


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
OF DATE:	05 APR 2022
	DAY: <u>Tues.</u>
TABLED BY:	<u>Lom</u>
CLERK-AT THE TABLE:	<u>M. K. O. ANJIKU.</u>

THE AUDITOR-GENERAL

ON

WITNESS PROTECTION AGENCY

**FOR THE YEAR ENDED
30 JUNE, 2021**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30034 - 00100, NAIROBI
REGISTRY

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WITNESS PROTECTION AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2021

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

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1. KEY AGENCY INFORMATION AND MANAGEMENT

a) Background information

The Agency is a statutory body established under the Witness Protection Act No. 16 of 2006, 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 No. 16 of 2006, 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
- Internal Audit Unit

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No. Designation

1. Director/Chief Executive
2. Deputy Director Corporate Affairs
3. Deputy Director 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. Departmental Committee on Justice and Legal Affairs of the National Assembly
5. The National Treasury
6. Controller of Budget
7. Auditor General
8. Budget Implementation Committee
9. Training and Development Committee
10. Evaluation Committee
11. Disciplinary Committee
12. 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



a) Agency Bankers

1. Central Bank of Kenya
A/C No. 1000181222
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. KCB Bank Kenya Ltd
A/C No. 1127947893
Moi Avenue
P.O. Box 48400
GPO 00100
Nairobi, Kenya

b) Independent Auditors

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

c) Principal Legal Adviser

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

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2. ADVISORY BOARD MEMBERS

	Name	Designation	Date of Appointment
1.	Mr. Ken Ogeto, CBS	Solicitor General	Appointed 11 th April 2018
2.	Major General(Rtd), Philip Wachira Kameru, MGH	Director General, National Intelligence Service	Appointed on 23 rd September, 2014
3.	Mr. Wycliffe O. Ogalo. CBS	Commissioner General of Prisons	Appointed 9 th May 2019
4.	Mr. Noordin Haji, CBS	Director of Public Prosecutions	Appointed on 11 th April 2018
5.		Chairperson, Kenya National Commission on Human Rights	VACANT
6.	Dr. Julius Muia, CBS	Principal Secretary, National Treasury and Member	Appointed on 24 th July 2019
7.	Mrs. Anne Amadi, CBS	Chief Registrar Judiciary	Appointed on 13 th January 2017
8.	Mr. Hilary M. Mutyambai, MGH	Inspector General of Police	Appointed on 9 th May 2019
9.	Amb. Macharia Kamau, CBS	Principal Secretary, Ministry of Foreign Affairs	Appointed on 11 th April 2018
10.	Alice Ondieki(Mrs.), MBS	Director/Chief Executive ,and Secretary to the Advisory Board	Appointed on 13 th January 2017

3. 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.	Deputy Director 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.



4. CHAIRMAN'S STATEMENT

The period 2020-2021 marked a significant moment in the operations of the Agency in fulfilling its mandate despite the challenging environment posed by COVID-19 pandemic. I am glad the Agency was able to navigate through the challenging circumstances to ensure that all staff were safe and operations of the Agency ran smoothly.

As we review fundamental aspects in the criminal justice system that have taken place in the last one year, I take cognizance of the important role the Agency takes in protecting witnesses. In all criminal justice systems, the process of investigating and prosecuting criminal offences depends largely on the information and testimony of witnesses. As such, witness protection measures and programmes need to be developed to ensure that this evidence is preserved and heard during court proceedings.

I am glad that the Agency has a strong Witness Protection Programme and is capable of protecting witnesses in high profile cases and other emerging forms of organized and complex crimes such as terrorism, cybercrimes, corruption, drug trafficking, money-laundering and human trafficking. The duty of care ensures that the experience of testifying does not result in further harm, or suffering of trauma by witnesses who appear in court to testify. The Agency acknowledges the need for security of witnesses which is recognized as a basic human right. In so doing, the Agency contributes to the criminal justice system, the rule of law and good governance.

The Advisory Board guided and supported the activities of the Agency during the period under review. In doing so, the Board we ensured that the budgetary requirements were approved on time to facilitate the smooth operations and financial obligations of the Agency. I congratulate the Agency for utilizing the funds allocated with prudence and in line with the government austerity measures. The funds may not have been sufficient but the Board will endeavor to lobby Treasury for more funding to ensure that activities of the Agency are not adversely affected.

Additionally, the Board was also able to provide all necessary advice to the Agency in execution of its mandate. A number of policies developed by the Agency were approved apart from offering general oversight of the activities of the Agency.

