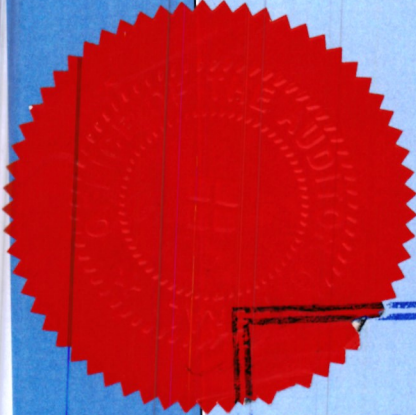

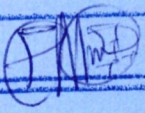
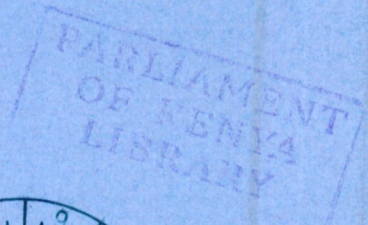




OFFICE OF THE AUDITOR-GENERAL



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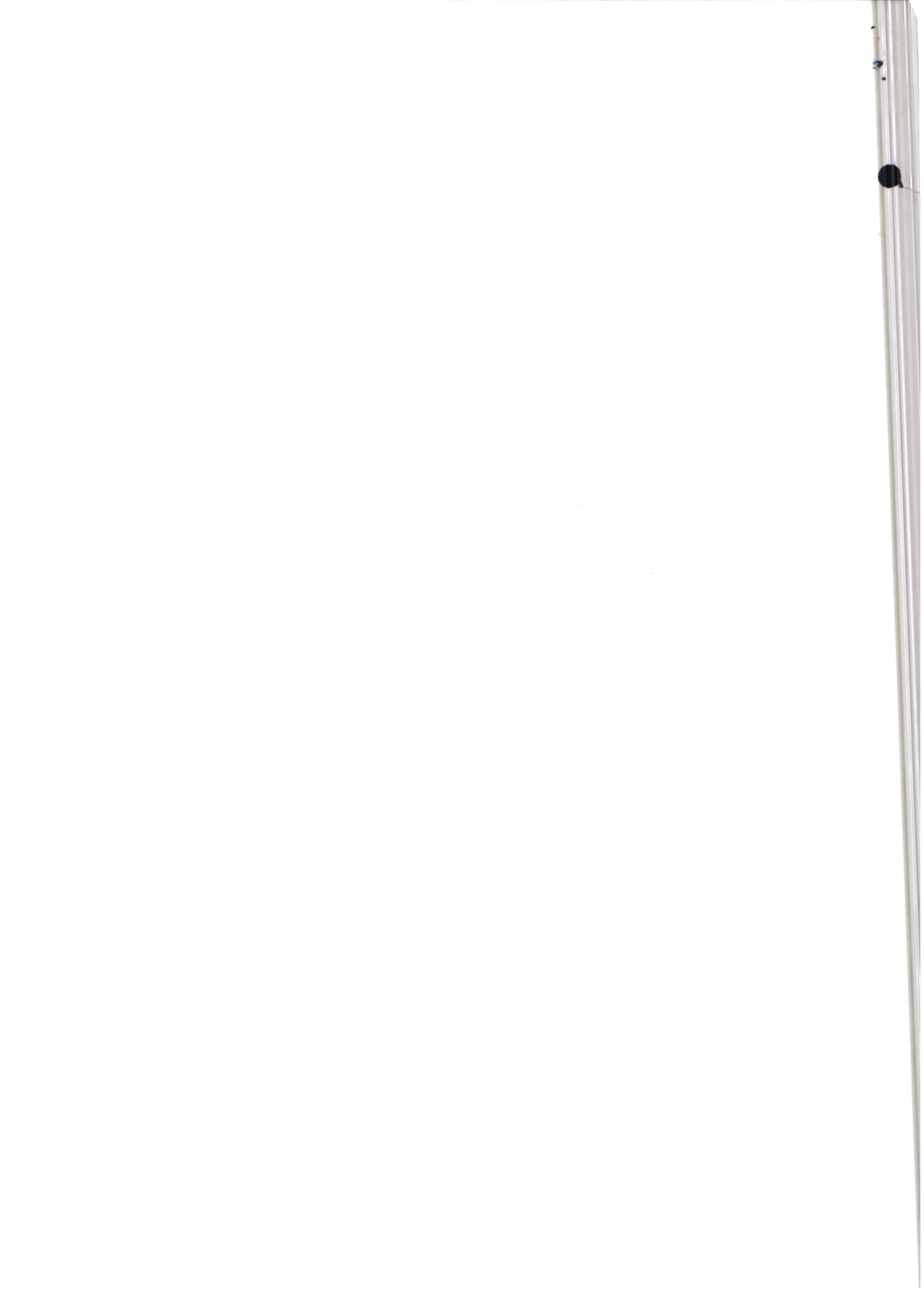


THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
WITNESS PROTECTION AGENCY**

**FOR THE YEAR
ENDED 30 JUNE 2018**





WITNESS PROTECTION AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR

ENDED 30 JUNE 2018

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



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LIST OF ABBREVIATIONS

EACC:	Ethics and Anti-Corruption Commission
ERSWEC:	Economic Recovery Strategy for Wealth and employment Creation
FY:	Financial Year
GDP:	Gross Domestic Product
IEC:	Integrity Assurance Officers
ICT:	Information Communication Technology
LSK:	Law Society of Kenya
ODPP:	Office of the Director of Public Prosecutions
WPA:	Witness Protection Agency
WPP:	Witness Protection Programme

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KEY AGENCY INFORMATION AND MANAGEMENT

a) Background information

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

b) Principal Activities

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

c) Key Management

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

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



d) Fiduciary Management

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

No. Designation

1. Director/Chief Executive
2. Deputy Director Corporate Affairs
3. Chief Witness Protection Officer In Charge of Operations
4. Finance Manager

e) Fiduciary Oversight Arrangements

The Agency has in place various fiduciary oversight arrangements comprising of the Advisory Board and Management Committee and other stakeholders as follows:

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

f) Agency Headquarters

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

g) Agency Contacts

Telephone: (254) (020) 7121337/8, 0770909207,
Hotline: (254)0711222441, 0725222442; Toll Free: 0800 720 460
E-mail: info@wpa.go.ke



Website: www.wpa.go.ke

h) Agency Bankers

- | | |
|--|---|
| 1. Central Bank of Kenya
A/C No. 1000181222
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya | 2. Kenya Commercial Bank
A/C No. 1127947893
Moi Avenue
P.O. Box 48400
GPO 00100
Nairobi, Kenya |
|--|---|

i) Independent Auditors

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

j) Principal Legal Adviser

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

THE ADVISORY BOARD

	Name	Designation	Date of Appointment
1.	Mr. Ken Ogeto.EBS	Solicitor General	Appointed 11 th April 2018
2.	Njee Muturi	Solicitor General	Ceased 11 th April 2018
3.	Major General(Rtd) Philip Wachira Kameru	Director General, National Intelligence Service	Appointed on 23 rd September, 2014
4.	Mr. Isaiah Osugo	Commissioner General of Prisons	Appointed on 24 th June 2010
5.	Mr. Noordin Mohamed Hajji	Director of Public Prosecutions	Appointed on 11 th April 2018
6.	Mr. Keriko Tobiko	Director of Public Prosecutions	Ceased 11 th April 2018
7.	Ms. Kagwiria Mbogori	Chairperson, Kenya National Commission on Human Rights	Appointed on 16 th April 2014
8.	Dr. Kamau Thugge	Principal Secretary, National Treasury and Member	Appointed on 13 th January 2017



9.	Mrs. Anne Amadi	Chief Registrar Judiciary	Appointed on 13 th January 2017
10.	Mr. Joseph Boinnet	Inspector General of Police	Appointed on 17 th March, 2015
11.	Amb. Macharia Kamau.MBS	Principal Secretary, Ministry of Foreign Affairs	Appointed on 11 th April 2018
12.	Amb. Monica Juma	Principal Secretary, Ministry of Foreign Affairs	Ceased 11 th April 2018
13.	Alice Ondieki(Mrs.)	Director/Chief Executive ,and Secretary to the Advisory Board	Appointed on 13 th January 2012

The Advisory Board consists of -Nine (9) members and the Director/Chief Executive is the Secretary.

