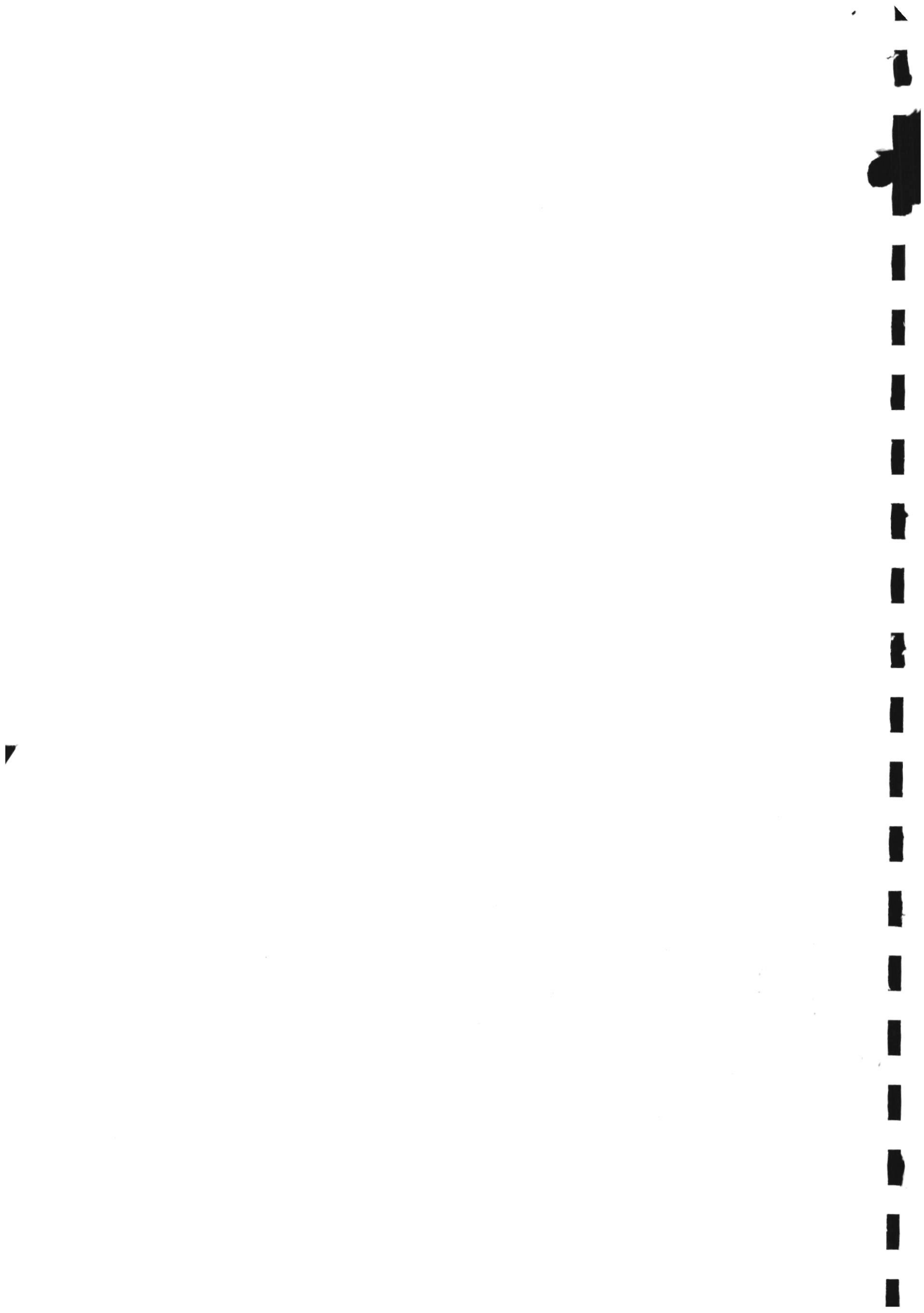
KENYA NATIONAL AUDIT OFFICE

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
WITNESS PROTECTION AGENCY

FOR THE YEAR ENDED  
30 JUNE 2014



# REPUBLIC OF KENYA

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NAIROBI



## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON THE WITNESS PROTECTION AGENCY FOR THE YEAR ENDED 30 JUNE 2014

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Witness Protection Agency set out on pages 24 to 37, which comprise the statement of financial position as at June 30 2014, and the statement of financial performance, statement of changes in net assets and 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 4 of the Public Audit Act, 2003 and Section 3K of the Witness Protection Agency Act, 2009.

#### **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 Act, 2003. The audit was conducted in accordance with International Standards of 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 Agency's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

#### **Witness Expenses**

Included in the general expenses of Kshs.143,008,465.00 for the year under review were witness related expenses which increased by 36% from Kshs.51,620,811.00 in 2012/2013 to Kshs.79,358,109.00 in 2013/2014. However, details of these expenditures were only covered by certificates of confidential expenditure.

Consequently, the propriety of the expenditure of Kshs.79,358,109.00 could not be confirmed as at 30 June 2014.

#### **Qualified Opinion**

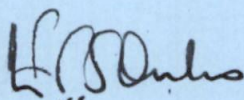
In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Witness Protection Agency as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and the Witness Protection Agency Act, 2009.

#### **Other Matter**

I draw your attention to the following matter:

The audit revealed that the Agency does not have an approved Information Technology (IT) policy for management and control of IT functions and assure on data integrity.

My opinion is not qualified on this matter.



**Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**13 January 2015**



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## WITNESS PROTECTION AGENCY

### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE 2014

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



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## LIST OF ABBREVIATIONS

AG:	Attorney General
ASK:	Agricultural Society of Kenya
CJ:	Chief Justice
CJS:	Criminal Justice Systems
CSN:	Civil Society Network
DCI:	Directorate of Criminal Investigations
EACC:	Ethics and Anti-Corruption Commission
FY:	Financial Year
GOK:	Government of Kenya
ICAP:	International Crime in Africa Programme
IAS:	International Accounting Standard
ISS:	Institute for Security Studies
ICC:	International Criminal Court
ICT:	Information Communication and Technology
ICJ-K:	International Commission of Jurists, Kenya
IEC:	Information, Education and Communication
IJM:	International Justice Mission
IMLU:	Independent Medico-Legal Unit
IWPA:	Israel Witness Protection Authority
KNCHR:	Kenya National Commission on Human Rights
MOU:	Memorandum of Understanding
MTEF:	Medium Term Expenditure Framework
NCLR:	National Council for Law Reporting
NIS:	National Intelligence Service
PEV:	Post Election Violence
SCAC:	State Corporation Advisory Committee
SLO:	State Law Office
SOPs:	Standard Operating Procedures
SRC:	Salaries and Remuneration Commission
TJRC:	Truth Justice and Reconciliation Commission
TOR:	Terms of Reference
OAG:	Office of the Attorney General
ODPP:	Office of the Director of Public Prosecutions
OWP:	Office for Witness Protection
OHCHR:	Office of the High Commissioner for Human Rights
UNHR:	United Nations Human Rights
UNODC:	United Nations Office on Drugs and Crime UNDP
	United Nation Development Programme
UPS:	Uninterrupted Power Supply
WPA:	Witness Protection Agency
WPAB:	Witness Protection Advisory Board
WPP:	Witness Protection Programme