On behalf of the Advisory Board and on my own behalf, I take this opportunity to extend my immense gratitude to our stakeholders who contributed to the success of the Agency's activities and operations during the year. It is through their support and collaborative efforts that we are able to realize our vision of *"being a world class witness protection agency"*

A handwritten signature in blue ink, appearing to read 'Kennedy Ogeto'.

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



5. REPORT OF THE DIRECTOR/CHIEF EXECUTIVE

On behalf of the management and staff of Witness Protection Agency (WPA), I am delighted to present an overview of the Agency's activities over the 2020-2021 period. The Agency carried out its targeted activities successfully and within the anticipated timelines despite numerous operational challenges. This achievement is attributed to the concerted efforts of members of staff and support from the Advisory Board.

Given its mandate of providing the framework and procedures for giving special protection to witnesses with critical evidence, the Agency continued to play a significant role in enhancing the administration of justice. During the period under review, witnesses and related persons were accorded an opportunity to participate in bringing to justice perpetrators of crime. The Agency through the Witness Protection Programme enabled witnesses to safely give evidence to law enforcement agencies and testify in judicial proceedings without fear of intimidation, harm to themselves, members of their family, or other related persons.

The Agency continued to navigate through the challenging circumstances posed by the COVID 19 pandemic. This necessitated only essential staff to physically operate from Agency offices at Head office and regional offices in Mombasa and Kisumu in line with Government protocols through the Ministry of Health. For instance, hand-washing points were strategically placed at entry points and masks issued to staff. Social distance, fumigation and taking of temperature of staff reporting to work using non-contact infra-red thermometers was observed. Members of staff received jabs for vaccination against Corona virus.

During the 2020-2021 period, the Agency received 192 new applications into the Witness Protection Programme compared to 271 during the 2019-2020 period. The decline was attributed to the effects of COVID 19 pandemic which led to scaled down operations in the justice system. The Agency successfully protected 178 witnesses under the WPP and 170 related persons and dependents during the period under review compared to 224 witnesses and 187 related persons in 2019-2020. No witness, was harmed during the period under review. There were 11 cases concluded and judgment passed involving witnesses who are protected compared to 3 cases during the 2019-2020.

The Agency continued to meet its contractual obligations under the Performance Contracting Guidelines with regard to corruption prevention by complying to existing laws and corruption eradication measures. The Agency achieved 100% of its Performance Contracting (PC) targets in relation to corruption eradication indicators. The implementation reports on Corruption Risk Mitigation Plan (CRMP) and Gift & Conflict of Interest reports were promptly prepared and submitted to Ethics and Anti-Corruption Commission (EACC) on quarterly basis as is required.

The Agency maintained the information systems, ICT infrastructure and connectivity during the 2020-2021 period. For instance, the power system of the data centre was upgraded by deploying a 3KVA power backup unit to support the core equipment. The enterprise security system continued to be monitored to secure the Agency's information assets. There was also an upgrade of the Local Area Network for the Nairobi Region Office and expansion of the Kisumu Region Office infrastructure by establishing additional office LAN, printer and hotspot internet. Backup internet was also provided to the Mombasa region office. On capacity building, the Agency implemented awareness training for all staff on Information Security Management System (ISMS).

The Agency continued to establish and maintain partnerships during the period under review within the justice sector. This involved participation in stakeholder activities such as LSK Legal Awareness Week, Judiciary Launch of Alternative Justice Systems Policy and NTSA Sensitization of management and staff on Road Safety. As a member of the NCAJ Committee on Corruption and the NCAJ Working Group on CUCs, the Agency participated in various CUC forums organized by members. Stakeholder collaboration also involved engagement with The National Treasury, Parliament, development partners, civil society and Kenyans at large.

The Agency conducted capacity building for complaints-handling officers and staff in addition to creating awareness on the existence of complaints-handling mechanisms. Complaints received were resolved using guidelines prescribed by the Commission on Administrative Justice (CAJ). During evaluation carried out by CAJ, the Agency got a composite score of 92% compared to 82% for 2019-2020 which is a performance grade of "Good" for adhering to the set requirements from CAJ.

I recognize the contribution of the Agency staff who worked extremely hard despite the challenges to ensure the Agency achieved its objectives. I also acknowledge the support and advice from the Advisory Board which ensured smooth running of the Agency.

