

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL CRIME RESEARCH CENTRE

FOR THE YEAR ENDED  
30 JUNE 2018



THE NATIONAL ASSEMBLY  
PAPERS LAID  
DATE: 19 JUNE 2019  
Tabled BY: Majority Whip  
Clerk-at the Table: Irene Chebet  
DAY: Thursday

PARLIAMENT  
OF KENYA  
LIBRARY



**NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

---



---

**NATIONAL CRIME RESEARCH CENTRE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE, 2018**

---

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

**National Crime Research Centre  
ACK Garden Annex- Ground Floor  
1<sup>st</sup> Ngong Avenue, Off Bishop's Road  
P.O. BOX 21180-00100  
NAIROBI, KENYA  
Email: [director@crimeresearch.go.ke](mailto:director@crimeresearch.go.ke)  
Website: [www.crimeresearch.go.ke](http://www.crimeresearch.go.ke)**

NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018

---

<b>Table of Contents</b>	<b>Page</b>
KEY ENTITY INFORMATION AND MANAGEMENT .....	1
GOVERNING COUNCIL MEMBERS.....	6
MANAGEMENT TEAM.....	12
CHAIRMAN'S STATEMENT .....	14
REPORT OF THE CHIEF EXECUTIVE OFFICER.....	16
CORPORATE GOVERNANCE STATEMENT .....	18
MANAGEMENT DISCUSSION AND ANALYSIS.....	25
REPORT OF THE DIRECTORS .....	32
STATEMENT OF GOVERNING COUNCIL MEMBERS RESPONSIBILITIES.....	33
REPORT OF THE INDEPENDENT AUDITORS ON THE NATIONAL CRIME RESEARCH CENTRE.....	35
STATEMENT OF FINANCIAL PERFORMANCE .....	37
STATEMENT OF FINANCIAL POSITION .....	38
STATEMENT OF CHANGES IN NET ASSETS.....	39
STATEMENT OF CASH FLOW.....	40
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS .....	41
NOTES TO THE FINANCIAL STATEMENTS .....	43
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS..	55

## KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background Information

The National Crime Research Centre (NCRC) is a State Corporation in the Office of the Attorney General and Department of Justice (AOG & DOJ) State Law Office. The Centre was established by an Act of Parliament, the National Crime Research Act Cap 62 Laws of Kenya. Its objective is to carry out research into the causes of crime and its prevention. Its mandate is to carry out research on crime, crime prevention and to disseminate research findings and recommendations to the Government agencies concerned with the administration of criminal justice and other stakeholders.

The Government has set up the Centre to address the serious threats to development caused by crime both at County and National levels. NCRC recognizes that everyday crimes, serious and organized crimes affect everyone with impacts felt throughout the public and private sectors. Hence crime prevention becomes paramount because it is noticeably the sphere of national security.

### (b) Principal Activities

#### **Vision**

To be a world class crime research institution

#### **Mission**

To provide quality and authentic research into causes of crime, its prevention with a view of achieving a crime free society

#### **Mandate**

The mandate of NCRC as stipulated in the National Crime Research Centre Act (Act No. 4 of 1997 revised in 2012) is to carry out research into the causes of crime and its prevention, undertake study on efficacy and adequacy of policies, procedures and systems in criminal justice, to disseminate research findings, provide crime statistics and

advisory service to National Council for Administration of Justice and recommendations to institutions that the Council may from time to time determine for appropriate action.

### **Strategic Objectives**

**i. To develop a National Crime Year Book on crime trends, roots, consequences and prevention**

This was done through: preparation, development and approval of Concept Notes on thematic crime research areas; conducting data mining; collating and collecting data on the crime research themes; and developing Annual National Crime Year Book.

**ii. To enhance access and management of crime**

This was realized through establishment and management of a crime data repository Unit and systems. It will incorporate: development of the Mobile Application, Geographical Positioning System (GPS) & Geographical Information System; Architectural design and construction of National Crime Data Repository Unit; Design, procure, install Repository infrastructure, Security systems and commissioning; uploading and management of the crime data repository system; provision of secured access system; and maintenance of the system.

**iii. To develop and implement an effective communication strategy to facilitate sharing of crime research information with agencies in the administration of criminal justice, the public and other interested stakeholders**

The realization of this objective involves: designing, validating, printing and launching a communication policy and strategy; disseminating information through mass media platforms, stakeholder fora, crime research issue briefs, policy briefs and publications; strengthening feedback mechanisms; Media advertisements, exhibitions corporate social responsibility and creation and maintenance of an interactive website.

**iv. To enhance human resource capacity that will facilitate crime research work at all levels of Government**

This objective was achieved by way of: undertaking a Training Needs Assessment (TNA); developing and implementing a training programme; identifying, recruiting,

remunerating and retaining staff; developing and implementing staff medical and welfare scheme; facilitating staff attachment and exchange programme; implementing performance management system; carrying out employee satisfaction surveys; undertaking competency development of internal and external human resource to enhance level of professionalism; develop policy guidelines for effective payroll management; development of a framework to manage internships and attachments; review and re-alignment of Centre's functional and organizational structure to emerging crime prevention needs; and decentralization of administrative and operational functions to Counties to build a critical mass in crime research.

v. **To strengthen and promote inter-agency and collaboration at county, national and international levels**

This was done by developing strong and effective collaboration, partnership and networking through establishment of legal and/or policy frameworks. Specifically, the Centre undertook mapping and listing of potential collaborators and partners; and engage collaborators and partners through Memorandum of Understanding and Agreements.

vi. **To develop and implement relevant ICT policies, standards and procedures**

The Centre expanded and maintained ICT infrastructure and security systems. Specific undertakings were: development of relevant ICT policies, standards and procedures; acquisition of modern and secure ICT accessories; acquisition of secured online system for receiving and sending crime data/information; adoption of secure integrated systems for administrative and technical functions of the Centre (e.g, IFMIS, Payroll System, Digitalized Record Management System); development and implementation of a maintenance plan; and undertaking capacity building of staff.

vii. **To develop and implement a Financial Policy and Funding Strategies**

The Centre undertook formulation and implementation of a Resource Mobilization Strategy. Specifically, the Centre will undertake: mapping and identified organisations that can provide funding; consultations with identified funding institutions; participation in the MTEF Budget process; development and submission of funding proposals to

Development Partners; development of a Technical Assistance Framework; generation of Appropriation In Aid (AIA); development and implementation of a Financial Manual; and conduct regular internal audits and annual external audits.

**(c) Key Management**

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

- Governing Council members
- Director/ CEO
- Management, these include staff in charge of key divisions.

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

No.	Responsibility	Name of the Staff
1.	Director/CEO	Mr. Gerard E. Wandera
2.	Principal Research Officer	Mr. Stephen M. Muteti
3.	Principal Research Officer	Mr. Vincent O. Opondo
4.	Finance & Accounts In-charge	CPA. Josephine Mandere
5.	Human Resource In-charge	Mr. John Kipkoros
6.	Supply Chain Management In-charge	Mr. Kennedy Kwambai

**(e) Entity Headquarters**

Bishops Garden Building  
Ground Floor  
P.O. Box 21180-00100  
Nairobi, Kenya  
Telephone No. 0202714735

**(f) Entity Contacts**

ACK Garden Annex - Ground Floor  
1<sup>st</sup> Ngong Avenue, Off Bishop's Road  
P.O. Box 21180-00100  
Nairobi, Kenya  
Telephone No. 0202714735

**(g) Entity Bankers**

Kenya Commercial Bank  
Milimani Branch  
P.O. Box 69696-00400  
Nairobi, Kenya  
A/C No. 1122479417

**(h) Independent Auditors**




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

**(i) Principal Legal Adviser**




The Attorney General  
Office of the Attorney General  
& Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00100  
Nairobi, Kenya

NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018




**GOVERNING COUNCIL MEMBERS**

	<b>NAME</b>	<b>DETAILS</b>
1.	 <p><b>Hon. Justice Paul Kihara Kariuki</b> From: April, 2018</p>	<p>Attorney General of the Republic of Kenya</p> <p>Chairman, National Crime Research Centre</p> <p>Bachelor of Laws (LLB, Hon)</p> <p>Diploma in Law</p> <p>Date of Birth: 11<sup>th</sup> May, 1954</p>
2.	 <p><b>Prof. Githu Muigai, EGH, SC.</b> Upto: March, 2018</p>	<p>Prof. Githu Muigai, EGH, SC. Attorney General of the Republic of Kenya</p> <p>Master Degree in International Law from Columbia University</p> <p>Bachelor Degree in Law, University of Nairobi</p> <p>Date of Birth: 1960</p>
3.	 <p><b>Hon. Justice Jessie Wanjiku Lesiit</b></p>	<p>Judge of the High Court of Kenya since December 2002</p> <p>Chairperson Legal Committee</p> <p>Bachelor of Laws (LLB, Hon)</p> <p>Diploma in Law</p> <p>Date of Birth: April 1959</p>




NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018

4.	 <p><b>Mr. Joseph Boinnet</b></p>	<p>Inspector General Kenya National Police Service</p> <ul style="list-style-type: none"> <li>• Masters of Arts (National Security Policy)</li> <li>• Masters of Arts (Diplomatic Studies)</li> <li>• Bachelor of Arts (International Studies and Diplomacy)</li> </ul> <p>Date of Birth: 29<sup>th</sup> November, 1962</p>
5.	 <p><b>Mr. Jacob Ondari</b></p>	<p>Deputy Director of Public Prosecutions</p> <p>Masters in Environmental Law and Policy</p> <p>Bachelor of Law (LLB)</p> <p>Diploma in Law</p> <p>Date of Birth: 1<sup>st</sup> July, 1968</p>
6.	 <p><b>Mrs Mary Mbau</b></p>	<p>Director of Probation &amp; Aftercare</p> <p>Masters in Sociology</p> <p>Bachelor of Arts</p> <p>Date of Birth: 1961</p>

NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018

7.	 <p><b>Mr. Noah Sanganyi. HSC</b></p>	<p>Director of Children Services</p> <p>PhD in Social studies Canada.</p> <p>Master in Sociology</p> <p>Bachelor of Arts</p> <p>Date of Birth: 1962</p>
8.	 <p><b>Mr. Isaiah Osugo, CBS</b></p>	<p>Commissioner General of Prisons, Kenya Prisons Service</p> <p>Professional Investigator</p> <p>Advanced Course in Criminal Investigations</p> <p>Date of Birth: 1<sup>st</sup> August, 1956.</p>
9.	 <p><b>Dr. Florence Muli-Musiime</b></p>	<p>A Social scientist with many years of (post PhD) professional experience at the national, regional and international levels.</p> <p>Ph.D., University of Edinburgh: Jurisprudence</p> <p>MS, Indiana State University: Psychology</p> <p>BA (Hons), Makerere University: Social Work (major in psychiatric social work)</p> <p>Certificate, University of Connecticut: Computers in Management</p> <p>Date of Birth: 14<sup>th</sup> February, 1949</p>


NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018

10.	 <p><b>Mr. Kenneth Odhiambo</b></p>	<p>The National Treasury</p> <p>Member of Finance &amp; Administration Committee</p> <p>Bachelor of Arts (Political Science)</p> <p>Post Graduate Diploma in Human Resources Management</p> <p>Certificate: Public Finance Management</p> <p>Date of Birth: 11<sup>th</sup> November, 1965</p>
11.	 <p><b>CPA Benard N. Bwoma</b></p>	<p>Internal Audit &amp; Risk Manager NGOs Co-ordination Board</p> <p>Masters Degree in Business Administration (Finance option)</p> <p>Member of (ICPAK) Institute of Certified Public Accountants of Kenya.</p> <p>Date of Birth: 1<sup>st</sup> January 1972</p>
12.	 <p><b>Dr. Robinson Ocharo,</b></p>	<p>Senior Lecturer &amp; Head, Department of Sociology &amp; Social Work, University of Nairobi</p> <p>PhD in Agricultural Extension</p> <p>Master of Arts (Rural Sociology &amp; Community Development)</p> <p>Bachelor of Arts</p> <p>Date of Birth: 1961</p>




NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018

13.	 <p><b>Dr. Linda Musumba</b></p>	<p>Senior Lecturer &amp; Founding Dean, Kenyatta University School of Law, Since 2012 to date. Chairperson Research Committee</p> <p>PhD in Law</p> <p>Master in Law in Development</p> <p>Diploma in Law</p> <p>Bachelor of Law (LLB)</p> <p>Date of Birth: 1973</p>
14.	 <p><b>Dr. Francis K. arap Sang</b></p>	<p>Assistant Professor of Criminal Justice Program at, United States International University (USIU) Africa</p> <p>PhD in Sociology Washington International University USA</p> <p>Date of Birth: 25<sup>th</sup> January, 1952</p>
15.	 <p><b>Prof. Sylvia Wairimu Kang'ara</b></p>	<p>Associate Professor of Law &amp; Founding Dean of Riara Law School</p> <p>Advocate of High Court</p> <p>Doctor of Juridical Sciences (SJD)</p> <p>Master of Law (LLM)</p> <p>Diploma in Law</p> <p>Bachelor of Law (LLB)</p> <p>Date of Birth: 1973</p>




NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018

<p>16.</p>	 <p><b>Ms. Jacqueline Mbogo-Asinuli</b></p>	<p>Chief of Party, Coffey International, Nairobi Jamii Thabiti Programme</p> <p>Master of Arts in Development Studies,  Bachelor of Education</p> <p>Date of Birth: 2<sup>nd</sup> December, 1976</p>
<p>17.</p>	 <p><b>Mr. Gerard E. Wandera</b></p>	<p>Director/CEO National Crime Research Centre</p> <p>Masters in Business Administration. Bachelor of Arts (Business Administration &amp; Economics) Higher Diploma in Sales &amp; Marketing Diploma in Purchasing &amp; Supplies Diploma in Crime &amp; Violence Prevention Certificate in Public Policy &amp; Research Consultancy Date of Birth: 27<sup>th</sup> July, 1969</p>

**MANAGEMENT TEAM**

 <p>Mr. Gerard E. Wandera <b>Director/CEO</b></p>	<p>Master in Business administration Bachelor of Arts (Business Administration &amp; Economics) Higher Diploma in Sales &amp; Marketing Diploma in Purchasing &amp; Supplies Management Diploma in Crime &amp; Violence Prevention Certificate in Public Policy &amp; Research Consultancy</p>
 <p>Mr. Stephen M. Muteti; <b>Principal Research Officer &amp; In-charge of Research</b></p>	<p>Master of Arts in Sociology, Bachelor of Arts, Sociology, Higher Diploma Human Resources Management</p>
 <p>Mr. Vincent O. Opondo <b>Principal Research Officer</b></p>	<p>Master of Arts Development Studies Bachelor of Arts, Political Science &amp; Sociology Forensic Investigations</p>

NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018

 <p>CPA Josephine N. Akama <b>Finance and Accounts In-charge</b></p>	<p>Masters in Business Administration</p> <p>Bachelor of Commerce, Finance</p> <p>Member of (ICPAK) Institute of Certified Public Accountants of Kenya.</p> <p>Certified Public Secretaries (CS)</p>
 <p>Mr. John Kipkoros <b>Human Resource Management In-charge</b></p>	<p>Bachelor of Arts, Political Science &amp; Sociology</p> <p>Higher Diploma in HRM</p>
 <p>Mr. Kennedy Kwambai <b>Supply Chain Management In-charge</b></p>	<p>Bachelor of Business Management and Information Technology,</p> <p>Post Graduates Diploma in Purchasing &amp; Supplies</p> <p>Certificate in Project Management Member of MKISM,MCIPS</p>

## CHAIRMAN'S STATEMENT

The National Crime Research Centre (NCRC) was established by an Act of Parliament, the National Crime Research Act Cap 62 Laws of Kenya. The objective of the Centre is to carry out research into crime, causes of crime and its prevention and to disseminate research findings and recommendations to the Government agencies concerned with the administration of Criminal justice with a view to assisting them in their policy formulation and planning towards the realization of a crime-free society.

The negative effect of crime on economic development is infinite. Crimes discourage investment and lead to diversion of resources from development and unwarranted costs towards law enforcement, health and social services for victims. Crime and violence erode social cohesion, limit mobility and erode governance by lessening public trust in the Government. Recognition of these harmful effects has led policy makers in Kenya to increasingly prioritize policy relevant research in crime, causes of crime and its prevention as a key enabler of the Government's 'Big Four' Agenda in particular and *Kenya Vision 2030 Agenda* in general.

During the 2017/18 Financial Year, the Centre's major contribution in the development of the country was in terms of the research activities it undertook. One of these activities aligned to Vision 2030 Flagship projects / programmes was the development of a National Crime Year Book on crime trends, roots, consequences and prevention. This activity entailed preparation of crime research concepts/proposals, data collection, data analysis and report writing on different crime thematic areas which have a direct and indirect influence on the realization of the Vision's objectives. The Centre's research activity aligned to Sustainable Development Goals (SDGs) and Sector Performance Standards (SPS) was on increased access to crime research information by way of enhancing access and management of crime data and modernizing crime research infrastructural facilities.