## KEY ENTITY INFORMATION AND MANAGEMENT

### a) Background information

The Agency is a statutory body established under the Witness Protection Act, Cap 79 of the Laws of Kenya, and is domiciled in Kenya.

### b) Principal Activities

The mandate of the Agency, which is derived from Section 3B (1), of the Witness Protection Act Cap 79 Laws of Kenya, is to provide the framework and procedures for giving special protection on behalf of the State, to persons in possession of important information and who are facing potential risk or intimidation due to their cooperation with prosecution and other law enforcement agencies.

### c) Key Management

The entity's day-to-day management is under the following key organs:

- Office of the Chief Executive/Director
- Operations Department
- Corporate affairs Department
- Finance and Accounts Division
- Supply Chain Management Section
- Planning, Research and Policy Division
- Human Resource Development Division
- Administration Division
- Public Relations Unit
- Legal Division
- Information Communication Technology Division
- Field Services (Operations) Division
- Psycho-social Support Services Division
- Investigating and Training Division

### d) Fiduciary Management

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

No.	Designation
1.	Director/Chief Executive
2.	Deputy Director Corporate Affairs
3.	Deputy Director Operations



#### e) Fiduciary Oversight Arrangements

The Agency has various fiduciary oversight arrangements comprising of the advisory board, management committees and other stakeholders as follows:

1. Audit Committee of the Advisory Board
2. Finance and Administration Committee of the Advisory Board
3. Technical Committee of the Advisory Board
4. Departmental Committee on Justice and Legal Affairs
5. Management Committee
6. Budget Implementation Committee
7. Training and Development Committee
8. Tender Committee
9. Procurement Committee
10. Disciplinary Committee
11. Resource Mobilization Committee
12. National Treasury
13. Controller of Budget
14. Auditor General

#### f) Agency Headquarters

Liaison Office  
P.O. Box 28801 – 00100  
Milimani Law Courts 4th Floor, Room 413  
Nairobi, Kenya.

#### g) Agency Contacts

Telephone: (254) (020) 7121337/8, 0770909207,  
Hotline: (254)0711222441, 0725222442  
E-mail: [info@wpa.go.ke](mailto:info@wpa.go.ke)  
Website: [www.wpa.go.ke](http://www.wpa.go.ke)

#### h) Agency Bankers

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
Moi Avenue  
P.O. Box 48400  
GPO 00100  
Nairobi, Kenya



**i) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**j) Principal Legal Adviser**

The Attorney General  
Office of the Attorney General  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

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## THE ADVISORY BOARD

	Name	Designation	Date of Appointment
1.	Hon. Prof. Githu Muigai	Attorney General, and Chairman of the Advisory Board	Appointed on 27th August 2011
2.	Major General Michael Gichangi	Director General, National Intelligence Service	Appointed on 24th June 2010
3.	Mr. Isaiah Osugo	Commissioner General of Prisons	Appointed on 24th June 2010
4.	Mr. Keriako Tobiko	Director of Public Prosecutions	Appointed on 16th June 2011
5.	Ms. Kagwiria Mbogori	Chairperson, Kenya National Commission on Human Rights	Appointed on 16 <sup>th</sup> April 2014
6.	Mr. Henry Rotich	Cabinet Secretary, National Treasury and Member	Appointed on 22nd May 2013
7.	Mr. David Kimaiyo	Inspector General of Police	Appointed from 10th January 2013
8.	Ms. Anne Ngugi	Acting Chairperson, Kenya National Commission on Human Rights	Ceased on 31st December 2013
9.	Alice Ondieki(Mrs.)	Director/Chief Executive ,and Secretary to the Advisory Board	Appointed on 13th January 2012

The Director General, National Intelligence Service Major General Michael Gichangi resigned on 14<sup>th</sup> August 2014 and was replaced by Major General Philip Wachira Kameru. The Inspector of Police Mr. David Kimaiyo also resigned on 2<sup>nd</sup> December 2014.

## MANAGEMENT TEAM

	Designation	Responsibility
1.	Director/Chief Executive and Secretary to the Advisory Board	Director/Chief Executive and Secretary to the Advisory Board, Corporate Affairs Department, Operations Department, Public Relations and Internal Audit.
2.	Deputy Director Corporate Affairs	Finance, Supply Chain Management, Human Resource Development, Administration, Planning and Research, and ICT Divisions.
3.	Deputy Director Operations	Field Services (Operations), Psycho-social Support Services Division, Investigating and Training Division and Legal Divisions.



## CHAIRMAN'S STATEMENT

I am delighted to be part of the activities of the Witness Protection Agency as outlined in this report for the 2013/2014 financial year. It is worth noting that the Agency has gone a long way in ensuring that it operates as professional as possible and within the expectations of its mandate. I am therefore happy with the milestones made by the Agency during the year under review.

The setting up of a Witness Protection Agency was part of a holistic reform programme of Criminal Justice in Kenya. Having a well-functioning Witness Protection Programme is fundamental in the justice system because it guarantee's the successful investigation and prosecution of serious crimes. Threatened and intimidated witnesses are therefore, assured of protection when appearing in court to testify without fear and intimidation from the offenders.

When witnesses fail to testify due to intimidation, the accused persons are acquitted causing the public at large to lose trust in the criminal justice system. This in turn undermines the rule of law, creates an environment where lawlessness, insecurity, and corruption thrive. The role of the Agency is therefore, to address this impunity by providing a specialized security service to the criminal justice sector by securing the evidence needed for proper prosecution of criminal matters.

During the period under review, the Agency gave critical input to the Victims Protection Bill before it went through various legal processes as required by law. I am glad that the National Assembly passed the Bill which was signed into law by His Excellency the President. Passing of the Bill will provide for the establishment of the Victims Protection Trust Fund and a Victims Protection Board to cater for the welfare of people whose rights have been violated.