Finally, as we approach 2022 which is an election year, the Agency is conscious of the aggravated political environment and is ready to deal with ensuing consequences that may arise from the volatile political and security turmoil.

Thank You.

A handwritten signature in blue ink, appearing to be 'Jedidah Waruhiu'.

Jedidah Waruhiu
DIRECTOR/CHIEF EXECUTIVE

6. STATEMENT OF WITNESS PROTECTION AGENCY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FINANCIAL YEAR 2020/2021

The Agency in its 2018-2023 Strategic Plan identified **two strategic goals** and **five strategic objectives**.

Strategic Goals

1. Quality witness protection services

The Agency proposes mechanisms to offer quality witness protection services by strengthening the legal framework, reviewing its policies, systems and processes, management of stakeholders and improving its corporate image.

2. Optimal institutional capacity

Optimal institutional capacity is key to the realization of the Agency's mandate. In order to achieve this the Agency shall, amongst other strategies, endeavor to enhance human capital and financial capacity and optimize ICT systems and infrastructure.

Strategic Objectives

1. To strengthen of the Legal Framework

Whereas the Agency has had two amendments to operationalize and align it to the new constitution, there is still need to strengthen its legal framework through review and amendment of the Act and other relevant existing legislations and regulations to enhance the quality of witness protection services.

2. To enhance the witness protection services

To improve efficiency and effectiveness in the provision of witness protection services, the Agency aims at strengthening its policies, systems and procedures and modernize the witness admission and management practices.

3. To strengthen Stakeholder Management

Acknowledging that provision of witness protection services is dependent on co-operation and collaboration with various stakeholders.

4. To enhance corporate image

The Agency will enhance its existing linkages, establish new ones and improve its corporate image.

5. To enhance human capital capacity

To address the Agency's institutional capacity inadequacies, efforts will be made to ensure there is adequate and skilled human resources.

6. To improve work environment and infrastructure

The Agency will provide the necessary infrastructure to provide effective witness protection services.

7. To Mobilize Resources

Owing to limited financial resources the Agency will endeavor to source for more funds to improve the quality of witness protection services and enhance institutional capacity.

WPA develops its annual work plans based on the above strategic goals, issues and objectives. Assessment of its performance against its annual work plan is done on a quarterly basis.

The Agency achieved its performance targets set for the FY 2020/2021 period for its strategic pillars, as indicated in the diagram below:

Table 2: Performance Targets

Goals	Strategic Issue	Strategic Objectives	Activities	Achievements
Quality witness protection services	Legal Framework	To Strengthen the Legal Framework	Enhance the legal framework	WP Act has been revised.
			Optimize operationalization of the Act	The Agency has continued efforts to optimally utilize the Act.
	Witness Protection Management	To enhance witness protection services	Improve systems, policies and procedures	The Agency acquired donor support in reviewing and updating its policies the process is still ongoing.
			Improve witness management practices	The Agency continues to apply innovation in its service delivery including portable witness boxes, voice distortion equipment and others.
			Strengthen Corporate Governance	The Agency continues to adopt corporate governance principles in its activities and developed Internal Audit Charter and Board Charter.
			Develop and implement Witness Protection Course Curriculum	Witness Protection Course Curriculum was developed and is in the final stages of approval.



Goals	Strategic Issue	Strategic Objectives	Activities	Achievements
	Stakeholder Management	To Strengthen Stakeholder Management	Deepen Stakeholder Engagement	The Agency has continued to deepen engagement with its stakeholders by signing MOUs and SLAs in critical areas of cooperation.
			Foster Linkages and Collaborations	The Agency maintained 14 international, regional and national collaborations and created three new ones.
		To Enhance Corporate Image	Improve customer care	The Agency conducts annual customer/witness survey and implement recommendations to improve service delivery.
			Enhance Publicity	The Agency has continued to organize public sensitization through Court Users Committee country wide and other partnerships.
Optimal institutional capacity	Institutional Capacity	To enhance human capital capacity	Enhance staff welfare programmes	The Agency continues to implement staff welfare programmes including comprehensive Medical cover and addressing staff welfare through the human resource manual
			Reengineer organizational structure and staff establishment	The agency is in the process of reviewing its Structure to enhance service delivery.
			Enhance human capital development	The Agency employed 4 staff during the FY to enhance its operations and services.