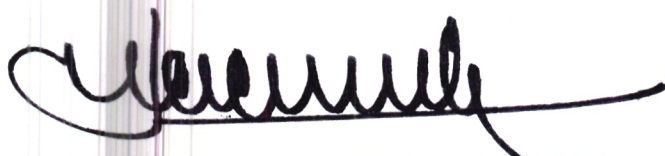
The implementation of the planned core mandate activities of the Centre was affected by a number of challenges. Government's budgetary allocation to the Centre remained low compared to the magnitude of the Centre's planned and prioritized activities on crime research. Staff

**NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

---

numbers during the year also remained low at below 16% of the approved establishment. These two challenges affected the smooth delivery of the planned activities.

Towards addressing the challenges, the Centre will develop a Resource Mobilization Strategy which will lay robust plans for soliciting state and non-state financial, human resource and infrastructural support with a view to realizing improved crime research outputs.



**HON. JUSTICE PAUL KIHARA KARIUKI  
ATTORNEY GENERAL/CHAIRMAN  
GOVERNING COUNCIL  
NATIONAL CRIME RESEARCH CENTRE**

## REPORT OF THE CHIEF EXECUTIVE OFFICER

The concept of security and crime management revolves around ‘reducing the confidence of criminals to commit crime’. Reliable crimes statistics are critical for measuring changes in crime levels, monitoring responses to crime, evaluating policies and understanding the various ways in which crime mutates. The role of the National Crime Research Centre (NCRC) reports lies in the purposeful collection and organization of such data into statistical form for use in decision making that is geared towards *“Achieving safe neighbourhoods through generation and dissemination of relevant and credible crime data.”*

This mandate is achieved through:

- Build and generate vibrant empirical research knowledge platform to serve as a repository of crime research data to inform policy formulation, resource allocation, and implementation ; Communicate the national threat of crime burden in Kenya;
- Establish formal research network for national, regional and international engagement for sharing crime information, lessons, experiences and exchange programmes
- Create crime data based access to information in order to improve policy coherence within Ministries, Counties, Departments and Agencies (MCDAs).

### Key Achievements

During the 2017/18 Financial Year, the Centre conducted national launches of reports on “Election Crimes and Offences in Kenya” and “Emerging Crimes ‘The Case of Kidnappings in Kenya’”. The two reports were instrumental in informing decisions to improve management of the 2017 General Elections and tackling of kidnapping incidents in the country. The Centre also undertook various studies which includes; Borderlands Crime and Security Threats in Kenya; Boda Boda Motorcycle Transport and Security Challenges in Kenya; A joint study with Kenya School of Government (KSG) and United States International University Africa (USIU-A) on Crime Prevention Baseline Surveys in Mombasa and Isiolo counties which culminated a one month training at the Kenya School of Government to develop a critical mass of actors on crime and violence prevention in the two counties.

## NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

---

Further the Centre made a key presentation on ‘State of Crime in the Country’ to the National Security Advisory Committee (NSAC) -contributing to the profiling, control and disruptions of organized criminal gangs and crime hotspots in the country. It also issued Policy Briefs on: ‘Tackling the Dangerous Drift; Armyworms Invasion, Food Security and Crime Threat on ‘Election without disruption, Picking-out disruptive events of 2017 general elections in Kenya’

The Centre undertook benchmarking study visit to the Australian Institute of Criminology and the National Crime Agency (NCA) of the United Kingdom between 19<sup>th</sup> to 23<sup>rd</sup> March, 2018. The visits have enabled the Centre develop strategic crime research themes for the next five (5) years and also set criteria for prioritizing NCRC’s annual crime research themes based on: national security threats, what is trending; Kenya’s future crime outlook , availability of resources and linkages with other institutions conducting relevant research.

### **Challenges**

The lack of one stop-shop National Crime Data Repository system that collates all crime related data for access and use by agencies in criminal justice system. Weak interagency collaboration and cooperation on crime research priorities for the country. Bottlenecks in accessing some information during interviewing of key Government personnel and inadequate publicity of the role of NCRC.

### **Acknowledgement**

The Centre extends gratitude to all our partners and stakeholders for their continued support. On behalf of all the staff, I would like to thank the Governing Council for its unrelenting guidance and support throughout the period. I would also like to thank and commend the staff for yet another successful period. Together, we look forward to an even better performance in the future.



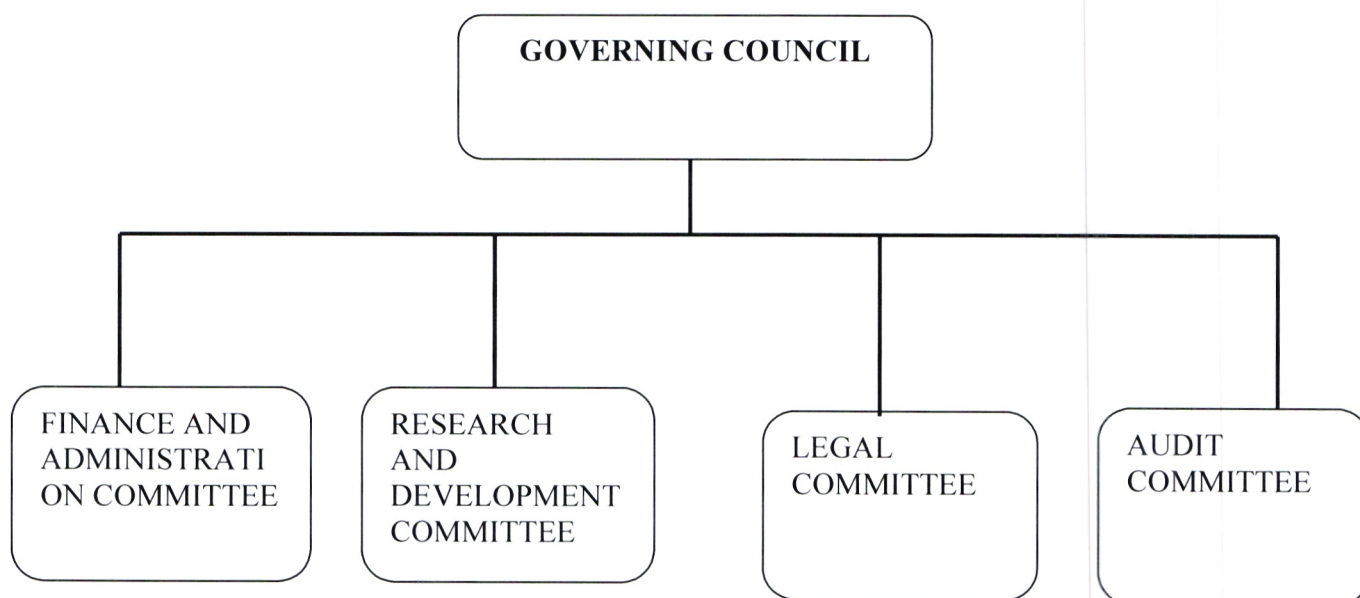
**GERARD E. WANDERA**

**DIRECTOR/CEO**

## CORPORATE GOVERNANCE STATEMENT

NCRC Governing Council is established under section six (6) of the National Crime Research Centre Act, Cap 62 Laws of Kenya. The Governing Council is committed in ensuring that the Centre conducts its business guided by the Centre's core values that include public safety, integrity, professionalism, transparency and accountability, research confidentiality, collaboration and partnership, creativity and innovation and inclusivity and public participation. The principles and standards adhered to by the Governing Council have been developed with close reference to the Constitution of Kenya 2010 and the Code of Governance for State Corporation (Mwongozo).

### i) NCRC governance structure



### ii) Governing Council size, Composition and Independence

The Governing Council consists of fifteen (15) members; eight (8) being *ex-officio* members by virtue of the various government offices they hold. The Governing Council draws its membership from the key stakeholders in crime prevention and security issues in the Country by seeking representation from the following offices: Office of the Attorney General, Permanent

Secretary to the Treasury, the Chief Justice, Director of Public Prosecutions, Commissioner of Police, Commissioner for Social Services, Commissioner of Prisons, Principal Probation Officer, representatives of universities in Kenya being persons eminently qualified in the fields of criminal law, sociology or criminology and representation from non-governmental organizations. Governing council members are independent of management and owe their duties to the Centre and not their nominating stakeholders when conducting the Centre's business.

### **iii) Governing Council Appointment, Cessation and Removal**

The Cabinet Secretary responsible for the Centre selects and appoints Council members. Every appointment is by name and by notice in the Kenya Gazette. A member ceases to be a council member if they die, resign from the office in which they represent in the Governing Council, is convicted of a criminal offence and sentenced to a term of imprisonment or is adjudged bankrupt. A member is removed from office if they violate the Constitution or any other written law, are found guilty of gross misconduct in performance of their duties, if physically or mentally incapable of performing the functions of a council member, if declared incompetent or neglect their duties or if absent from three consecutive meetings of the Council without a reasonable explanation.