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MANAGEMENT TEAM

Designation	Responsibility
1. Director/Chief Executive	Being the Chief Executive and Secretary to the Advisory Board and responsible for Corporate Affairs Department, Operations Department, Public Relations and Internal Audit Units.
2. Deputy Director Corporate Affairs	Responsible for Finance, Supply Chain Management, Human Resource Development, Administration, Planning and Research, and ICT Divisions.
3. Chief Witness Protection Officer In Charge of Operations	Responsible for Operations comprising of Field Services (Operations), Psychosocial Support Services Division, Investigating and Training Division and Legal Divisions.
4. Finance Manager	Responsible for Finance and Accounts Division.



CHAIRMAN'S STATEMENT

I take this opportunity to applaud the activities of the Agency during the 2017-2018 period. I am glad to join a dedicated team of professionals and taking note of my new appointment towards the end of the financial year as the new Chairperson of the Witness Protection Agency Advisory Board. I pledge to push the agenda of witness protection and ensure that the operational efficiency of the witness protection programme is sustained.

Witness protection is widely recognized as a unique and valuable tool in the promotion of the rule of law world over. During the period under review, the Agency was able to operationalize and establish itself as a premier provider of special protection to witnesses. This was informed by the need to establish a programme commanding unflinching trust to enable witnesses volunteer in assisting law enforcement agencies in the investigation, prosecution and ultimately, determination of cases. I commend the Agency for ensuring that such trust was upheld while at the same time promoting the rule of law.

I call upon the Agency to position itself strategically in its operational environment by aligning itself effectively to the changes taking place. This will enable it to effectively discharge its mandate, enhance its performance, meet the expectations of its diverse stakeholder segments and align its programmes and activities to the overall national development agenda.

The Advisory Board is committed to fully support the Agency in the implementation of its mandate. This is in addition to ensuring expected outcomes are delivered in the wider justice law and order sector desires. I call upon all staff to work towards achieving the vision of delivering a world class witness protection service.

The Agency will continue to align itself to Government policy guidelines and development programmes. For instance, the Agency will play its role in amalgamating its operations in line with the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) which heralded the Kenya Vision 2030 as a development blueprint. The blueprint is anchored on three pillars; Economic, Social and Political. I am glad to note that the Agency plays a significant role towards the achievement of the three pillars of Kenya Vision 2030, with direct contribution to the political pillar.

The Agency must also take cognizance of the Government's "Big Four" projects. The priority areas in the "Big Four" include: raising GDP of the manufacturing sector to 15 percent; food security and improved nutrition; Universal Health Coverage; and affordable housing units. The implementation of the "Big Four" will also contribute to broad based inclusive economic growth, faster job creation and reduction of poverty and inequality. The Agency will play an enabler role in the Big Four Agenda.



WITNESS PROTECTION AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Finally, I wish to applaud the good performance of the Agency during the year under review and hope the same is replicated during the 2018-2019 by exceeding set targets. I pledge the support of the Advisory Board in providing policy guidance and advice to ensure operations of the Agency run smoothly.

Kennedy Ogeto, EBS
SOLICITOR GENERAL AND
CHAIRMAN, WITNESS PROTECTION ADVISORY BOARD

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REPORT OF THE DIRECTOR/CHIEF EXECUTIVE

It is my pleasure to once more present the performance scorecard of the Agency during the 2017-2018 period. The activities and operations of the Agency were undertaken in an atmosphere that ensured desired expectations were realized. The support from the new Chairperson of the Advisory Board and the members provided the necessary impetus for the Agency to successfully meet its targets. The Witness Protection Agency played its critical role during the 2017-2018 by ensuring access to justice by threatened and intimidated witnesses by offering the necessary protection measures. In so doing, the Agency guaranteed witness safety and enhanced the Rule of Law in Kenya by supporting administration of criminal justice.

During the 2017-2018 period, the number of applications into the Witness Protection Programme rose to 227 from 210 received during the 2016-2017 period. In total, the Agency had 127 witnesses under the WPP and 187 related persons. There were eleven (11) cases involving witnesses who are protected that were concluded and judgment passed compared to eighteen (18) cases during the 2016-2017. Convictions in the period under review were obtained in eight (8) cases compared to five (5) cases in 2016-2017. The convictions ranged from death sentence, life imprisonment to a number of years in prison representing a 73% conviction rate when compared to 28% conviction rate during the 2016-2017 period.

In the past year, the Agency conformed to the provisions of the Constitution of Kenya, other legal instruments and emerging best practices in witness protection by successfully reviewing the Witness Protection Act 2006. The outcome of the review was a draft bill with proposals for future amendments. The Agency also came up with guidelines to aid the operationalization of Section 29A of the Witness Protection Act which makes provision for reciprocal witness protection arrangements with competent foreign authorities. The guidelines are intended to guide the making of regulations to give full effect to the provisions of the Act on reciprocal arrangements with foreign authorities. The Agency may now enter into a written agreement with a competent authority from a foreign country to admit witnesses from foreign countries into the Kenya Witness Protection Programme on a reciprocal basis.

The Agency unveiled the third Strategic Plan (SP III) of the Witness Protection Agency for the period 2018-2023 after expiry of the 2013-2018 strategic plan. The process involved a culmination of an all-inclusive intense and rigorous process of incorporating views and ideas on witness protection from stakeholders. The Strategic Plan articulates the shared vision, mission, core functions, policy priorities, strategic objectives and resource requirements over the next five years.



During the period under review, the Agency strengthened its collaboration, linkages and awareness campaigns. The Agency was part of the Kenyan delegation to the sixteenth session of the Assembly of States Parties to the Rome Statute of the International Criminal Court held at the United Nations Headquarters in New York, from 4th – 14th December 2017. The Assembly provided an opportunity for engaging on matters critical to the strengthening of the international criminal Justice system. The Agency's Involvement at this conference was critical, because matters of Witness Protection and Cooperation form part of the Agenda of the Assembly and various thematic side events. The Agency also sponsored staff to attend the Conference of the Europol Network in United States of America as part of the collaboration that exists between WPA and Europol.

Sensitization campaigns were held in various regions to enlighten stakeholders on WPA and WPP and disseminate publicity and IEC material. Key stakeholders sensitized included Judges and magistrates, police, ODPP and the EACC among others. The Agency delivered a lecture on the Role of Witness Protection Agency in the Administration of Justice to 22 Senior Police Officers undertaking a Strategic Leadership Command Course at the Kenya Police Staff College Loresho on 14th August 2017. The Agency also made a presentation to over 2000 lawyers during the 2017 LSK Annual Conference at the Leisure Golf Resort in Diani, Kwale. The Director/CE presented a paper entitled Safeguarding the Rule of Law, and Improving Access to Justice: The Role of Witness Protection. Another lecture was delivered to 26 EACC investigators undertaking a basic investigation course organized by the DCI Training School at the Kenya Education Management Institute Nairobi.