The Agency, in collaboration with the International Commission of Jurists – Kenya, initiated the process of development of Rules of Court under Section 36(2) of the Witness Protection Act. A draft comprehensive report has been developed with clear recommendations on the development of the Rules of Court. The Rules will be subjected to a consultative stakeholders forum for further input and critique before final adoption.

The government encourages partnerships and collaborative frameworks that help strengthen the justice system in the country. I am glad to note that the Witness Protection Agency has been collaborating with key partners and stakeholders such as the United Nations Office for Drugs and Crime (UNODC) and the Institute of Security Studies (ISS) of South Africa. The two bodies have been very instrumental in technical capacity building and staff training in addition to developing of IEC materials. This technical co-operation saw twelve (12) members of staff attend induction training in South Africa sponsored by the Institute for Security Studies (ISS) and the Office for Witness Protection (OWP).



I wish to laud the tremendous guidance that the Advisory Board provided to the Agency during the period under review. The Board was able to give the necessary advice and support to the Agency in the execution of its mandate. A number of policies developed by the Agency were approved by the Advisory Board in addition to the general oversight of the activities of the Agency.

The Government will continue to provide the necessary support to the Agency. The bottom line is to help the agency sustain an effective and efficient justice mechanism in protecting vulnerable witnesses and providing required services to the general public on matters of witness protection.

  
Prof. Githu Muigai, EGH, SC  
ATTORNEY GENERAL AND  
CHAIRMAN, WITNESS PROTECTION ADVISORY BOARD



## REPORT OF THE CHIEF EXECUTIVE OFFICER

On behalf of the management and staff of Witness Protection Agency (WPA), I am glad to present this third Report of the Agency. The report outlines major milestones we have achieved in the journey to transform WPA into a focused, efficient and effective body during the financial year 2013/2014.

The Agency through its Witness Protection Programme has played a key role in offering security to witnesses who are threatened. This emanates from the expected mandate of providing the framework and procedures for giving special protection, on behalf of the State, to persons in possession of important information. The Agency recognizes that such persons may be facing potential risk or intimidation due to their co-operation with prosecution and other law enforcement agencies and that is why it becomes paramount to provide the necessary protection.

The increasing emergence of complex crimes and public awareness about fundamental rights has compelled the Agency to adopt a reformist approach in the discharge of its mandated functions. It is also critical to note that the operations of the Agency are hinged to Government blueprint documents such as the National Development Agenda Vision 2030 and the Constitution.

During the 2013/2014 period, the Agency witnessed remarkable growth in its operational capacity. A total of **fourteen (14) new staff** were competitively recruited and vetted by the National Intelligence Service (NIS). This greatly improved the human resource capacity and workload output. It was also during this period that the **Witness and Victims Protection Bill** was passed by Parliament and signed into Law by the President.

During the year, the Agency was appropriated **Kshs202,080,999** by Parliament as compared to **Kshs196,523,378** for 2012/2013. The National Treasury however, released **Kshs198,000,000** to the Agency in form of exchequers.

The Agency's expenditure during the period increased to **Kshs 249,764,459** (2013/2014) from **Kshs201,897,633** (2012/2013), an **increase of 24%**. This is an indication of the increased activities and operations of the Agency during the period. The highlights of these expenditures include the increase of witness expenses to **Kshs79,378,935** from **Kshs 51,620,811** in 2012/2013, an increase of **54%**. This is an indication that the operations of the Agency have exponentially increased and hence the need for more funding and human capacity.

During the period under review, the Agency staff increased **from 31 in 2012/2013** to **33 in 2013/2014**. The Agency successfully completed the recruitment process of an extra 14 staff who are expected to report in the next Financial Year 2014/15.

The last twelve months saw the Management and Staff of the Agency make remarkable achievements and contributions to the attainment of the Agency's mandate. In the beginning of the year, the Agency carried out a public sensitization



the print media and TV stations. This greatly improved the image and perception of the Agency which culminated into increased applications and enquiries by the Publics. During the period, the Agency received a total of **over 130 new applications** into the witness protection programme out of which over **62 applications** were processed for admission and **over 68 applications** were closed after appropriate intervention and advice. In total, the Agency had **more than 70 witnesses** under the WPP and **more than 190 related persons**, over 29 witnesses successfully testified under WPP and discharged and resettled over 15 witnesses. The Agency was able to swiftly respond to security situations that required protection of potential witnesses such as the Lamu massacre and the Kwale killing of a young girl by the police.

During the year under review, the Agency initiated **11 new inter-agency cooperation** and collaboration mechanisms in addition to the **29 already existing** with identified stake holders for purposes of furthering the objective and mandate of the Agency. In particular, collaboration and cooperation mechanisms were initiated with National Council on the Administration of Justice, Commission on Administrative Justice, National Police Service, Ethics and Anti-Corruption Commission, Independent Policing Oversight Authority, Kenyatta National Hospital, Judicial Training Institute, Mama Lucy Hospital, Safaricom and Prisons and After Care.

During the 2013/2014 financial year, the Agency participated in 24 awareness campaigns which included; CID Training School, Law Society of Kenya seminar, Office of the Director of Public Prosecutions Annual Convention, Kenya Police Staff Academy, United Nation Convention Against Corruption (UNCAC) Office of Deputy President on Assembly of State Parties, Lectured at Kenya Police Academy and Court Users Committees (CUCs) meetings

During the period under review, the Agency carried out an **independent customer satisfaction baseline survey** and obtained **90%** satisfaction level which was very commendable. A similar **employee satisfaction survey** conducted obtained 82% satisfaction level indicated that employees at WPA were satisfied and happy to work at the Agency. The management at WPA remains committed to creating a conducive working environment for staff and improvement of their welfare.

The Agency commends the Advisory Board for their personal commitment to the mandate of the Agency as demonstrated by their personal participation and timely advisory role as and when required by the Agency. In addition, the Agency has enjoyed and continues to enjoy the support of stakeholders who include The National Treasury, Parliament, development partners, members of the National Council on the Administration of Justice, civil society and Kenyans at large.

The period under review was not without challenges. Lack of adequate funding affected both human and financial ability of the Agency to deliver on its key mandate. However, with the support from our partners particularly UNODC, IWPA, ISS – South Africa, the Agency has received technical support in the operationalization and training of staff on witness protection.