### **iv) Governing Council Responsibility**

The basic responsibility of the Council members is to exercise their best judgment and to act in a manner that they reasonably believe to be in the best interest of the Centre and its stakeholders. In discharging that obligation, the members rely on the honesty and integrity of the Centre's management, staff and its external professional advisors and auditors.

In furtherance of its responsibilities, the Council members undertake the following:

- (a) Determine the Centre's mission, vision, purpose and core values;
- (b) Review, evaluate and approve, on a regular basis, long-term plans for the Centre;
- (c) Review, evaluate and approve the Centre's budget and financial forecasts;

- (d) Review, evaluate and approve major resource allocations and capital investments;
- (e) Ensure that the procurement process is cost-effective and delivers value for money;
- (f) Review and approve the operating and financial results of the Centre;
- (g) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the Centre's operations and performance;
- (h) Ensure that effective processes and systems of risk management and internal controls are in place;
- (i) Review, evaluate and approve the overall Centre's structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- (j) Review, evaluate and approve the remuneration structure of the Centre;
- (k) Adopt, implement and monitor compliance with the Centre's Code of Conduct and Ethics;
- (l) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- (m) Review periodically the Centre's strategic objectives and policies relating to sustainability and social responsibility/investment;
- (n) Enhance the Centre's public image and ensure engagement with stakeholders through effective communication;
- (o) Monitor compliance with the Constitution, all applicable laws, regulations and Standards; and
- (p) Review, monitor and ensure that the Centre is effectively and consistently delivering on its mandate.
- (q) Any other role they are called upon to do by any relevant authority.

**v) Council Induction and Continuous Skills Development**

New council members undertake an effective induction programme in order to familiarize themselves with their responsibilities as council members, they also familiarize themselves with general principles of corporate governance and council practices. Council members are provided with access to continuing development programs that are designed to keep members abreast with

the latest developments in the research sector's best practice, corporate governance and critical issues relating to the operation of the public sector.

**vi) Chairperson and Director/Chief Executive Officer**

The roles of the Chairperson of the Governing Council and Director/CEO remain distinct and separate. The Chairperson is primarily responsible for the activities of the Council and its committees. The Director/ CEO is responsible for overseeing the execution of the Council's directions and policies to ensure desirable outcome, effective and efficient running of the Centre from day to day hence serving as the link between the Council and the Management of the Centre.

**vii) Council Remuneration**

Council members are paid sitting allowances for every meeting attended.

**viii) Council and Committee meetings**

The Council and its four committees; Research and Development Committee, Finance and Administration Committee, Legal Committee and the Audit Committee meet at least once in every three months. Council's work plan, together with the calendar of meetings for 2017/2018 was adopted by Council in advance and the same sent to all Council members. Adequate notice is always given for each meeting and the agenda as well as documents for discussion sent to Council members in advance to allow time for appropriate review.

**ix) Conflict of interest**

Council members are required to declare conflict of interest if and when it arises. The Director/ CEO keeps a record of conflicts of interest declared for accountability purposes.

**x) Council Charter**

The Governing Council is guided by the Council Charter in carrying out its duties and responsibilities to the Centre. The Council Charter provides for statement of good governance that Council members are required to adhere to, guiding principles, size, composition and appointment of council members, appointment, cessation and removal of council members and practices to be followed by council members.

**xi) Governance Audit**

The Governing Council ensures that a governance audit of the Centre is undertaken and the same is geared towards ensuring that the Centre conforms to the highest standards of good governance.

**Governing Council and Committee meetings held during Financial Year 2017/2018**

In Compliance with the National Crime Research Centre Act, Cap 62 LoK and the Code of Governance for State Corporations *Mwongozo*, Council members dedicated adequate time and met as required in order to effectively run business of the Centre. The number of Council and committee meetings as well as attendance of council members is as indicated in the table below:

GOVERNING COUNCIL MEETINGS				MEETINGS OF THE COMMITTEES							
	Name	No. of Meetings	No. of Meetings Attended	Finance & Administration		Research & Development		Legal		Audit	
				No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended
1.	Hon. Justice Paul Kihara Kariuki(current chairperson as from 19 <sup>th</sup> April, 2018)	2	2								
2.	Prof. Githu Mwigai (out-going chairperson)	4	0								
3	Dr. Florence Muli-Musiime	6	5			6	6				
4	Justice Jessie Wanjiku Lesiit	6	3					3	3		

NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

	Name	No. of Meetings	No. of Meetings Attended	Finance & Administration		Research & Development		Legal		Audit	
				No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended
5	Mr. Joseph Boinnet	6	4			6	5			3	3
6	Mr. Kenneth Odhiambo (in-coming member)	5	3	5	5						
7	Mr. Evans Nyachio (out-going member)	1	1	3	3						
8	Mr. Jacob Ondari	6	6	8	7			3	3		
9	Mr. Noah Sanganyi	6	6			6	4			3	3
10	Mr. Isaiah Osugo	6	4							3	1
11	Mrs. Mary Mbau	6	5	8	8			3	2		
12	Mr. Benard N. Bwoma	6	6			6	6			3	3
13	Dr. Linda Musumba	6	6	8	7	6	5				
14	Dr. Robinson Ocharo	6	5			6	6				
15	Dr. Francis Kipkurui arap Sang	6	6					3	3		

NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

	Name	No. of Meetings	No. of Meetings Attended	Finance & Administration		Research & Development		Legal		Audit	
				No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended
16	Prof. Sylvia Wairimu Kang'ara	6	3					3	3	3	2
17	Ms. Jacqueline Mbogo-Asinuli	6	4	8	6						
18	Mr. Gerard E. Wandera	6	6	8	7	6	6	3	2	-	-

## MANAGEMENT DISCUSSION AND ANALYSIS

### SECTION A

#### The entity's Operational and Financial Performance

##### Overview of Performance

The Centre's financial performance during the year covered its mandate as follows:

##### **To develop a National Crime Year Book on crime trends, roots, consequences and prevention**

In the period 2015/16- 2017/18, National Crime Research Centre (NCRC) conducted several studies aimed at reducing crime and aid in policy formulation on security related matters.

- i. NCRC conducted a National Crime Mapping which helped in preparedness to manage criminal gang activities and crime hotspots during the 2017 General Elections in Kenya by agencies in the administration of criminal justice.
- ii. Findings on Corruption study contributed in increased Multi sector effort in fighting corruption.
- iii. Study on Borderland crimes and Security Threats contributed in multi-agency approach on crackdown of counterfeit products.
- iv. Study on Capital Punishment and Offences informed the Judiciary to question and rule on the mandatory Death Sentence in Kenya as being unconstitutional.
- v. Studies on Community Service and Probation Orders informed decongestion of prisons through the community-based non-custodial rehabilitation and punishment approach.
- vi. County Baseline Surveys on Crime and Violence Prevention informed State and non-state actors' trainings from Surveyed Counties leading to inclusion of citizen participation in Security and Crime Prevention in the County Integrated Development Plans (CIDP).
- vii. Research into the efficacy and adequacy of criminal justice system agencies informed improvements in crime prevention and management.
- viii. Research on domestic violence informed the National Security Advisory Committee on addressing the factors contributing to the increasing cases of the vice.

### **The benchmarking study visits to the Australian Institute of Criminology (AIC) and United Kingdom's National Crime Agency (NCA)**

The following are the critical learning points from the benchmarking study visits NCRC undertook in March, 2018:

- i. The need to establish a central repository unit/point of crime information in Kenya with data collected from different security and other security related agencies.
- ii. The imperative for Kenya to anticipate futuristic national crime outlook in terms of crime trends and patterns and plausible explanations informed by trend tracking research in various thematic (crime) research areas e.g corruption, money laundering, cybercrime, family and domestic violence, homicide, drug use monitoring.
- iii. The need to prioritize funding preventive crime programmes to mitigate its consequences rather than dealing with the negative outcomes of crime occurrences through tracking crime and profiling of offenders is important for development of a Crime Risk Analysis Register
- iv. The necessity for highly trained human resource capacities where PhD holders will be working as research managers, principal researchers and research analysts.
- v. The need to establish strong research linkages/collaboration and partnerships with universities, other independent research agencies and stakeholders like the National Counter Terrorism Centre, Kenya National Bureau of Statistics (KNBS), KIPPRA, KEMRI, AMREF crime discourses.
- vi. The need to Sharing of intelligence information by use of a common platform is key in combating crime;

The benchmarking study visits have enabled the centre in developing the strategic criteria for prioritizing NCRC annual research themes based on:

- i. National security threats;
- ii. What is trending;
- iii. Kenya's future crime outlook;
- iv. Availability of resource; and
- v. Linkages with other institutions conducting relevant research.