The Agency kept pace with the fast changing ICT environment by reviewing the ICT Policy to include ICT Standards provided by the Government. More ICT hardware was purchased and deployed to various offices at the Nairobi head office, Mombasa and Kisumu regional offices. This included four laptops, four desktops, three printers and various accessories. Maintenance repairs of the CCTV system was also carried out and coverage extended to critical areas within the Agency premises. The analogue telephone system was extended to other offices and 13 telephone extensions installed in eight offices. In a bid to embrace Information Security Management Systems, top management and staff were sensitized and technical support on end user devices provided.

During the period under review, the Liaison offices in Nairobi and Kisumu were fully operational. Additional office space shall be sourced to operationalize the Liaison office in Mombasa. This new office will go a long way in assisting the Agency to offer services to the local people at the Coast. The Agency will also continue with its efforts of acquiring office space for head office operations and to match its expanding workforce.

The Agency endeavored to create awareness and capacity building on national



values and principals of governance. The Agency took measures to make progress and realize national values by upholding public participation, inclusiveness equality, non-discrimination and protection of the marginalized in the provision of Witness Services. The Agency continued to support enforcement of electoral and related policies, legislations and Regulations. This ensured a peaceful electoral process before, during and after 2017 general elections. The collaboration and partnership with the investigators, prosecutors and courts ensured that witnesses were well protected and supported the prosecution of electoral offences.

Despite the many challenges faced during the period under review the Agency met its mandate and set targets with support from the Witness Protection Advisory Board and a team of dedicated and professional staff. The Agency will continue to operate within available resources from Treasury and play its critical role of protecting witnesses and contribute to the administration of criminal justice.

Thank You.

Alice Ondieki (Mrs.)
DIRECTOR/CHIEF EXECUTIVE

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CORPORATE GOVERNANCE STATEMENT

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

a) Witness Protection Advisory Board Composition

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

- i. the Solicitor General as chairperson;
- ii. the Principal Secretary responsible for matters relating to foreign affairs;
- iii. the Principal Secretary responsible for matters relating to finance;
- iv. The Chief Registrar of the Judiciary;
- v. the Director-General of the National Intelligence Service;
- vi. the Inspector-General of the National Police Service;
- vii. the Commissioner General of Prisons;
- viii. the Director of Public Prosecutions; and
- ix. the Chairperson of the Kenya National Commission on Human Rights.
- x. The Director of the Agency is the Secretary of the Advisory Board.

b) Advisory Board Committees

The Advisory Board has delegated its authority to the standing Board Committees to enable it effectively carry out its mandate. The Committees are appointed by the Witness Protection Advisory Board in accordance with the requirement of Section 3 (Q) 2 of the Witness Protection Act. Each Board Committee has its own Terms of Reference setting forth the purposes, goals and responsibilities of the Committee, procedures for committee member appointment and removal, committee structure, operations and its reporting to the Board. During the period under review, the Board Committee membership continued as constituted by resolution of the Advisory Board on 22 November 2011.

The Committees of the Advisory Board are as follows:

(i) Technical Committee



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

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

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

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

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

(ii) Audit Committee

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

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

1. Developing and implementing measures that will enhance internal controls in order to improve efficiency, transparency and accountability.
2. Review and approval of the Audit Charter where applicable and the internal audit Annual Work plans.



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

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

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

1. Chairperson, Kenya National Commission on Human Rights
2. Principal Secretary Responsible for matters relating finance
3. Principal Secretary responsible for matters foreign Affairs
4. The chief Registrar of the Judiciary
5. Commissioner General of Prisons

The Committee had no meeting during the year as it is yet to be fully constituted.

(iii) Finance and Administration Committee

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

1. To oversee, on behalf of the Advisory Board, financial affairs of the Advisory Board including its resources.
2. The Committee shall examine and make recommendations to the Advisory Board on the annual work plan.
3. The Committee shall examine and make recommendations to the Advisory board on the draft budget for the ensuring year and its resources.



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

The Committee meets at least four times a year or at such other times as the Chairman of the Committee shall require. During the period under review the Members of the Committee were:

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

c) **Advisory Board Attendance**

During the Financial Year 2017-2018 three (3) Advisory Board were held. Attendance to the meetings by individual members during the period under review is as indicated in the table below:



Board Member	Main Board Meetings	
	Held	Attended
Mr. Kennedy Ogeto	3	2
Mr. Njee Muturi ,CBS	3	0
Mr. Isaiah Osugo	3	2
Mr. Keriako Tobiko	3	0
Ms. Kagwiria Mbogori	3	2
Dr. Kamau Thugge	3	0
Mr. Joseph K. Boinnet	3	3
Major General (Rtd) Philip Wachira Kameru	3	2
Dr. Monica Juma, CBS	3	0
Amb. Macharia Kamau,MBS	3	0
Mrs. Anne Amadi	3	0
Mr. Noordin Mohamed Haji,OGW	3	2

**** In view of the high level representation at the Advisory Board most of the Agenda for the various committees were dealt with at the main board meetings.**

d) Statement of Compliance

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

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

e) Board Oversight

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

- a. Advise on the formulation of witness protection policies in accordance with the current law and international best practices;
- b. Have general oversight on the administration of the Agency;
- c. Approve the budgetary estimates of the Agency; and
- d. Perform any other functions as may be conferred by the Act or any other law

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



other staff of the Agency.

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

The Advisory Board recognizes and honors its responsibility to its key stakeholder, the Government of Kenya, by ensuring that it meets its undertaking under the Performance Contract. In this case Board Members are fully aware of their responsibility to discharge

their function in good faith, with prudence, diligence and due care. The performance contract for the period ending 30th June 2018 was duly executed, monitored and evaluated during the period under review.

f) Board Remuneration

The Advisory Board is remunerated in accordance with the approved Terms and Conditions of Service prescribed under Government Circular Number OP/CAB.2/12A (9) of 29th August 2003 as adopted by the Advisory Board in its second meeting held on 18 April 2011.



MANAGEMENT DISCUSSION AND ANALYSIS

The Agency is mandated to provide special protection on behalf of the State to persons in possession of important information and who are facing potential risk or intimidation due to their cooperation with prosecution and law enforcement agencies. The Agency has a Strategic Plan (2013-18) that provides a road map on key strategies that will support the realization of the planned targets. It aligns the Agency's mandate, strategies, vision and mission with Kenya's development agenda while ensuring that ultimately, the programme and activities therein contribute to realization of the Agency's vision. The Plan envisages growth in demand for Witness Protection Programme in tandem with Kenya's social growth of access to justice.

During the 2017-2018 period, the number of applications into the Witness Protection Programme rose to 227 from 210 received during the 2016-2017 period. In total, the Agency had 127 witnesses under the WPP and 187 related persons. There were eleven (11) cases involving witnesses who are protected that were concluded and judgment passed compared to eighteen (18) cases during the 2016-2017. Convictions in the period under review were obtained in eight (8) cases compared to five (5) cases in 2016-2017. The convictions ranged from death sentence, life imprisonment to a number of years in prison representing a 73% conviction rate when compared to 28% conviction rate during the 2016-2017 period.