The contribution of the staff of WPA during the year under review was very commendable



since they worked tirelessly with commitment and zeal to ensure that the Agency achieved its objectives. They were able to meet their individual Work Plans and the Performance Targets. The timely production of this Report is testimony to their effectiveness.

Finally, I wish to express my optimism and confidence that we shall be able to steer WPA to greater heights of excellence in the coming year.

Thank You.

Alice Ondieki (Mrs.)  
DIRECTOR/CHIEF EXECUTIVE

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## CORPORATE GOVERNANCE STATEMENT

The Advisory Board and the Management of Kenya's Witness Protection Agency are committed to the highest level of corporate governance by upholding integrity, accountability, professionalism, respect for diversity and operating lawfully within the provisions of the Constitutions, Public Finance Management Act 2012 and other legislations. The advisory Board has set transparent and clear policies, procedures, structures and systems which achieve effective, prudent, and consistent oversight in the management of the Agency's operations. This enhances risk management, internal controls, costs and operational effectiveness in line with the Vision, Mission and Strategic Plan.

### a) Witness Protection Advisory Board Composition

The Witness Protection Advisory Board is established as an unincorporated body under Section 3P of the Witness Protection Act, 2006 and consists of:

- i. the Cabinet Secretary responsible for matters relating to witness protection as chairman;
- ii. the Cabinet Secretary responsible for matters relating to Justice;
- iii. the Cabinet Secretary responsible for matters relating to Finance;
- iv. the Director-General, National Intelligence Service;
- v. the Inspector General of Police;
- vi. the Commissioner General of Prisons;
- vii. the Director of Public Prosecutions; and
- viii. the Chairperson of the Kenya National Commission on Human Rights.
- ix. the Director of the Agency is the Secretary of the Advisory Board.

### b) Advisory Board Committees

The Advisory Board has delegated its authority to the standing Board Committees to enable it effectively carry out its mandate.

The Committees are appointed by the Witness Protection Advisory Board in accordance with the requirement of Section 3 (Q) 2 of the Witness Protection Act.

Each Board Committee has its own Terms of Reference setting forth the purposes, goals and responsibilities of the Committee, procedures for committee member appointment and removal, committee structure, operations and its reporting to the Board. During the period under review, the Board Committee membership continued as constituted by resolution of the Advisory Board on 22<sup>nd</sup> November 2011.



These Committees of the Advisory Board are as follows:

#### (i) Technical Committee

The Committee acts in accordance to Section 3 and 4 of the Witness Protection Act. The Committee further performs such other duties as may be assigned to it from time to time by the Advisory Board.

The delegated role of the Committee is to:

1. To advise on provisions of continued evaluation processes and conduct technical training for all Witness Protection Staff.
2. To advise on the acquisition, distribution, training and usage of fire-arms and ammunitions.
3. To advise on the set up and management of armory.
4. To advise on the purchase of specialized equipment for WPA.
5. To advise on the designs of technical training of protection officers.
6. To advise on the security measures to be put on the specialized equipment, buildings, safe houses and offices.
7. To advise on design of security measures for the Agency and programme.
8. To oversee that Technical Surveillance Methods and Technical Surveillance counter measures are adhered to.
9. To consider such technical matters as may be referred to it by the Advisory Board.
10. To review the Terms of Reference of the Committee on an annual basis and if required make recommendations to Advisory Board.

The Committee meets at least four (4) times a year or at such other times as the Chairman of the Committee shall require.

During the period under review the Members of the Committee were:

1. Inspector General of Police
2. Commissioner General of Prisons
3. Director General, National Intelligence Service
4. Chairperson, Kenya National Commission on Human Rights

#### (ii) Audit Committee

The Committee acts in accordance to Section 3 (K) of the Witness Protection Act. The Committee shall further perform such duties as may be assigned to it from time to time by the Advisory Board.

The delegated role of the Committee is to assist the Board in the oversight of:

1. Developing and implementing measures that will enhance internal controls in order to improve efficiency, transparency and accountability.



2. Review and approval of the Audit Charter where applicable and the internal audit Annual Work plans.
3. Review of audit issues raised by both internal and external auditors.
4. Evaluating adequacy of management procedures with regard to issues relating to risk management, control and governance.
5. Fostering an effective Internal Audit function.
6. Ensuring an efficient and effective control systems are in place.
7. Monitoring of compliance by the Agency with the stipulated financial laws, regulations, instructions, and accounting procedures.
8. Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency.
9. Review of audit findings and recommendations and propose corrective and preventive action where necessary.
10. Consideration of audit matters referred to the committee by the Advisory Board.
11. Reviewing the terms of reference of the Committee in an annual basis and if required make recommendations to Advisory Board.

The Committee meets at least four times a year or at such other times as the Chairman of the Committee shall require.

During the period under review the Members of the Committee were:

1. Chairperson, Kenya National Commission on Human Rights
2. Inspector General of Police
3. Commissioner General of Prisons
4. Director of Public Prosecutions

### **(iii) Finance and Administration Committee**

The Committee shall act under general direction of the Advisory Board, to review financial and administration affairs of the Witness Protection Agency and their implementation to the Advisory Board. The Committee shall further perform such duties as may be assigned to it from time to time by the Advisory Board.

The terms of reference of the Committee are:

1. To oversee, on behalf of the Advisory Board, financial affairs of the Advisory Board including its resources.
2. The Committee shall examine and make recommendations to the Advisory Board on the annual work plan.
3. The Committee shall examine and make recommendations to the Advisory board on the draft budget for the ensuring year and its resources.
4. The committee shall examine the operation on the budget for the current year and advise the Advisory board, as appropriate, on its expenditure trends.
5. To review and make recommendations the Agency's periodical and annual Financial Statements and makes recommendations as necessary.



6. To ensure that the assets of the Agency are prudently managed and properly recorded.
7. To oversee the strategic planning of the Agency's Finances in line with the Agency's strategic plan for both short and long term.
8. To advise and draw to the attention of the Advisory Board in relation to matters or questions which arise in the area of Administration and Finance.
9. In exceptional circumstances, when matters arise over the propriety with which Advisory Board is conducting its business, to bring those matters to the attention of the Audit Committee of the Agency's and/or its legal advisors.
10. To liaise with other committees of Advisory Board as required and where appropriate advise Advisory Board, the Audit Committee and other Committees of the Agency as appropriate.
11. To review risks that may arise and where necessary set out a plan to address, reduce or eliminate these risks where possible.
12. To monitor the managements' strategy toward ensuring efficiency and integrity of the Agency's procurement systems.
13. The committee shall advise the Advisory Board, on staff matters, administrative Matters, staff training, promotions and such other matters as the Advisory Board may refer to it from time to time.
14. To review the Terms of Reference of the Committee on an annual basis and if required make recommendations to Advisory Board.