### **Efficiency savings**

1. Use of external resource persons to collect data during research.
2. Partnership with development partners to conduct public awareness campaigns on NCRC mobile app.
3. Use of technology to collect data

### **To enhance access and management of crime data and to modernize crime research infrastructural facilities**

This objective is being realized through establishment and management of a crime data repository Unit and system. The Centre has a legal Policy and institutional mandate as the agency responsible for collating all crime related data to inform policy decision making. The Centre has established a National crime data repository unit and systems. The Centre is in the process of acquiring a modern and secure housing and other physical facilities that will guarantee security and confidentiality of crime research work. Crime data repository system and resource Centre NCRC collate all crime data from 27 Government agencies who are members of National Council for Administration of justice.

### **Results achieved**

1. Collation of crime-related data from about 10 of the 28 NCAJ member agencies.
2. Development of the NCRC Crime Reporting Mobile Application and which was officially launched by the NCRC Governing Council Chairman/Attorney General on 24<sup>th</sup> January, 2017. NCRC operates a Mobile Application Crime Reporting system. The data is analysed daily, weekly and linked to Multi-agency command Centre. Sensitization of the mobile application has been conducted in four (4) regions of coast, Rift Valley, Western and Nyanza regions. Live Reporting on the NCRC website for county specific crime reports. The Application is now being utilized by the public in reporting crime incidents which will then be analysed and information shared with relevant agencies.
3. National Crime Mapping data has been collected from 47 counties and analysis is ongoing.
4. The Centre has a Memorandum of understanding with the Technical University of Kenya on the design and development of Geo-Spatial and GIS system in Crime Research.

**Develop and implement an effective communication strategy to facilitate sharing of crime research information with agencies in the administration of criminal justice, the public and other interested stakeholders**

This objective has been realized through:

1. Dissemination of crime research information through mass media platforms, stakeholder fora, crime research issue briefs, policy briefs and publications.
2. Creation and maintenance of an interactive website ([www.crimeresearch.go.ke](http://www.crimeresearch.go.ke)). Live reporting on the NCRC website for county specific crime reports. The Council of Governors can track crime patterns and trends of crime in their respective counties.

**To enhance human resource capacity that will facilitate crime research work at all levels of Government**

This objective is being realized through establishment and enhancement of NCRC's Human Resource Capacity and Review and Establishment of an Effective Institutional Structure.

**Results achieved**

1. Staff capacity building in professional areas to (12) Management staff who attended senior Management Course and Leadership course at Kenya School of Management.
2. General Training for all staff on orientation to Crime Research methodology by Kenya School of Government, Training on mobile phone crime monitoring system and research methodology.
3. ISO 9001;2015 Quality Management system awareness training held in the Month of May 2018 at the NCRC offices.
4. Over 12 youths were given a chance to undertake internship /industrial attachments/ apprenticeships at the Centre.
5. All staff has a medical Insurance scheme and the Centre has an established pension scheme. NCRC status has 'Public Service' for purposes of pension.
6. The Centre signed and is implementing the 2017/2018 Performance contract while staff are also in the Performance Appraisal management system.

7. Evaluation of the Governing council members and Director. External research officers are trained before proceeding for field work as part of competency development of internal and external human resource to enhance level of professionalism.

#### **To develop and implement relevant ICT policies, standards and procedures**

This objective is being realized through expansion and maintenance of ICT infrastructure and security systems.

#### **Development and implementation of Financial Policy and Funding Strategies**

The following have been implemented:

1. Consultations with identified funding institutions undertaken.
2. Participation in MTEF Budget processes.
3. Funding proposals developed and submitted to Development Partners.
4. Regular audits conducted (including the external audit by KENAO already done).
5. Submission of Annual Financial Statement and other related reports.
6. Development of the NCRC 2018-2022 Strategic Plan.

#### **Information on Growth and Strategy**

During the subsequent quarters, the Centre targets to utilize its finances in:

1. Accomplishing crime research studies and release issue/policy briefs on: Increased access to crime Research Information (Collating of all crime related data, reports and statistics into a Repository Resource Centre at NCRC); Research into efficacy and adequacy in the rehabilitation of Juvenile Criminals and Offenders in Kenya; and Crime prevention around large scale infrastructure projects in Kenya.
2. Finalization of the review of the NCRC Act, NCRC Bill 2016 prepared stakeholders validated and Finalised
3. Undertaking institutional capacity building ( staff development programmes and infrastructural development)

#### **Challenges and Opportunities**

##### **(a) Challenges**

- i. Below 15% full time staff in-post against the approved staff establishment
- ii. Limited visibility and recognition of the Centre

- iii. Over dependence on over 330 part time research staff
- iv. Budgetary constraints

**(b) Opportunities**

- i. Recognition of crime as a challenge in the realization of Kenya Vision 2030
- ii. Development partners' support and good will
- iii. Collaboration, partnership and networking with relevant government agencies
- iv. Advancements in ICT based-research
- v. Devolution to Counties
- vi. Government commitment to reforms and international conventions
- vii. Large pool of competent professionals in the labour market

## **SECTION B**

### **Entity's Compliance with Statutory Requirements**

There is no major noncompliance that is likely to expose the organization to potential liability.

Some remittances were delayed due the changes to itax of which the matter is yet to be finalized.

## **SECTION C**

### **Key Projects and Investment decisions the entity is planning to implement**

No project is being implemented at the moment due to lack of budgetary allocations. The Centre has a plan to construct a data repository during the MTEF period subject to availability of funds.

## **SECTION D**

### **Major Risks facing the entity**

Due to budgetary constraints and late receipt of transfer of the grants the Centre is exposed to the both operational and liquidity risks.

Operational risk in that the Centre has below 25% of staff compared to the approved staff establishment of 214 staff.

## **SECTION E**

### **Material Arrears in Statutory/Financial Obligations**

No material arrears in statutory and financial obligations for the Centre.

## **SECTION F**

### **The Entity's financial probity and serious Governance issues**

Below 15% full time staff in-post against the approved staff establishment hence lack of capacity in terms of personnel and skill.

The Chief Executive officer / Director Employment contract will expire in February 2019 and that of the Governing Council Members in March 2019. These anticipated changes are likely to impact on the Centre's governance issues.

## REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the Centre's affairs.

### Principal activities

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

The Centre is mandated to undertaken six principle activities which forms its strategic themes. The activities include development of the Kenya Annual Crime Year Book, National Crime Data Repository Unit and Systems, National Crime Research Communication Strategy, Human Resource Capacity in crime research at all levels of Government.

### Results

The results of the entity for the year ended June 30, 2018 are set out on page 37 to 41.

### Directors

The members of the Governing Council who served during the year are shown on page 6 to 10. During the year, the tenure of office of the Chairman came to an end and was replaced by Hon. Justice Paul Kihara Kariuki. Also another Council Member Mr. Evans Nyachio retired from Public Service and was replaced by Mr. Kenneth Odhiambo.

### Auditors

The Auditor General is responsible for the statutory audit of the Centre in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2018.

By Order of the Governing Council.



**DIRECTOR/ CEO**

DATE: .....

## **STATEMENT OF GOVERNING COUNCIL MEMBERS RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Governing Council members to prepare financial statements in respect of the entity, which give a true and fair view of the state of affairs of the Centre at the end of the financial year and the operating results of the entity for that year. The Governing Council members ensures that the Centre keeps proper accounting records which disclose with reasonable accuracy the financial position and are also responsible for safeguarding the assets of the entity.

The Governing Council members are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2018. 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 the 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 Centre; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Governing Council members accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Governing Council members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Governing Council members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.


Nothing has come to the attention of the Governing Council members to indicate that the Centre 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 Centre's Financial Statements were approved by the Finance and Administration Committee  
11th February, 2019 and signed on its behalf by:



**DIRECTOR/CEO**



**G.C MEMBER**



**G.C MEMBER**

**REPORT OF THE INDEPENDENT AUDITORS ON THE NATIONAL CRIME  
RESEARCH CENTRE**

# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL CRIME RESEARCH CENTRE FOR THE YEAR ENDED 30 JUNE 2018

---

#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Crime Research Centre set out on pages 37 to 56 which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts 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 knowledge and belief were necessary for the purpose of the audit.

In my opinion, except for effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of National Crime Research Centre as at 30 June 2018, 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 comply with Public Finance Management Act, 2012 and the National Crime Research Centre Act Cap 62 of the laws of Kenya.

#### Basis for Qualified Opinion

##### 1. Cash and Cash Equivalent

The statement of financial position reflects cash and cash equivalents balance of Kshs.5,132,084 as at 30 June 2018. However, the bank reconciliation statement for the KCB account reflects payments in the cashbook not in bank statement totalling to Kshs.2,275,555 out of which cheques totalling Kshs.2,264,722 were reversed or cleared in July 2018 leaving some two (2) cheques totalling Kshs.10,833 whose clearance status as at 31 March 2019 was not disclosed.