During the period under review the Agency experienced several challenges including: Inadequate budgetary allocation to the Agency; austerity measures by the Government affected the provision core mandate; inadequate staff which affected the delivery of the set targets; the Agency has only two regional offices which was inadequate given the geographical spread of areas under the Agency's jurisdiction; lack of adequate operational tools including motor vehicles, office furniture and equipment; slow pace of trials contributed to the overstay of witnesses in the Programme and lack of in-court witness protection infrastructure which exposes Agency witnesses.

The Agency received a total of Ksh429,161,000 in Exchequer Releases compared to Ksh388,440,000 in the FY2016/17. The total expenditure for the year was Ksh 436,869,269 and Ksh 411,931,090 on accrual and cash basis respectively compared to Ksh395,173,821 and Ksh379,824,839 in the previous financial year 2016/17.

The major services/outputs provided in the FY 2017/18 included: admission of threatened witnesses; maintenance and management of witnesses; facilitating witness testimony in courts of law and resettlement and re-integration of witnesses. The Agency expects to successfully manage an average of 126 witnesses comprising 46 witnesses with an average of 5 related persons per witness in safe houses and 80 witnesses for in-court protection measures in the FY 2018/2019.



REPORT OF THE MANAGEMENT

The management presents the report together with the audited financial statements for the year ended 30th June 2018, which show the state of affairs of the Agency.

Principal activities

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

Results

The results of the Agency for the year ended June 30, 2018 are set out on page 27.

Advisory Board Members

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

Auditors

The Auditor of the Agency for the year ended is the Auditor General in line with the Public Audit Act, 2015 and the Witness Protection Act, 2006. The Auditor of the Agency continues to be the Auditor General.

On Behalf of the Agency

Alice Ondieki (Mrs.)
DIRECTOR/CHIEF EXECUTIVE



STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

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

The management accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), Public Finance Management Act, 2012, Witness Protection Act, Cap 79 of the Laws of Kenya, Public Sector Accounting Standards Board Guidelines and the requirements of the Public Audit Act, 2003. The Agency is of the opinion that the financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2018 and of its financial position as at that date. The Management further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Agency's financial statements were signed on its behalf by the Director/Chief Executive on 24/12/2018:

Alice Ondieki (Mrs.)
DIRECTOR/CHIEF EXECUTIVE



REPORT OF THE AUDITOR GENERAL ON WITNESS PROTECTION AGENCY FOR THE YEAR ENDED 30 JUNE 2018

We have audited the accompanying (consolidated) financial statements of Witness Protection Agency for the year ended June 30, 2018, which comprise: (i) a statement of financial performance; (ii) a statement of financial position; (iii) a statement of changes in net assets; (iv) a statement of cash flows; (v) a statement of comparison of budget and actual amounts and (v) a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Witness Protection Agency Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS), PFM Act 2012 and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

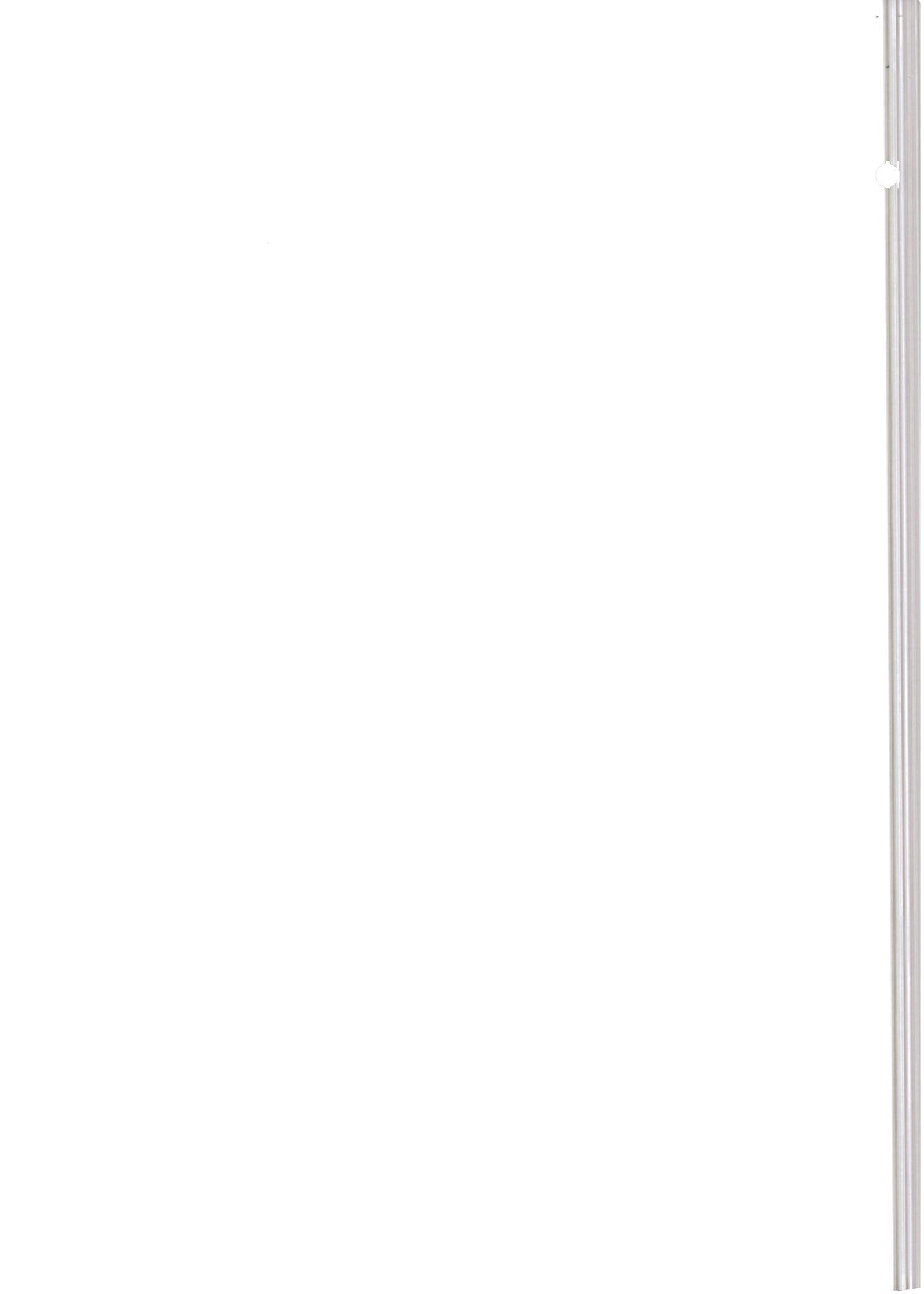
Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at June 30, 2018, and its financial performance as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the PFM Act 2012.



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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON WITNESS PROTECTION AGENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Witness Protection Agency set out on pages 24 to 45, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in equity, 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 my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Witness Protection Agency 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 the Witness Protection Act, cap 79 of the laws of Kenya.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Witness Protection Agency 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 opinion.

Key Audit Matters

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

Report of the Auditor-General on the Financial Statements of Witness Protection Agency for the year ended 30 June 2018

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require 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 Agency's ability to continue as a going concern, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting

unless the National Government either intends to liquidate the Agency 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 Agency's 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.