The Committee meets at least four times a year or at such other times as the Chairman of the Committee shall require.

During the period under review the Members of the Committee were:

1. Cabinet Secretary, National Treasury
2. Director General, National Intelligence Service
3. Director of Public Prosecutions



### c) Advisory Board Attendance

During the Financial Year 2013/2014 eleven (11) Advisory Board Meetings and twenty one (21) Committee Meetings were held. Attendance to meetings by individual Members during the period under review is as indicated in the table below:

<i>Board Member</i>	<i>Main Board Meetings</i>		<i>**Committee Meetings</i>	
	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>
Hon. Prof. Githu Muigai	4	3	N/A	N/A
Major General Michael Gichangi	4	1	None	N/A
Mr. Isaiah Osugo	4	3	None	N/A
Mr. Keriako Tobiko	4	4	1	1
Ms. Kagwiria Mbogori	2	2	None	N/A
Mr. Henry Rotich	4	7	None	N/A
Mr. David Kimaiyo	4	8	1	1
Ms. Anne Ngugi	1	1	1	1

**\*\*In view of limited number of the Advisory Board members (only seven), high level representation at the Advisory Board and no delegated representation, most of the Agenda for the various committees were dealt with at the Main Board Meetings.**

### d) Statement of Compliance

As a State Agency, the Agency's activities and operations are legally guided by the Constitution of Kenya – 2010 and the provisions of the Witness Protection Act – Chapter 79 of the Laws of Kenya and by the principles of good corporate governance, all of which it is committed to. The Advisory Board continues to abide by its Charter, the internal codes of conduct, the Agency's statutory mandate and the Terms of Reference of Board Committees.

The Agency continues to comply with all the statutory requirements relevant to its operation as a body corporate and complies with relevant Government Circulars as issued from time to time.

### e) Board Oversight

The principal function of the Advisory Board is to advise the Agency generally on the exercise of its powers and the performance of its functions under the Act and in particular:

- a. Advise on the formulation of witness protection policies in accordance with the current law and international best practices;
- b. Have general oversight on the administration of the Agency;



- c. Approve the budgetary estimates of the Agency; and
- d. Perform any other functions as may be conferred by the Act or any other law

The Director/ Chief executive of the Agency is responsible for carrying out the policy decisions of the Agency, its day to day administration and management and control of other staff of the Agency.

The Director/Chief Executive ensures that, in conducting its affairs, the Agency is guided by the Laws of Kenya and international best practices which shall include, but not be limited to, the development and implementation of information security measures, technical and administrative competence, and the principles of impartiality, confidentiality, objectivity and integrity and perform other functions as may be assigned by the Board.

The Advisory Board recognises and honours its responsibility to its key stakeholder, the Government of Kenya, by ensuring that it meets its undertaking under the Performance Contract. In this case Board Members are fully aware of their responsibility to discharge their function in good faith, with prudence, diligence and due care. The performance contract for the period ending 30<sup>th</sup> June 2014 was duly executed, monitored and evaluated during the period under review.

#### **f) Board Remuneration**

The Advisory Board is remunerated in accordance with the approved Terms and Conditions of Service prescribed under Government Circular Number OP/CAB.2/12A (9) of 29<sup>th</sup> August 2003.

#### **g) Certification**

During the period under review, the Agency initiated the process of documenting and certifying internal processes by engagement of Kenya Bureau of Standards through a Memorandum of Understanding (MOU) to provide expert advice towards ISO Certification, while acknowledging the covert and confidential nature of the Agency's operations.



## CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Agency is committed to promoting the welfare of the Society despite the covert nature of its operations. Besides ensuring that they provide an enabling environment to the citizens by ensuring the safety of Witnesses and their dependants, the Agency engaged in a tree planting exercise to promote environmental sustainability. The Agency during the period under review participated in the planting of trees at the Nairobi National Park and donating Kes 50,000 towards the maintenance of the same.

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## REPORT OF THE MANAGEMENT

The management presents the report together with the audited financial statements for the year ended 30<sup>th</sup> June 2014, which show the state of affairs of the Agency.

### Principal activities

The mandate of the Agency, which is derived from Section 3B (1), of the Witness Protection Act Cap 79 Laws of Kenya, is to provide the framework and procedures for giving special protection on behalf of the State, to persons in possession of important information and who are facing potential risk or intimidation due to their cooperation with prosecution and other law enforcement agencies.

### Results

The results of the Agency for the year ended June 30, 2014 are set out on page 23.

### Advisory Board Members

The members of the Advisory Board who held office during the year are set out on page 7.

### Auditors

The Auditor of the Agency for the year ended is the Auditor General in line with the Public Audit Act, 2003 and the Witness Protection Act, 2006. The Auditor of the Agency continues to be the Auditor General.

On Behalf of the Agency

Alice Ondieki (Mrs.)  
DIRECTOR/CHIEF EXECUTIVE

Nairobi

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## STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The Witness Protection Act requires the management to cause to be prepared financial statements for each financial year that give a true and fair view of the state of affairs of the Agency as at the end of the financial year and of its operating results for that year. The management is also responsible for keeping proper accounting records, which disclose, with reasonable accuracy, the financial position of the Agency in addition to safeguarding the assets of the Agency.

The management accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), Public Finance Management Act, 2012, Public Sector Accounting Standards Board Guidelines and the requirements of the Public Audit Act, 2003. The Agency is of the opinion that the financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2014, and of its financial position as at that date. The Management further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Management to indicate that it 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 Agency's financial statements were signed on its behalf by the Director/Chief Executive on 19<sup>th</sup> December 2014:

Alice Ondieki (Mrs.)  
DIRECTOR/CHIEF EXECUTIVE



REPORT OF THE AUDITOR GENERAL ON WITNESS  
PROTECTION AGENCY


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## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	16,895,991	60,715,136
Receivables from non-exchange transactions	10	36,471,317	33,369,685
		<u>53,367,308</u>	<u>94,084,821</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	50,641,506	59,878,983
		<u>50,641,506</u>	<u>59,878,983</u>
<b>Total assets</b>		<b>104,008,814</b>	<b>153,963,804</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	12	6,083,999	4,886,795
Deferred income	13	<u>47,283,309</u>	<u>89,198,026</u>
		<u>53,367,308</u>	<u>94,084,821</u>
<b>Total liabilities</b>		<b>53,367,308</b>	<b>94,084,821</b>
<b>Net assets</b>		<b><u>50,641,506</u></b>	<b><u>59,878,983</u></b>
Reserves		32,332,350	32,332,350
Accumulated surplus		18,309,156	27,546,633
<b>Total net assets and liabilities</b>		<b><u>50,641,506</u></b>	<b><u>59,878,983</u></b>

The financial statements on pages 23 to 28 were signed on behalf of the Agency  
by:

  
Alice Ondieki (Mrs.)  
DIRECTOR/CHIEF EXECUTIVE

  
K. A. Tanui  
DEPUTY DIRECTOR

Date...19.12.2014.....