In the circumstances, the validity and accuracy of cash and cash equivalents balance of Kshs.5,132,084 as at 30 June 2018 could not be confirmed.

##### 2. Prior Year Adjustment

The statement of financial position reflects prior year adjustment of Kshs.4,015,752 and which is also disclosed at note 29 to the financial statements as relating to stocks in the store captured in the system yet the same had been fully expensed in the previous year.

---

*Report of the Auditor-General on the Financial Statements of National Crime Research Centre for the year ended 30 June 2018*

However, a schedule of the said stores items adding up to Kshs.4,015,752 was not provided for audit review. Further, the treatment is against Paragraph 47 of International Public Sector Accounting Standard (IPSAS) No. 3 on Accounting Policies, Changes in Accounting Estimates and Errors which states that an entity shall correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by (a) restating the comparative amounts for prior period(s) presented in which the error occurred, or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities, and net assets/equity for earliest prior period presented.

Consequently, the treatment does not comply with IPSAS No.3 and therefore the validity of the prior period adjustment of Kshs.4,015,752 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Crime Research Centre management in accordance with ISSAI 30 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 qualified audit 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. Except for the matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no other key audit matters to communicate.

### **Other Matter**

### **Budgetary Performance**

During the year under review, the Centre's actual expenditure amounted to Kshs.171,334,570 against budgeted expenditure of Kshs.172,880,866 resulting in an overall under absorption of Kshs.1,546,296 which is equivalent to 0.9% of the budget. However, a review of the statement of comparison of budget and actual amounts reflects under/ (over) expenditure under various expense items detailed below;

<b>Expense Item</b>	<b>Final Budget Kshs.</b>	<b>Actual Expenditure Kshs.</b>	<b>Under/(Over) Expenditure Kshs.</b>	<b>Percentage</b>
Domestic Travel	7,930,900	6,532,400	1,398,500	18%
Training Expenses	1,699,882	1,354,982	344,900	20%

<b>Expense Item</b>	<b>Final Budget Kshs.</b>	<b>Actual Expenditure Kshs.</b>	<b>Under/(Over) Expenditure Kshs.</b>	<b>Percentage</b>
Council Expenses	13,121,082	15,870,832	(2,749,750)	21%
Other Operating Expenses	556,000	1,517,500	(961,500)	173%

Management did not however, provide explanations for the material differences between the budget and actual amounts as required under paragraph 14 of International Public Sector Accounting Standards (IPSAS) 24 on presentation of budget information in financial statements. Non-compliance with this requirement affects understandability of the financial statements.

## 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, except for the matters described in the Basis for Qualified Opinion and Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else 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

#### Late Submission of Financial Statements

The financial statements for the year ended 30 June 2018 were submitted for audit on 5 October 2018, five days after the statutory deadline of 30 September 2018. This is contrary to Section 81(4)(a) of the Public Finance Management Act, 2012 which requires accounting officers to submit financial statements to the Auditor-General within three months after the end of each financial year to which the accounts relates.

Management was therefore in breach of the law.

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 SYSTEMS AND GOVERNANCE

### **Conclusion**

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

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards requires that I plan and perform the audit to obtain assurance about whether effective 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 (Accrual 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 governance.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Centre or to cease operations, or have no realistic alternative but to do so.

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 also 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.

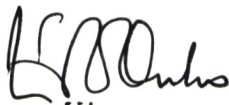
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the 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 Centre's ability to continue 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 Centre to cease to continue to sustain 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 Centre 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.



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

**Nairobi**

**02 May 2019**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2017-2018 Kshs	2016-2017 Kshs
<b>Revenue from Non-Exchange Transactions</b>			
Transfers from Government			
Recurrent	12	162,700,000	160,000,000
Other Incomes	12	0	2,088,750
<b>Total Income</b>		<b>162,700,000</b>	<b>162,088,750</b>
<b>Expenditure</b>			
Personnel Costs	13	82,224,922	44,218,200
Governing Council Expenses	14	15,870,832	10,585,964
Repairs and Maintenance	15	1,991,572	1,132,628
General Expenses	16	45,021,412	82,738,359
Depreciation and Amortization Expense	21	10,782,654	9,617,109
<b>Total Expenditure</b>		<b>155,891,392</b>	<b>148,292,259</b>
<b>Surplus</b>		<b>6,808,608</b>	<b>13,796,491</b>

The notes set out on pages 43 to 57 form an integral part of this Financial Statements.

**REPORT OF THE INDEPENDENT AUDITORS ON THE NATIONAL CRIME  
RESEARCH CENTRE (Continued)**

NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018

STATEMENT OF FINANCIAL POSITION  
AS AT 30<sup>TH</sup> JUNE 2018

	Notes	2017-2018 Kshs	2016-2017 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	17	5,132,084	10,180,866
Accounts Receivable	18	7,745,482	9,298,594
Inventory	20	3,308,112	-
<b>Total Current Assets</b>		<b>16,185,678</b>	<b>19,479,460</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	21	57,153,480	42,375,564
<b>Total Assets</b>		<b>73,339,158</b>	<b>61,855,024</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	19	5,701,454	5,041,680
<b>Total Liabilities</b>		<b>5,701,454</b>	<b>5,041,680</b>
<b>Net Assets</b>		<b>67,637,704</b>	<b>56,813,344</b>
<b>Reserves</b>			
Accumulated Surplus		56,813,344	43,016,853
Prior year adjustment	29	4,015,752	-
Surplus for the Year		6,808,608	13,796,491
<b>Total Net Assets and Liabilities</b>		<b>67,637,704</b>	<b>56,813,344</b>

The Financial Statements set out on pages 37 to 42 were signed on behalf of the Board of Directors by:



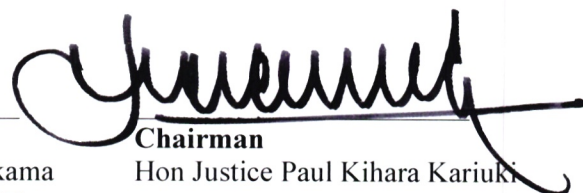
Director/C.E.O  
Gerard E. Wandera

Date: 26/4/2019



Head of Finance  
CPA Josephine Mandere - Akama  
ICPAK Member Number: 9950

Date: 26/04/2019



Chairman  
Hon Justice Paul Kihara Kariuki

Date: 26<sup>th</sup> April 2019

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2018**

	NOTES	Retained Earnings	Total
		Kshs	Kshs
<b>At July, 2016</b>		43,016,853	43,016,853
Surplus for the period		13,796,491	13,796,491
At June 30, 2017		56,813,344	56,813,344
At July 1, 2017		56,813,344	56,813,344
Prior year adjustment	29	4,015,752	4,015,752
Surplus for the period		6,808,608	6,808,608
<b>At June 30,2018</b>		<b>67,637,704</b>	<b>67,637,704</b>

**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2018**

	Notes	2017-2018 Kshs	2016-2017 Kshs
<b>Cash flows from operating activities</b>			
<b>Surplus for the Year</b>		6,808,608	13,796,491
Adjusted for:		0	
Depreciation	21	10,782,654	9,617,109
<b>Cash Generated from within Changes in Working Capital</b>		<b>17,591,262</b>	<b>23,413,599</b>
Increase/Decrease in Debtors	18	1,553,113	(4,904,298)
Increase/Decrease in Creditors	19	659,774	(1,278,371)
Changes in Inventory		(3,308,112)	-
<b>Net Cash Flow Operating Activities</b>		<b>(1,095,225)</b>	<b>(6,182,669)</b>
<b>Cash Flow from Investing Activities</b>			
Purchase of Assets	20	(25,560,571)	(17,719,629)
<b>Net Cash Flow Investing Activities</b>		<b>(25,560,571)</b>	<b>(17,719,629)</b>
Increase in Cash and Cash Equivalents		(9,064,534)	(488,698)
Prior year adjustment	29	4,015,752	-
Cash and Cash Equivalent at the Beginning		10,180,866	10,669,564
<b>Cash and Cash Equivalent at the End</b>		<b>5,132,084</b>	<b>10,180,866</b>

NATIONAL CRIME RESEARCH CENTRE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE 2018**