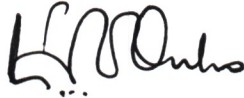
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

03 January 2019





Auditor General

Date

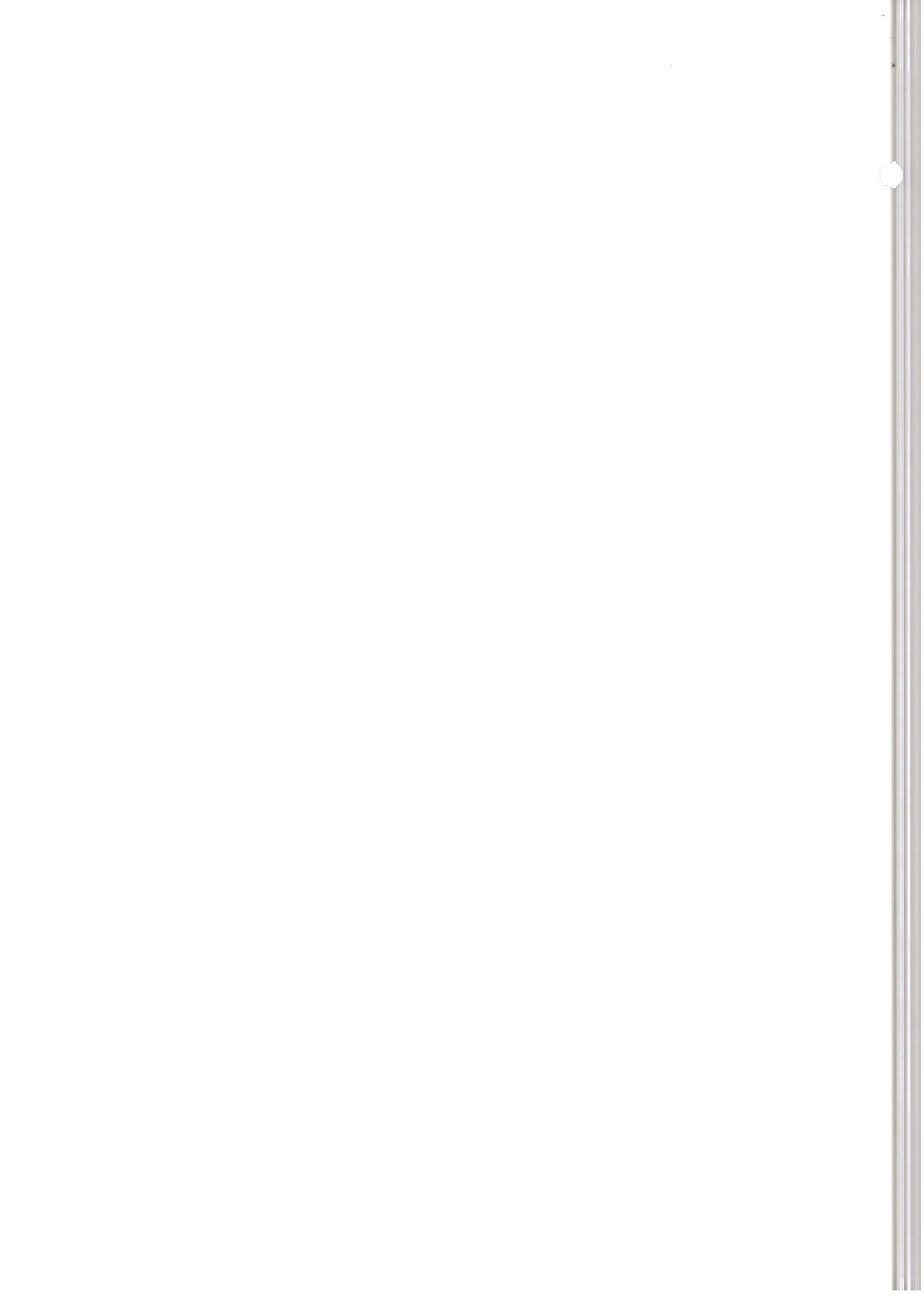
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR
ENDED 30 JUNE 2018

	Note	2017-2018 Ksh	2016-2017 Ksh
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	6	411,646,930	374,646,676
Other income	7	<u>284,161</u>	<u>601,496</u>
Total revenue		<u>411,931,091</u>	<u>375,248,172</u>
Expenses			
Employee Costs	8	216,726,373	199,610,868
Depreciation and Amortization expense	9	29,185,490	28,351,030
Repairs and Maintenance	10	7,460,599	5,826,905
General Expenses	11	67,993,302	52,504,836
Witness Related Expenses	12	113,766,845	106,321,875
Advisory Board Expenses	13	1,452,499	1,956,811
Other payments to Consolidated Fund	7	284,161	601,496
Total expenses		<u>436,869,269</u>	<u>395,173,821</u>
Surplus/(Deficit) before tax		<u>(24,938,178))</u>	<u>(19,925,649)</u>

The deficit is not as a result of losses in operations, it relates to:

- Depreciation of Ksh 29,185,490 recognized on non-cash basis and additions to property, plant and equipment of Ksh 4,247,313 on cash basis and recognized as revenue.

The notes set out on pages 35 to 49 form an integral part of the Financial Statements.





STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2017-2018	2016-2017 Ksh
Assets			
Current assets			
Cash and cash equivalents	14	28,551,275	22,977,827
Receivables from non-exchange transactions	15	<u>14,688,513</u>	<u>12,425,190</u>
		<u>43,239,788</u>	<u>35,403,017</u>
Non-current assets			
Work in Progress- Assets	21	2,632,137	2,632,137
Property, Plant and Equipment	16	<u>42,003,347</u>	<u>66,941,524</u>
		<u>44,635,484</u>	<u>69,573,661</u>
Total assets		<u>87,875,272</u>	<u>104,976,678</u>
Liabilities			
Current liabilities			
Trade and other payables	17	13,584,689	7,470,261
Deferred income	18	29,655,099	27,932,755
Total liabilities		<u>44,239,788</u>	<u>35,403,016</u>
Net assets		<u>44,635,484</u>	<u>69,573,662</u>
Reserves			
Accumulated (deficit)/surplus		32,332,350	32,332,350
Revaluation Reserve	20	(29,271,691)	(4,333,513)
		<u>41,574,825</u>	<u>41,574,825</u>
Total net assets and liabilities		<u>44,635,484</u>	<u>69,573,662</u>

The financial statements on pages 28 to 49 were signed on behalf of the Agency

by:

Alice Ondieki (Mrs.)

DIRECTOR/CHIEF
EXECUTIVE

Date.....24/12/2018

K. A. Tanui

DEPUTY DIRECTOR
CORPORATE AFFAIRS

Date.....24/12/2018

Diana Kiende

SENIOR ACCOUNTANT

ICPAK NO: 12160

Date.....24/12/2018

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Revaluation Reserve Ksh	Contributed Capital Ksh	Accumulated surplus/Deficit Ksh	Total Ksh
Balance as at 1 July 2016	36,041,899	32,332,350	12,959,999	81,334,248
Surplus for the period	-	-	(19,925,649)	(19,925,649)
Prior Year Adjustment- ERP Software	-	-	2,632,137	2,632,137
Revaluation gain on computers	5,532,926	-	-	5,532,926
Balance as at 30 June 2017	<u>41,574,825</u>	<u>32,332,350</u>	<u>(4,333,513)</u>	<u>69,573,662</u>
Balance as at 1 July 2018	<u>41,574,825</u>	<u>32,332,350</u>	<u>(4,333,513)</u>	<u>69,573,662</u>
Surplus/ (Deficit) for the period	-	-	(24,938,178)	(24,928,178)
Balance as at 30 June 2018	<u>41,574,825</u>	<u>32,332,350</u>	<u>(29,271,691)</u>	<u>44,635,484</u>

Note:

a) **Contributed Capital**

This represents capital transfer of Property, plant and equipment from the Office of the Attorney General (State Law Office).

STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 30 JUNE 2018

	Note	2017-2018	2016-2017 Ksh
Cash flows from operating activities			
Receipts			
Imprest refunds		-	388,771
Government grants and subsidies	6	429,161,000	388,440,000
Other income, rentals and agency fees	7	284,161	601,496
Total Receipts		429,445,161	389,430,267
Payments			
Compensation of employees		214,971,806	196,603,770
Goods and services		190,313,726	166,694,463
Rent paid		14,338,868	13,216,768
Total Payments		(419,624,400)	(376,515,001)
Net cash flows from operating activities	19	9,820,761	12,915,266
Cash flows from investing activities			
Purchase of property, plant, equipment	16	(4,247,313)	(13,002,045)
Net cash flows used in investing activities		(4,247,313)	(13,002,045)
Net increase/(decrease) in cash and cash equivalents		5,573,448	(86,779)
Cash and cash equivalents at 1 July 2017	14	22,977,827	23,064,608
Cash and cash equivalents at 30th June 2018	14	<u>28,551,275</u>	<u>22,977,827</u>

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	%	Note
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018		
	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Revenue	432,392,990	9,987,493	442,380,483	429,161,000	13,219,483	97	
Exchequer release	-	27,932,755	27,932,755	9,191,674			
Deferred Grants Recognized	432,392,990	37,920,248	470,313,238	438,352,674	13,219,483		
Total income							
Expenses							
Basic salaries-permanent	180,237,450	67,650	180,305,100	174,207,755	6,097,345	96.6	
Employer contribution	15,945,540		15,945,540	15,193,127	752,413	95.3	
Utilities Supplies and Services	2,220,000	(550,000)	1,670,000	1,685,469	(15,469)	100.9	
Communication Supplies and services	5,840,800	27840	5,868,640	6,169,365	(300,725)	105.1	
Domestic Travel and Subsistence	4,950,000	-	4,950,000	4,863,285	86,715	98.3	
Foreign Travel and subsistence	2,000,000	-	2,000,000	817,581	1,182,419	40.9	a
Printing Advertising and Information	2,150,000		2,150,000	1,806,215	343,785	84.0	b
Rentals of produced good	14,876,056	1807588	16,683,644	14,176,056	2,507,588	85.0	c
Training Expenses	8,150,000	-	8,150,000	8,137,585	12,415	99.9	
Hospitality Supplies and services	13,312,900	57300	13,370,200	12,348,877	1,021,323	92.36	
Insurance cost	25,275,535	3,651,302	28,926,837	21,707,788	7,219,049	75.0	d
Specialized Materials and Supplies	2,150,000	52125	2,202,125	1,132,213	1,069,912	51.4	e
Office and General Supplies and Services	4,470,000		4,470,000	3,551,527	918,473	79.4	f
Fuel Oil and Lubricants	5,400,000	1,100,000	6,500,000	4,245,777	2,254,223	65.3	g
Other Operating Expenses	120,526,282	15,698,878	136,225,160	118,040,094	17,635,162	86.7	h
Routine maintenance – Vehicles	6,810,000	500,000	7,310,000	5,921,909	1,388,091	81.0	i
Routine maintenance- Other Assets	1,772,027	-	1,772,027	1,538,690	233,337	86.8	j
Government pension and gratuity	2,306,400	-	2,306,400	2,306,400	0	100	
Purchase of Furniture and General Equipment	5,000,000	-	5,000,000	4,247,313	752,687	85	k
Car Loan	9,000,000	-	9,000,000	9,000,000	0	100	
Other payments to Consolidated Fund		-	-	284,161	-284,161		
Total expenditure	432,392,990	22,412,683	454,805,673	411,931,090	42,874,583		
Surplus for the period	-	15,507,565	15,507,565	26,421,584	29,655,100		

Budget Notes

1. Explanations of Differences between Actual and Budgeted Amounts

- a) The under expenditure variance of 59% in foreign travel was due to austerity measures put by the Government limiting foreign travels.
- b) The under expenditure variance of 16% in Printing advertising and information was due to favorable price variance between projected and realized leading to savings.
- c) The under expenditure variance 15% on rental of produced goods was as a result of non-responsiveness in procurement.
- d) The under expenditure variance of 25% on insurance costs was due projected medical costs of staff being lower than actual giving rise to a savings. This was partially due to recruitment process for staff replacements.
- e) The under expenditure variance of 49% on specialized materials was due to non-responsiveness in procurement.
- f) The under expenditure variance of 20% in office general supplies was due to favorable price variance between projected and realized leading to savings.
- g) The under expenditure variance of 35% on fuel and lubricants was due lower prices realized than projected in the budget.
- h) The under expenditure of 13% on other Expenses was as a result of reduced number of witnesses admitted in the programme in that FY.
- i) The under expenditure variance of 19% on routine maintenance of motor vehicle was due to variance between projected and realized leading to savings.
- j) The under expenditure variance of 13% on routine maintenance of assets was due to favorable price variance between projected and realized leading to savings.
- k) The under expenditure variance of 15% on Purchase of Furniture and General Equipment was due to non-responsiveness in procurement

2. Explanations of changes between original and final budget

The adjustments of Ksh 15,507,565 represents unspent exchequer in the FY 2017/18 which was paid back to the Consolidated Fund.

3. Explanations for differences due to accounting base

An amount of Ksh26,421,584 represents unutilized Exchequer for the FY 2017-2018 which is composed of Ksh14,966,586 to be refunded to the Consolidated Fund and Ksh11,454,997 in prepayments and debtors. An amount of

Ksh29,655,100 represents total deferred income for the FY2017/2018 which constitutes of; Ksh 26,421,584 out of the current year Exchequers; and Ksh 3,233,516 unutilized deferred grants brought forward in the FY2016/17.

The budget being on cash basis and financial statements on accrual basis give rise to difference between total expenditure as reported in the statement of comparison of budgets of Ksh 411,931,090 and financial performance of Ksh 436,869,269 a variance of Ksh24,938,178 accounted for as follows;

	Ksh
Depreciations and amortization expense	29,185,490
Less: Additions to Property, Plant and equipment	4,247,313
Difference	24,938,177

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

Standard	Impact
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach. The Agency pension scheme is managed by a third party and therefore this standard does not apply.

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017**

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1 st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

iii. **Early adoption of standards**

The Agency did not early – adopt any new or amended standards in year 2018.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) **Revenue recognition**

Revenue from non-exchange transactions – IPSAS 23

The revenue constitutes all funds accruing to the Agency in form of releases from Exchequer adjusted for deferred grants, imprest refunds if the transfers are free from conditions. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

b) **Budget information**

The original budget for FY 2017-2018 was approved by the National Assembly in March 2017. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Agency upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Agency recorded additional appropriations of Ksh9,987,493 on the 2017-2018 budget following the governing body's approval. The Agency's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in

the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section XII of these financial statements.

c) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Agency recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation is done on straight-line basis as per the Agency's financial manual and rates applicable are as follows.