Date...19-12-2014.....



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

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments – gifts and services-in-kind	3	239,914,717	213,365,493
<b>Revenue from exchange transactions</b>			
Other income	4	37,958	195,833
<b>Total revenue</b>		<u>239,952,675</u>	<u>213,561,326</u>
<b>Expenses</b>			
Employee costs	5	80,628,863	65,283,087
Depreciation and amortization expense	6	22,494,648	19,129,089
Repairs and maintenance	7	3,058,176	1,438,745
General expenses	8	143,008,465	116,046,713
<b>Total expenses</b>		<u>249,190,152</u>	<u>201,897,634</u>
<b>Surplus/(Deficit) before tax</b>		<u>(9,237,477)</u>	<u>11,663,692</u>

The deficit is not as a result of loss in operations but due to timing differences (accrual concept) in recognition of Revenue and Expenses and also provision of depreciation on plant, property and equipment.

The notes set out on pages 29 to 37 form an integral part of the Financial Statements.



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

	Contributed Capital Kshs	Accumulated surplus/Deficit Kshs	Total Kshs
Balance as at 30 June 2012	32,332,350	15,882,940	48,215,290
Surplus/(deficit) for the period	-	11,663,693	11,663,693
Transfers to/from accumulated surplus	-	-	-
Balance as at 30 June 2013	32,332,350	27,546,633	59,878,983
Surplus for the period	-	(9,237,477)	(9,237,477)
Transfers to/from accumulated surplus	-	-	-
Balance as at 30 JUNE 2014	<u>32,332,350</u>	<u>18,309,156</u>	<u>50,641,506</u>

**Note:**

The Contributed Capital represents capital transfer of inventory, plant and equipment from the Office of the Attorney General (State Law Office).



## STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>Cash flows from operating activities</b>			
Government grants and subsidies		168,000,000	196,500,000
Other income, rentals and agency fees		37,959	195,833
		<b>168,037,959</b>	<b>196,695,833</b>
<b>Payments</b>			
Compensation of employees		70,015,554	46,138,609
Goods and services		117,593,842	135,510,966
Rent paid		7,919,300	8,303,410
<b>Other payments</b>		<b>3,091,237</b>	<b>7,721,482</b>
		<b>198,599,933</b>	<b>197,674,467</b>
		(30,561,974)	(978,634)
Net cash flows from operating activities	14	(30,561,974)	(978,634)
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(13,257,171)	(29,980,782)
Net cash flows used in investing activities		(13,257,171)	(29,980,782)
<b>Cash flows from financing activities</b>			
Increase in deferred income		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		(43,819,145)	(30,959,416)
Cash and cash equivalents at 1 JULY 2013	9	60,715,136	91,674,551
Cash and cash equivalents at 30 JUNE 2014	9	16,895,991	60,715,136



## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Rollover Budget	Final budget	Actual on comparable basis	Performance difference	Performance difference (%)
	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Percentage
Exchequer release	202,808,999	0	202,808,999	198,000,000	4,808,999	2.43
Deferred grants		40,786,219	40,786,219	41,914,717	-1,128,498	(2.69)
Other Income ( Interest Income/Sale of Tender)				37,958	-37,958	(100.00)
<b>Total income</b>	<b>202,808,999</b>	<b>40,786,219</b>	<b>243,595,218</b>	<b>239,952,675</b>	<b>3,642,543</b>	
<b>Expenses</b>						
Basic salaries-permanent	42,176,300		42,176,300	39,570,960	2,605,340	6.58
Personal Allowance	29,828,655		29,828,655	30,444,593	-615,938	(2.02)
Employer contribution	4,495,045		4,495,045	3,091,237	1,403,808	45.41
Utilities Supplies and Services	700,000		700,000	672,179	27,821	4.14
Communication Supplies and services	2,050,000	2,000,000	4,050,000	2,542,830	1,507,170	59.27
Domestic Travel and Subsistence	1,660,000		1,660,000	1,414,258	245,742	17.38
Foreign Travel and subsistence	3,429,999		3,429,999	3,117,868	312,131	10.01
Printing Advertising and information	1,204,000	700,000	1,904,000	12,881,449	-10,977,449	(85.22)
Rentals of produced good	9,500,000		9,500,000	10,799,300	-1,299,300	(12.03)
Training Expenses	3,500,000	5,000,000	8,500,000	5,515,625	2,984,375	54.11
Hospitality Supplies and services	5,275,000	1,500,000	6,775,000	7,122,288	-347,288	(4.88)
Insurance cost	7,800,000		7,800,000	10,738,511	-2,938,511	(27.36)
Specialized Materials and Supplies	4,000,000		4,000,000	1,005,971	2,994,029	297.63
Office and General Supplies and Services	2,750,000	1,000,000	3,750,000	2,406,561	1,343,439	55.82
Fuel Oil and Lubricants	2,550,000	1,000,000	3,550,000	3,003,998	546,002	18.18
Other Operating Expenses	75,790,000	23,586,219	99,376,219	86,220,942	13,155,277	15.26
Routine maintenance – Vehicles	2,100,000	1,000,000	3,100,000	2,713,775	386,225	14.23
Routine maintenance- Other Assets	500,000		500,000	344,401	155,599	45.18
Government pension and gratuity	3,500,000		3,500,000	2,989,947	510,053	17.06



Purchase of vehicles and Other Transport Equipment		500,000	500,000	3,557,030	-3,057,030	(85.94)
Purchase of computers		3,000,000	3,000,000	6,085,556	-3,085,556	(50.70)
Purchase of Furniture and General Equipment		1,500,000	1,500,000	3,614,585	-2,114,585	(58.50)
<b>Total expenditure</b>	<b>202,808,999</b>	<b>40,786,219</b>	<b>243,595,218</b>	<b>239,853,864</b>	<b>3,741,354</b>	<b>1.56</b>
<b>Surplus for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-98,811</b>	<b>98,811</b>	

The negative variances emanate from the fact that the budget is prepared on cash basis but the accounts are prepared on IPSA's accrual. In the previous Financial Year 2012-13, there were prepayments which have been expensed in their respective sub-votes in the current year ended 30<sup>th</sup> June 2014 but without any cash outflow in the year since they had already been paid for.



## NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of compliance and basis of preparation – IPSAS 1

The Agency's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The expenses are classified by Function approach. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Agency. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on IPSAS accrual basis.

### 2. Summary of significant accounting policies

#### a) Revenue recognition

##### Revenue from non-exchange transactions – IPSAS 23

The revenue constitutes all funds accruing to the Agency in form of releases from Exchequer, Development partners and other income arising from Interest charged on Salary advance if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Agency and can be measured reliably.

#### b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Agency. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Agency differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the 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 Agency 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 is done on straight line basis as per our finance manual and rates applicable are as follows.

	<u>Rate -</u> <u>%</u>
Computers	33.3
Motor vehicles	25.0
Furniture & fittings	12.5
Security Equipments	12.5
Office Equipments	12.5

#### d) Provisions – IPSAS 19

Provisions are recognized when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement. The provision in our statements includes Gratuity due to the directors which are payable at the expiry of the contract.

#### e) Changes in accounting policies and estimates – IPSAS 3

The Agency 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) Employee benefits – IPSAS 25

##### Retirement benefit plans

The Agency and the employees contribute to the WPA Staff Retirement Benefits Scheme, a contributory scheme established in July 2012, and the National Social Security Fund, a national defined contribution scheme. Contributions are determined by local statute and the Agency's contributions are charged to the statement of comprehensive income in the year to which they relate. The staff contributes 7.5% of their basic salary and the employer 15% of the basic salary. Gratuity for staff on contract is accrued in the year earned.



**g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at Kenya Commercial bank at the end of the financial year.

**h) Comparative figures**

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

**i) Significant judgments and sources of estimation uncertainty – IPSAS 1**

The preparation of the Agency'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.

The assumptions made are;

Going concern;The Agency will continue to operate in coming years;

The deferred grants will not be recovered from the Agency;

Exchequer not released at the end of the year is assumed to have been forfeited by the National Treasury and hence not receivable in the subsequent Financial Year.

**j) Subsequent events – IPSAS 14**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014

**k) Taxation**

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



## 3. Transfers from other governments – gifts and services-in-kind

	2014 Shs	2013 Shs
Unconditional grants		
Operational grant- Exchequer Releases	198,000,000	196,500,000
Other	<u>41,914,717</u>	<u>16,865,493</u>
Total government grants and subsidies	<u>239,914,717</u>	<u>213,365,493</u>

## 4. Other Income

	2014 Shs	2013 Shs
Donor Grants	31,314	0
Sale of Tender	0	190,000
Interest on Salary advance	6,644	5,833
Other Income	<u>37,958</u>	<u>195,833</u>

## 5. Employee costs

	2014 Shs	2013 Shs
Employee related costs - salaries and wages	39,570,960	22,666,172
Employee related costs - contributions to pensions	3,091,237	7,721,482
Domestic travel and allowances	1,414,258	5,191,685
Foreign Travel and allowances	3,117,868	3,172,511
Housing benefits and allowances	30,444,593	23,472,436
Directors Gratuity	2,989,947	3,058,800
Employee costs	<u>80,628,863</u>	<u>65,283,087</u>



## 6. Depreciation and amortization expense

	2014 Shs	2013 Shs
Property, plant and equipment	22,494,648	19,129,089
Intangible assets	0	0
<b>Total depreciation and amortization</b>	<b><u>22,494,648</u></b>	<b><u>19,129,089</u></b>

## 7. Repairs and maintenance

	2014 Shs	2013 Shs
Vehicles	2,713,775	1,438,745
Other	344,401	-
<b>Total repairs and maintenance</b>	<b><u>3,058,176</u></b>	<b><u>1,438,745</u></b>

## 8. General expenses

The following are included in general expenses:

	2014 Shs	2013 Shs
Advertising, Printing and communication supplies	12,881,449	4,695,493
Hospitality, Conferences and delegations	5,608,788	9,679,174
Consulting fees	4,720,941	-
Consumables	2,406,561	6,026,907
Electricity	559,115	582,819
Water	113,064	40,893
Fuel and oil	3,003,999	1,791,984
Insurance motor vehicle	2,288,108	2,738,187
Insurance Staff	8,450,403	5,802,807
Rental	10,799,300	5,423,410
Telecommunication	2,542,830	9,958,751
Training	5,515,625	9,343,649
Specialized Materials and supplies	1,005,971	5,698,087
Bank charges and Commission	98,810	87,252
Foreign Exchange Loss	-	16,099



Advisory Board Allowances	1,513,500	1,408,800
Witness Related Expenses	79,358,109	51,620,811
Other	2,141,892	1,131,590
<b>Total general expenses</b>	<b><u>143,008,465</u></b>	<b><u>116,046,713</u></b>

### 9. Cash and cash equivalents

	2014 Shs	2013 Shs
Bank	16,875,165	60,420,479
Cash-on-hand and in transit	20,826	294,657
Short-term deposits	-	-
<b>Total cash and cash equivalents</b>	<b><u>16,895,991</u></b>	<b><u>60,715,136</u></b>

### 10. Receivables from non-exchange Contracts- Current receivables

	2014 Shs	2013 Shs
Staff Debtors	67,650	2,811,765
Prepayments	6,306,167	30,460,420
Rent Deposit	97,500	97,500
Exchequer Releases	30,000,000	-
<b>Total current receivables</b>	<b><u>36,471,317</u></b>	<b><u>33,369,685</u></b>