Account Heads	Original Budget	Adjustment	Final Budget	Actual on comparable	Performance difference
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018
<b>Revenue</b>	162,700,000	162,700,000	162,700,000	162,700,000	0%
<b>Grand Total</b>	162,700,000	162,700,000	162,700,000	162,700,000	0%
<b>Recurrent Account</b>					
Communication, Supplies & Services	2,112,000	(250,467)	1,861,533	1,861,533	0.0%
Domestic Travel, subsistence & Other Transportation costs	7,500,000	430,900	7,930,900	6,532,400	17.6 %
Foreign Travel and subsistence allowance and other Transportation	10,860,000	(317,135)	10,542,865	8,340,665	2%
Printing, Advertising, Magazines & Information supplies & services	600,000	(319,653)	280,347	280,347	0.0%
Rents Rates & Service charges	23,000,000	538,735	23,538,735	21,944,074	6.7%
Training Expenses (Including Capacity Building)	1,500,000	199,882	1,699,882	1,354,982	20.2%
Hospitality Supplies and services	2,500,000	(38,358)	2,461,642	2,351,092	4.4%
Governing Council	12,000,000	311,082	12,311,082	15,060,832	-22.3%
Chairman Honoraria	1,080,000	(270,000)	810,000	810,000	0.0%
Office & General Supplies & Services	3,300,000	(266,208)	3,033,792	3,033,792	0.0%
Fuel Oil & Lubricants	1,300,000	337,792	1,637,792	1,595,442	2.5%
Other Operating Expenses	700,000	(144,000)	556,000	1,517,500	-172.9%
Routine Maintenance - Vehicles and other Transport Equipment	1,200,000	(188,675)	1,388,675	1,415,525	-1.9%
Routine Maintenance - Other Assets/Partitioning	470,600	105,446	576,046	576,046	0.0%
Personnel Emoluments	68,158,266	(136,906)	68,021,360	69,260,754	2.8%
Research, Feasibility studies, project preparation and Design/project supervision	8,000,000	(369785)	7,630,215	7,630,215	0.0%
Purchase of Office Furniture & General Equipment & Office Partitioning	26,200,000	-	26,200,000	25,560,571	2.4%
Review of policy documents	2,400,000	-	2,400,000	2,208,800	7.9%
<b>GRAND TOTAL KSHS.</b>	<b>172,880,866</b>	<b>0</b>	<b>172,880,866</b>	<b>171,334,570</b>	<b>-</b>

## NOTES ON BUDGET VARIANCE

### **I) Domestic Travel, subsistence allowance and Transportation**

Variance of 18% was occasioned by various journals that were raised to rectify the from general expenses to Domestic Travel vote.

### **II) Training expenses**

The amount was originally budgeted under training vote but as per IPSAS Standard it was reallocated to the vote on Use of goods and services.

### **III) Governing Council**

Variance was due to the Budgeting of Governing Council Expenses under the Foreign Travel vote head this was reallocated during audit to the Governing Council expenses.

### **IV) Other Operating Expenses**

The varied amount was budgeted under Domestic Travel. Journal was raised to reallocate it as appropriate to Conferences and Delegation's sub vote.

### **V) General variances on various vote heads**

Most of the variations in the Budget arose due to a misallocation while budgeting. Going forward the Budget will be realigned to the reporting template

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The National Crime Research Centre (NCRC) is a corporate body established under the *National Crime Research Act, Cap 62, No.4 of 1997* of the Laws of Kenya with the mandate to carry out research on crime, the causes, crime prevention and to disseminate research findings and recommendations to the Government agencies concerned with the administration of criminal justice and other stakeholders.

The Government has set up the Centre to intentionally address the serious threat caused by crime both at the levels of the society in general and development in particular. Crime and its prevention is noticeably the sphere of national security with immediate and commonplace implications for the public. The NCRC recognizes that everyday crimes -serious and organized, affects everyone with impacts felt throughout the public and private sectors, undermining communities, destroying lives and costing Kenyans significant amount of resources each year. Based on the far-reaching effects of crime on the country's social and economic well-being and international reputation, and in order to effectively put together evidenced based policies for intervention, the NCRC serves a critical constituency in in national crime management.

In carrying out its mandate, the Centre undertakes and disseminates research on crime trends, causes, consequences and its prevention. In addition, the Centre collects, collates and analyses crime data in order to inform policy decisions. The Centre is guided by the core values of professionalism, integrity, partnership and concern for public safety.

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

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Revenue Recognition**

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

#### **b) Budget Information**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single line statement to determine the needs of the entity. Even with the adoption of the accrual basis there is some basis, timing or entity differences that would require reconciliation between the actual comparable amounts presented as a separate additional financial statement of comparison of budget and actual amounts especially provisions of gratuity that is payable after successful completion of the contact period.

#### **c) Property, Plant and Equipment – IPSAS 17**

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

exchange transaction for nil or nominal consideration the asset is initially measured at fair value. The Centre has no intangible assets now.

Depreciation rates are as below:

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

Furniture and Fittings	12.5%
Office Equipment's	12.5%
Computers	33%
Motor Vehicles	25%

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

**d) Operating Leases**

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**e) Research and Development Costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

**f) Provisions – IPSAS 19**

Provisions are recognized when the Entity has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate is made of the amount of the obligation. The Centre gives provision for gratuity as per staff's contract.

**g) Changes in accounting policies and estimates – IPSAS 3**

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

**h) Cash and cash equivalents**

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

**i) Comparative figures**

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

**j) Contingent liabilities**

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

**k) Contingent assets**

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

#### **4. FINANCIAL RISK MANAGEMENT**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks. The company's financial risk management objectives and policies are detailed below:

##### **(i) Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as the landlord and the one off amount rent to Office of the Attorney general.

##### **(ii) Liquidity risk**

The company liquidity risk focuses on unpredictability of changes in the in the release of Exchequer and late release of funds from the mother Ministry. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

#### **5. RELATED PARTY RELATIONSHIPS**

##### **Nature of related party relationships**

The Entity regards a related party as a person or an entity with the ability to exercise control or exercise significant influence over its operating and financial decisions.

The Centre is related to:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management Personnel;
- iv) Governing Council Members;

#### **6. EMPLOYEE BENEFITS**

##### **(i) Retirement benefit plans**

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

##### **(ii) Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate Centre and will have no legal or constructive obligation to pay

further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

**(iii) Employee benefits**

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**7. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**8. ACCOUNTS RECEIVABLES**

All revenue is invoiced and recorded when service has been provided. When circumstances dictate, that repayment will not be received it is treated as an accounts receivable for reporting purposes. In case the account will not be collected, the receivable is written off from the books.

**9. ACCOUNTS PAYABLES**

This are expenses paid that do not represent the costs incurred from which a service is expected to be derived in the future.

**10. 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 June 30, 2018.

## 11. TAXATION

The Centre is nonprofit SAGA and is exempted from taxes by an Act of Parliament.

## 12. REVENUE FROM NON-EXCHANGE TRANSACTIONS INCLUDE

	2017-2018 Kshs	2016-2017 Kshs
Transfer from Government	162,700,000	160,000,000
Other Income	0	2,088,750
<b>Total Income</b>	<b><u>162,700,000</u></b>	<b><u>162,088,750</u></b>

## 13. PERSONNEL COSTS

	2017-2018 Kshs	2016-2017 Kshs
Basic Salaries – Permanent Employees	21,638,985	13,932,375
House Allowance	10,923,664	6,513,332
Entertainment Allowance	1,920,000	1,875,000
Responsibility Allowance	7,440,000	4,467,500
Transport Allowance	2,602,000	1,516,466
NSSF	48,800	25,600
Government Pension	2,684,736	1,499,853
Leave Allowance	3,364,451	300,000
Non-Practice Allowance	300,000	50,000
Other Allowance	1,499,576	1,343,915
Medical Expenses	8,102,166	3,446,505
Extraneous Allowance	1,568,000	915,221
Gratuity	1,409,880	3,513,767
Club Allowance	0	31,500
Stipend	739,166	400,000
Wages	410,433	161,859
Domestic Travel	6,532,400	4,225,307
Foreign Travel	8,340,665	-
Research Allowance	2,700,000	-
<b>Total</b>	<b><u>82,224,922</u></b>	<b><u>44,218,200</u></b>

- The Centre recruited thirteen staff (13) in May 2017 who was on the payroll for two months in the previous year. The personnel costs increased as they were in the organization for the whole year.
- The payment of research allowance commenced during the year
- Leave allowance includes commutation of leave. This was not paid in the previous year.