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

Full depreciation is charged in the year of purchase and no depreciation is charged in the year of disposal

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d) Inventories-IPSAS 12

The policy of the Agency is to expense Inventory on purchase and hold in stores for issue to the users.

e) Provisions – IPSAS 19

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

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement. The provisions in our statements includes gratuity due to the Director/CE, which is payable at the expiry of the contract and payables due to suppliers and staff.

f) Nature and purpose of reserves

The Agency creates and maintains reserves in terms of specific requirements. The Agency maintains the following reserves:

Reserve	Policy
Contributed Capital	Accounts for grants received in form of property, plant and equipment.
Revaluation Surplus/Deficit	Accounts for differences between carrying value of an asset and the revalued amount.
Accumulated surplus	This relates to difference between revenue and expenses on accrual basis

NOTES TO THE FINANCIAL STATEMENTS (Continued)

g) Changes in accounting policies and estimates – IPSAS 3

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

h) Employee benefits – IPSAS 25

Retirement benefit plans

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

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and Kenya Commercial Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorized public officers and/or institutions, which were not surrendered or accounted for at the end of the financial year.

j) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

i. Going concern

The Agency will continue in operations in the foreseeable future, at least for the next twelve months.

ii. The deferred grants

The deferred grants relating to accrued expenses shall not be recovered from the Agency but those grants not committed in the current financial year shall be refunded back to the Exchequer in line with the Public Finance Management Act, 2012 and Regulations 2015.

iii. Taxation

The Agency, being a non-trading Agency is not subject to taxation. No tax therefore is provided for.

The Agency based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Agency. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i. The condition of the asset based on the assessment of experts employed by the Agency;
- ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- iii. The nature of the processes in which the asset is deployed;
- iv. Availability of funding to replace the asset; and
- v. Changes in the market in relation to the asset.

Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from other Governments- Gifts and Services

	2018	2017 Ksh
Unconditional grants		
Operational grant- Exchequer releases	429,161,000	388,440,000
Less Motor Vehicle Insurance Compensation Receivable	-	(4,576,667)
Deferred grants b/f recognized	8,907,513	16,398,928
Deferred grants-current Exchequer	<u>(26,421,583)</u>	<u>(25,615,585)</u>
Total government grants and subsidies	<u>411,646,930</u>	<u>374,646,676</u>
Grants B/F Recognized		
Deferred Grants B/F	27,932,755	
Refund to Consolidated Fund	(15,507,565)	
Imprest Refunds due to Consolidated Fund C/F	(284,161)	
Deferred Grants C/F	<u>(3,233,516)</u>	
Grants Recognized	<u>8,907,513</u>	
Deferred grants-FY2017/2018		
Unutilized Exchequer due to Consolidated Fund	14,966,586	
Prepayments and Debtors	11,454,997	
Deferred Grants	<u>26,421,583</u>	

Notes

- The total Exchequer released in the current Financial Year 2017/2018 was 429,161,000 against printed estimates of Kes 442,280,483.
- In the current Financial Year, the total funds due to Consolidated Fund is Ksh14,966,586 composed of; unutilized Exchequer of Ksh; 14,682,424 and Imprest refunds from the previous financial year 2016/2017 of Ksh284,161.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Other income

	2018	2017
		Ksh
Interest on Salary Advance	-	3,333
Imprest Refunds	174,687	-
Safe house deposit refund	109,474	-
Payment in Lieu of Notice	-	<u>598,163</u>
Total other income	<u>284,161</u>	<u>601,496</u>

The Agency treats Imprests refunds from activities of the previous year as income and is subsequently paid to the Consolidated Fund.

8. Employee costs

	2018	2017
		Ksh
Employee related costs - salaries and wages	107,143,297	91,566,013
Employee related costs - contributions to pensions	15,193,147	11,543,394
Domestic travel and allowances	4,863,285	6,503,365
Foreign Travel and allowances	817,581	888,158
Insurance Staff	19,208,945	17,949,146
Housing benefits and allowances	67,193,718	66,642,195
Directors Gratuity	2,306,400	2,948,120
Total Employee costs	<u>216,726,373</u>	<u>199,610,868</u>

9. Depreciation and amortization expense

	2018	2017
	Ksh	Ksh
Property, plant and equipment	29,185,490	28,351,030
Total depreciation and amortization	<u>29,185,490</u>	<u>28,351,030</u>

10. Repairs and maintenance

	2018	2017
	Ksh	Ksh
Motor Vehicles	5,921,909	5,347,376
Computers and Accessories	1,114,402	255,860
Equipment's	424,288	<u>223,669</u>
Total repairs and maintenance	<u>7,460,599</u>	<u>5,826,905</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. General expenses

	2018 Ksh	2017 Ksh
Advertising, Printing and Communication Supplies	1,806,215	1,521,938
Hospitality, Conferences and Delegations	10,896,378	10,203,170
Consulting fees	1,623,000	322,684
Consumables	3,551,527	3,074,239
Electricity	1,420,130	808,513
Gas expense	68,100	-
Water	197,220	67,439
Fuel and oil	4,245,777	4,243,694
Insurance motor vehicle	2,498,843	2,731,361
Rental	14,176,056	13,207,720
Telecommunication	6,169,365	5,032,030
Specialized Materials and supplies	1,132,213	474,595
Bank charges and Commission	539,661	377,134
Training	8,137,585	7,644,049
Parking fees	22,370	24,300
Laundry fees	45,942	6,120
Membership fees	319,240	471,517
Contracted Guards	2,143,680	2,294,334
Car Loan to Agency Staff	9,000,000	-
Total general expenses	<u>67,993,302</u>	<u>52,504,836</u>

12. Witness Expenses

	2018 Ksh	2017 Ksh
Witness Protection Programme	84,896,845	84,741,875
Confidential and Task driven	<u>28,870,000</u>	<u>21,580,000</u>
Total witness expenses	<u>113,766,845</u>	<u>106,321,875</u>

13. Advisory Board Expenses

	2018 Ksh	2017 Ksh
Board Sitting Allowances	1,044,000	949,295
Chairman's honoraria	408,499	1,007,516
Total advisory Board expenses	<u>1,452,499</u>	<u>1,956,811</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Cash and cash equivalents	2018	2017
	Ksh	Ksh
Bank- KCB A/C No 1127947893	28,512,204	22,977,827
Bank- CBK A/C No 1000181222	37	-
Cash-on-hand	<u>39,034</u>	=
Total cash and cash equivalents	<u>28,551,275</u>	<u>22,977,827</u>

15. Receivables from Non-exchange Contracts- Current Receivables

	2018	2017
	Ksh	Ksh
Staff Debtors – Income Tax PAYE in excess	67,650	67,650
Staff Debtors Imprests	5,408,111	1,980,710
Prepayments	6,740,826	8,201,490
Rent Deposit	155,400	97,500
Credit Facility deposit- Toyota K	500,000	500,000
LAN connectivity Deposit- Safaricom K	27,840	27,840
Safe Houses Deposit	1,816,526	1,550,000
Total Current Receivables	<u>14,688,513</u>	<u>12,425,190</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Property, plant and Equipment

Cost	Motor Vehicles	Furniture and Fittings	Equipment's	Computers and CCTV	Security Equipment	Totals
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At 1 July 2016	70,042,293	15,883,270	26,974,578	13,384,681	3,373,240	129,658,062
Additions 2017	4,576,667	1,444,028	1,576,547	2,563,416	2,841,387	13,002,045
Write off of Computers				(110,000)		(110,000)
Revaluation cost Adjustment				(6,274,559)		(6,274,559)
As at 30 June 2017	74,618,960	17,327,298	28,551,125	9,563,538	6,214,627	136,275,548
Additions 2018	-	307,770	2,480,185	1,459,358	-	4,247,313
As at 30 June 2018	74,618,960	17,635,068	31,031,310	11,022,896	6,214,627	140,522,861
Depreciation and impairment						
As at 30 June 2016	17,510,574	8,773,837	13,011,964	11,917,488	1,686,620	52,900,482
Deprecation- current year	18,654,740	2,165,912	3,568,891	3,184,658	776,828	28,351,030
Accumulated Depreciation on write off	-	-	--	(109,959)	-	(109,959)
Accumulated Depreciation Reversed on revaluation	-	-	-	(11,807,528)	-	(11,807,528)
As at 30 June 2017	36,165,314	10,939,749	16,580,854	3,184,659	2,463,448	69,334,024
Deprecation- current year	18,654,740	2,204,384	3,878,914	3,670,624	776,828	29,185,490
As at 30 June 2018	54,820,054	13,144,133	20,459,768	6,855,283	3,240,277	98,519,514
Net book values						
At 30 June 2018	19,798,907	4,490,936	10,571,542	4,167,613	2,974,350	42,003,347
At 30 June 2017	38,453,647	6,387,549	11,970,271	6,378,879	3,751,179	66,941,524