## 11. Property, plant and equipment

	Motor Vehicles	Furniture and Fittings	Equipments	Computers and CCTV	Security Equipment	Totals
Cost	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2012	43,877,824	9,190,270	6,673,642	3,356,999	-	63,098,735
Additions	6,018,974	5,506,475	12,405,255	2,676,838	3,373,240	29,980,782
Disposals	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-
<b>At 30 June 2013</b>	<b>49,896,798</b>	<b>14,696,745</b>	<b>19,078,897</b>	<b>6,033,837</b>	<b>3,373,240</b>	<b>93,079,517</b>
Additions	3,557,030	241,890	3,372,695	6,085,556	-	13,257,171
Disposals	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-
<b>At 30 June 2014</b>	<b>53,453,828</b>	<b>14,938,635</b>	<b>22,451,592</b>	<b>12,119,393</b>	<b>3,373,240</b>	<b>106,336,688</b>
<b>Depreciation and impairment</b>						
At 1 July 2012	10,969,456	1,148,784	834,205	1,119,000	-	14,071,445
Depreciation	12,474,200	1,837,093	2,384,862	2,011,279	421,655	19,129,089
Impairment	-	-	-	-	-	-
<b>At 30 June 2013</b>	<b>23,443,656</b>	<b>2,985,877</b>	<b>3,219,067</b>	<b>3,130,279</b>	<b>421,655</b>	<b>33,200,534</b>
Depreciation	13,363,457	1,867,329	2,806,449	4,035,758	421,655	22,494,648
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-
<b>At 30 June 2014</b>	<b>36,807,113</b>	<b>4,853,206</b>	<b>6,025,516</b>	<b>7,166,037</b>	<b>843,310</b>	<b>55,695,182</b>
<b>Net book values</b>						
At 30 June 2014	16,646,715	10,085,429	16,426,076	4,953,356	2,529,930	50,641,506
At 30 June 2013	26,453,142	11,710,868	15,859,830	2,903,558	2,951,585	59,878,983



## 12. Trade and other payables from exchange transactions

	2014	2013
	Shs	Shs
Trade payables	0	0
Payments received in advance	0	0
Director's Gratuity	6,048,747	3,058,800
Third-party payments	35,252	1,827,995
<b>Total trade and other payables</b>	<b><u>6,083,999</u></b>	<b><u>4,886,795</u></b>

## 13. Deferred income

	2014	2013
	Shs	Shs
National government	47,283,309	89,198,026
Public contributions and donations	-	-
<b>Total deferred income</b>	<b><u>47,283,309</u></b>	<b><u>89,198,026</u></b>

## 14. Cash generated from operations

	2014	2013
	Shs	Shs
Surplus for the year before tax	( 9,237,477)	11,663,692
Adjusted for:		
Depreciation	22,494,648	19,129,089
Non-cash grants received(Deferred income Recognized)	(41,914,717)	(16,865,493)
<b>Working capital adjustments:</b>		
Increase in receivables	(3,101,632)	(18,305,717)
Increase in payables	1,197,204	3,399,795
<b>Net cash flows from operating activities</b>	<b><u>(30,561,974)</u></b>	<b><u>(978,634)</u></b>

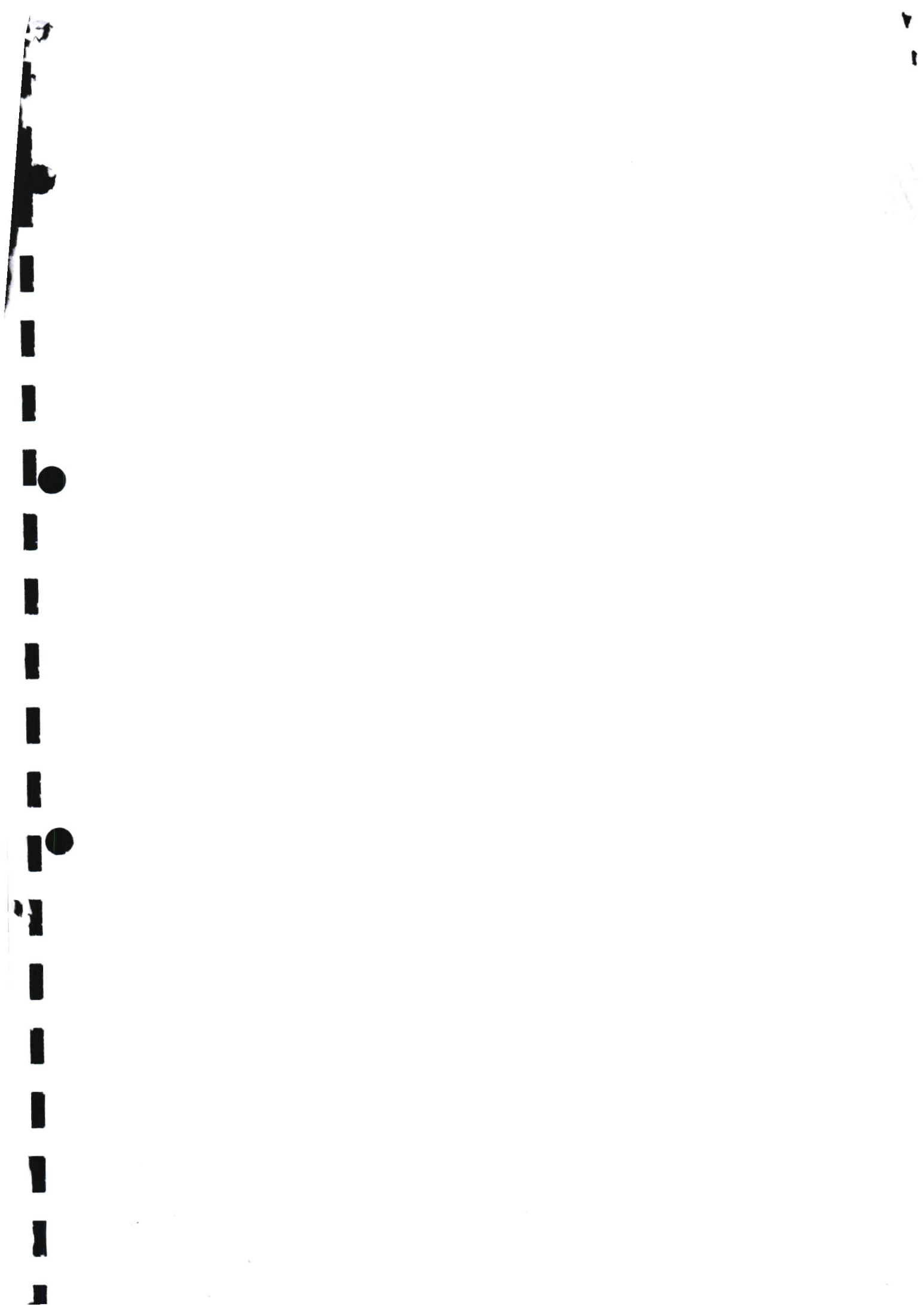


## PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS

There were no audit issues raised by the external auditors for follow up by the management.

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