**14. REMUNERATION TO GOVERNING COUNCIL MEMBERS**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Boards, Committees and Conferences	15,060,832	9,505,964
Chairman Honoraria	<u>810,000</u>	<u>1,080,000</u>
<b>Total</b>	<b><u>15,870,832</u></b>	<b><u>10,585,964</u></b>

**15. REPAIRS AND MAINTENANCE**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Routine Maintenance of Motor Vehicles	1,415,525	1,023,316
Maintenance of Other Assets	<u>576,047</u>	<u>109,312</u>
<b>Total</b>	<b><u>1,991,572</u></b>	<b><u>1,132,628</u></b>

**16. GENERAL EXPENSES**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Communication	1,861,533	1,635,380
Printing, Advertising, Subscriptions	280,347	3,841,871
Training Expenses	1,354,982	4,960,717
Office and General Supplies and Services	3,033,792	2,837,054
Fuels, Oils and Lubricants	1,595,442	1,180,280
Finance and Insurance	898,733	881,296
Rentals	21,944,073	10,964,021
Hospitality Supplies and Services	2,351,095	5,253,158
Research, Feasibility Studies	7,630,215	42,262,035
Review of Policy Documents	1,976,800	4,154,975
Foreign Travel	0	2,405,444
Specialized Services	556,000	2,130,128
Audit Fee	232,000	232,000
Conference and Delegations	961,500	-
Use of Goods and Services	<u>344,900</u>	-
<b>Total</b>	<b><u>45,021,412</u></b>	<b><u>82,738,359</u></b>

**17. CASH AND CASH EQUIVALENTS**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Cash at Bank	5,017,422	10,175,950
Cash at Hand	<u>114,662</u>	<u>4,916</u>
<b>Total</b>	<b><u>5,132,084</u></b>	<b><u>10,180,866</u></b>

The amount is held at Kenya Commercial Bank, Milimani Branch Nairobi, Kenya Account Number 1122479417.

## 18. RECEIVABLES

	2017-2018	2016-2017
	Kshs	Kshs
Office of the Attorney General & DOJ	-	5,000,000
Rental Deposits	1,949,026	1,949,026
Lloyd Masika	108,000	108,000
Staff Debtors	7,700	7,700
CIC Insurance Ltd	4,086,095	-
Lyoid Masika	1,594,661	-
Resolution Health	-	2,233,868
<b>Total</b>	<b><u>7,745,482</u></b>	<b><u>9,298,594</u></b>

The Centre changed the supplier of staff Medical Services from Resolution Health to CIC Insurance LTD. during the year. There was also an increase on the number of staff under the scheme.

## 19. PAYABLES

	2017-2018	2016-2017
	Kshs	Kshs
KENAO	696,000	464,000
Government Pension	751,017	751,017
Gratuity	3,900,017	2,490,137
Alexander Forbes	354,420	748,836
Pension Employee	-	193,602
Virtual Works	-	202,188
Vista Prime	-	183,400
Net Salary Payable	-	8,500
<b>Total</b>	<b><u>5,701,454</u></b>	<b><u>5,041,680</u></b>

## 20. INVENTORIES

	2017-2018	2016-2017
	Kshs	Kshs
Inventory	3,308,112	-
<b>Total</b>	<b><u>3,308,112</u></b>	-

Stock comprises of consumable stores for office use that had not been issued as at the close of the financial year.

**21. PROPERTY PLANT AND EQUIPMENT**

Costs	12.50%	12.50%	33%	25%	Total
	Furniture & Fittings	Equipment's	Computers	Motor Vehicles	
As at 01.07.16	40,085,484	2,069,450	8,016,354	13,065,245	63,236,533
Additions 2016/17	283,200	1,022,800	5,040,150	11,373,479	17,719,629
Disposal	-	-	-	-	-
<b>As at 30.06.17</b>	<b>40,368,684</b>	<b>3,092,250</b>	<b>13,056,504</b>	<b>24,438,724</b>	<b>80,956,162</b>
<b>Bal BF 01.07.17</b>	<b>40,368,684</b>	<b>3,092,250</b>	<b>13,056,504</b>	<b>24,438,724</b>	80,956,162
Additions 2017/18	25,291,571	-	269,000	-	25,560,571
Disposal	-	-	-	-	-
<b>As at 30.06.18</b>	<b>65,660,255</b>	<b>3,092,250</b>	<b>13,325,504</b>	<b>24,438,724</b>	<b>106,516,733</b>
<b>ACC Depreciation</b>					
As at 01.07.16	11,468,749	923,171	6,774,408	9,797,161	28,963,489
Depreciation FY 2016/17	3,612,492	271,135	2,073,092	3,660,391	9,617,110
Disposal	-	-	-	-	-
<b>AS AT 30.06.16</b>	<b>15,081,241</b>	<b>1,194,306</b>	<b>8,847,500</b>	<b>13,457,552</b>	<b>38,580,599</b>
Depreciation for the 2017/18	6,322,377	237,243	1,477,741	2,745,293	10,782,654
Disposal	-	-	-	-	-
<b>AS AT 30.06.18</b>	<b>21,403,618</b>	<b>1,431,549</b>	<b>10,325,241</b>	<b>16,202,845</b>	<b>49,363,253</b>
<b>NET BOOK VALUE</b>					
<b>AS AT 30.06.18</b>	<b>44,256,637</b>	<b>1,660,701</b>	<b>3,000,263</b>	<b>8,235,879</b>	<b>57,153,480</b>
<b>AS AT 30.06.17</b>	<b>25,287,443</b>	<b>1,897,944</b>	<b>4,209,004</b>	<b>10,981,172</b>	<b>42,375,563</b>

## **22. BANK BALANCE**

The Centre had a bank balance brought forward Kshs. 10,180,866/- which was included in the budget of the current year and utilized as per the Governing Council approval. In the current year the Centre had reconciled cash and cash equivalents of Kshs 5,132,084/- in its Kenya Commercial Bank Account.

## **23. SUBSEQUENT EVENTS – IPSAS 14**

The contract of most of the Governing Council members will expire in the month of March 2019. The contract of the Chief Executive Officer (CEO) / Director of the Centre come to an end in February 2019.

Change of National Crime Research Centre from Office of the Attorney General to the Ministry of Interior and Coordination of Government Services

## **24. EVENTS AFTER THE REPORTING PERIOD**

There were no material adjusting and non-adjusting events after the reporting period.

## **25. ULTIMATE AND HOLDING ENTITY**

The entity is a Semi-Autonomous Government Agency under the Office of the Attorney General and Department of Justice. Its ultimate parent is the Government of Kenya.

## **26. CURRENCY**

The financial statements are presented in Kenya Shillings (Kshs).

## **27. NATURE AND PURPOSE OF RESERVES**

The Centre does not maintain any capital reserves and has therefore disclosed the net assets on the face of the statement of financial position. The same has been expounded on the statement of changes in net assets for the period under review. Retained earnings arise from the surpluses for prior years.

## 28. INTER ENTITY TRANSFERS

No	Type of Transfer	Transfer Date	Amount	Financial Period
1.	Grant	22/08/2017	40,675,000.00	FY 2017/2018
2.	Grant	03/11/2017	40,675,000.00	FY 2017/2018
3.	Grant	15/02/2018	40,675,000.00	FY 2017/2018
4.	Grant	26/04/2018	40,675,000.00	FY 2017/2018
<b>TOTAL KSHS</b>			<b>162,700,000.00</b>	

## 29. PRIOR YEAR ADJUSTMENTS

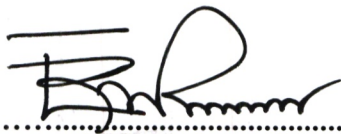
In the year 2017/18 the Centre started using Sage Pastel programme in the preparation of its financial statements, the stocks in the store were captured into the system amounting to Kshs 3,646,106 /-. All consumable stocks had been fully expensed in the previous year. This then means that the accumulated profit was understated by the same amount. For this error to be rectified Journal was raised that affected the prior year to reinstate the retained earnings to its correct position.

Prior year PAYE of Kshs 369,646 /- on gratuities paid to contacted staff that was paid during the financial year 2015/ 2016 was still in the reconciliation statement at the close of the year 2017/2018. This amount had been expensed in year 2016/2017. This understated the accumulated surplus for the previous years. To rectify the error the certified financial statements have been adjusted by the amount of Kshs 369,646/-.

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

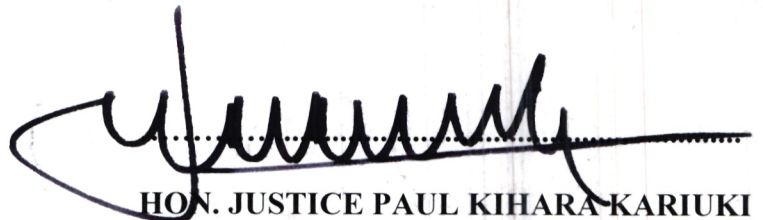
The Centre had obtained unqualified report hence no outstanding issues raised by the External Auditor for the period ending 30<sup>th</sup> June, 2017.

Ref. No. on the External Audit, Report	Issue/ Observation's from Auditor	Management Comments	Focal Point person to resolve the issue	Status	Timeframe



GERARD E. WANDERA  
DIRECTOR/CEO  
NATIONAL CRIME RESEARCH CENTRE

Date: 26/4/2019



HON. JUSTICE PAUL KIHARA KARIUKI  
CHAIRMAN  
NATIONAL CRIME RESEARCH CENTRE

Date: 26th April  
2019