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Trade and Other Payables from exchange transactions

	2018 Ksh	2017 Ksh
Gratuity balance	3,385,200	1,078,800
Other Income due to consolidated fund	284,161	601,496
Third-party payments	9,826,928	5,789,965
Staff Payables	<u>88,400</u>	<u>—</u>
Total trade and other payables	<u>13,584,689</u>	<u>7,470,261</u>

18. Deferred Income

	2018 Ksh	2017 Ksh
Cash and cash Equivalent Ending	28,551,275	22,977,827
Trade and other Receivables	14,688,513	12,425,190
Trade and other Payables	<u>(13,584,689)</u>	<u>(7,470,262)</u>
Total deferred income	<u>29,655,099</u>	<u>27,932,755</u>

19. Cash Generated from Operations

	2018 Ksh	2017 Ksh
Deficit for the year before tax	(24,938,178)	(19,925,649)
Adjusted for:		
Depreciation	29,185,490	28,351,030
Working capital adjustments:		
Decrease/(Increase) in receivables	(2,263,323)	10,867,574
Increase in payables	6,114,428	(5,323,858)
Increase in Deferred Income	1,722,343	<u>(1,053,831)</u>
Net cash flows from operating activities	<u>9,820,760</u>	<u>12,915,266</u>



20. Revaluation Reserve

	2018 Ksh	2017 Ksh
Balance B/F	41,574,825	36,041,899
Valuation Amount	-	7,000,122
NBV Carrying Amount	-	(1,467,196)
Total revaluation surplus	<u>41,574,825</u>	<u>41,574,825</u>

21. Work in Progress

	2018 Ksh	2017 Ksh
Prior year adjustment of ERP Software	2,632,137	2,632,137
Total Work in progress	<u>2,632,137</u>	<u>2,632,137</u>

22. Related Party Transaction

- a) The Agency relies fully on National treasury to finance its Operations
- The National treasury
 - Advisory Board
 - Key Management

However due to security nature of the Agency, only remuneration relating to the Advisory board is disclosed under this note

b) Related Party Transaction

	2018 Kshs	2017 Kshs
Transfer from related party- exchequer Releases	429,161,000	388,440,000
Transfer to related party- Unspent exchequer and refunds to Consolidated fund	16,109,060	10,270,489
Transfer to staff Car Loan Scheme	<u>9,000,000</u>	-

c) Key management Remuneration

	2018	2017
Board Sitting Allowances	408,999	949,295
Chairman's Honoraria	<u>1,044,000</u>	<u>1,007,516</u>
Advisory Board Remuneration	<u>1,452,499</u>	<u>1,956,811</u>

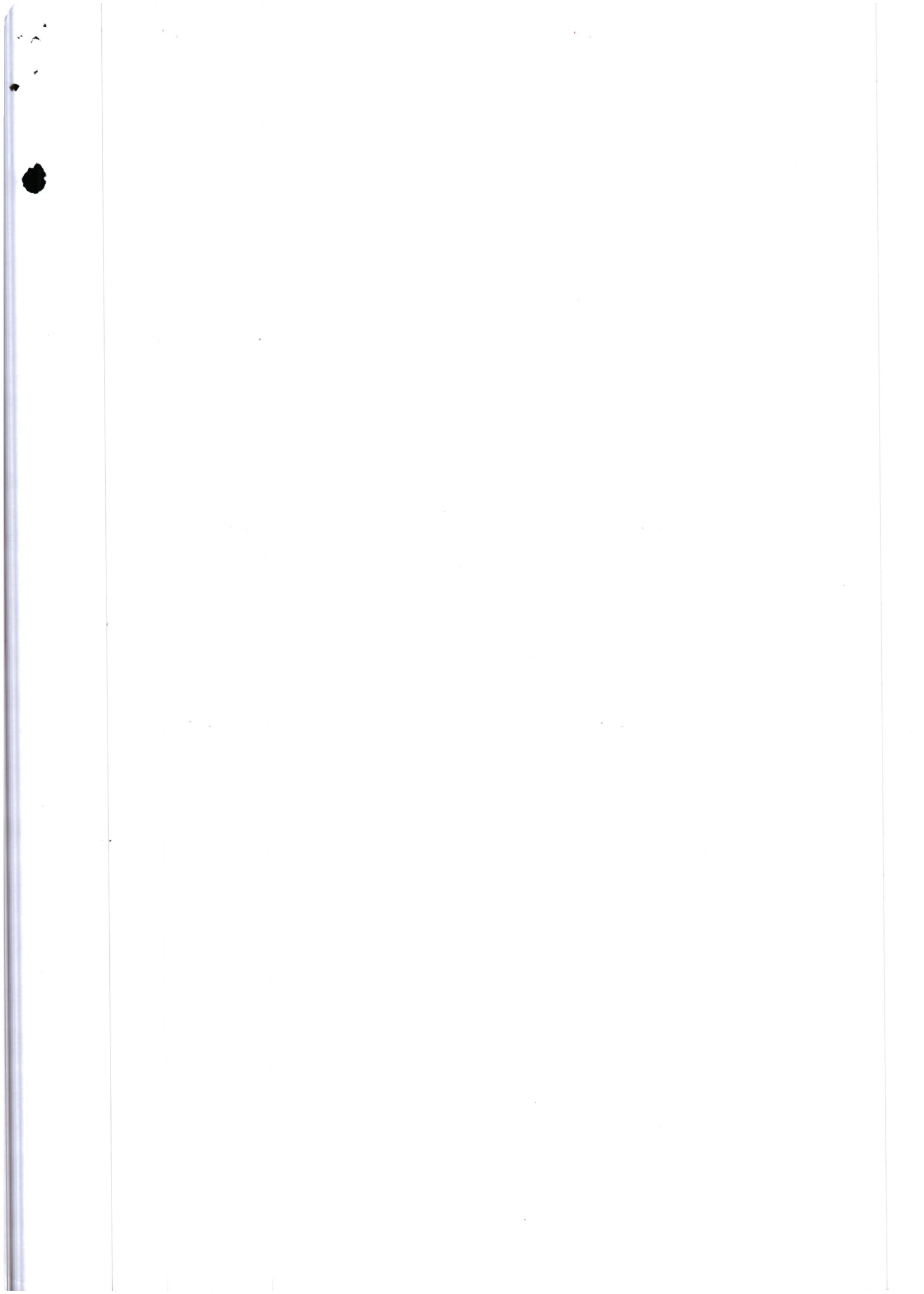
d) Due to related Party

	2018	2017 Kshs
Due to National Treasury	<u>14,966,586</u>	<u>16,109,060</u>

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Agency received an un-qualified report for the FY 2016/17, hence there were no audit recommendations to follow up.





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