Goals	Strategic Issue	Strategic Objectives	Activities	Achievements
			Enhance performance management mechanisms	The Agency has linked Performance Appraisal System to its Annual Work Plan to ensure corporate objectives are met.
		To improve work environment and infrastructure	Enhance and optimize ICT infrastructure and systems	Enhance ICT in Agency activities in HR, Finance and Procurement.
			Enhance physical infrastructure and tools	The Agency acquired working tools and equipment for staff including working space.
	Resources mobilization	To mobilize resources	Enhance financial capacity	Mobilized resources from UNODC.
			Enhance Financial Management Implementation	Financial Management continued by enhancing Budget Committee activities and capacity.



7. CORPORATE GOVERNANCE STATEMENT

The Advisory Board and the Management of the 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 Constitution, Public Finance Management Act, 2012, Witness protection Act, 2006 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

The Witness Protection Advisory Board is established as an unincorporated body under Section 3P of the Witness Protection Act 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 Director-General of the National Intelligence Service;
- v) the Inspector-General of the Police;
- vi) the Commissioner-General of Prisons;
- vii) the Director of Public Prosecutions;
- viii) the Chairperson of the Kenya National Commission on Human Rights; and
- ix) the Chief Registrar of the Judiciary.

The Director/CE of the Agency is the Secretary of the Advisory Board.

The principal function of the 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:

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

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

The membership of the Advisory Board during the year was as shown on page 7.

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 two meetings during the Financial Year.

(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 duties as may be assigned to it from time to time by the Advisory Board. The terms of reference of the:

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 advice 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 possib
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 2020-2021 Three (3) Advisory Board meetings were held. Attendance to the meetings by individual members or appointees during the period under review is as indicated in the table below:

Board Member	Main Board Meetings	
	Held	Attended
Mr. Kennedy Ogeto	3	1
Mr. Wycliffe O.Ogalo	3	2
Ms Wambui Gathathi-KNCHR Rep	3	3
Dr. Julius Muia	3	2
Mr.Hilary M. Mutyambai	3	3
Major General (Rtd) Philip Wachira Kameru	3	2
Amb. Macharia Kamau, MBS	3	3
Mrs. Anne Amadi	3	3
Mr. Noordin Mohamed Haji, OGW	3	3

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 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, the 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 2021 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.



8. 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 (2018-2023) 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 2020-2021 period, the Agency received a total of 118 new applications into the Witness Protection Programme compared to 192 during the 2019-2020 period. The total number of applications for admission to the programme reduced by 74 in the period under review. This decline is attributed to the effects of COVID-19 which lead to scaled down operations in the justice system. There was a decline in the applications as they closed at 71 compared to 111 applications closed in the previous year. At the end of the F/Y, the Agency had a total of 145 witnesses under the WPP and 161 related persons.

During the period under review, 17 cases involving WPA protected witnesses were concluded in various courts compared to fourteen (14) cases during the 2019-2020. Seven (7) convictions were obtained compared to eleven (11) cases in 2019-2020 translating to a 41.7 % conviction rate when compared to 78.6% conviction rate for 2019-2020. The sentences ranged from death sentence to life imprisonment to a number of years.

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 **Ksh462,487,500** in Exchequer releases compared to **Ksh481,600,000** in the FY 2019/2020. The total expenditure for the year was **Ksh486,826,126** and **Ksh476,425,280** on accrual and cash basis respectively compared to **Ksh496,263,871** and **Ksh477,553,343** in the previous financial year 2019/2020. The Agency achieved a **99.9%** absorption rate compared to **99%** in the previous financial year 2019/20.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

1. Sustainability strategy and profile

The Agency continuously assesses its governance operating framework to ensure proper and robust internal governing organs, systems and processes. These systems include risk management, corruption prevention and compliance with regulatory requirements. The Agency also values its stakeholders and believes in maintaining strong partnerships with all of its stakeholders. These include all the players in the criminal justice system and the members of the National Council on Administration of Justice (NCAJ). In order to ensure that the Agency is operating as per the international accepted best practices, the Agency maintained membership of the Europol Network on Witness Protection, a global network of agencies involved in witness protection. The Agency during the period of reporting, has endeavored to fulfill all its requirements within the acceptable standards of operation and is committed to do the same in the future.

2. Environmental performance

The Agency's contribution towards environmental management continues to be guided by the various legislative framework in place including the Constitution of Kenya 2010, Environmental Management and Co-ordination Act (EMCA) 1999, Environmental Management (Waste Management) Regulations 2006, the National Solid Waste Management Strategy among others in order to ensure a healthy, safe and secure environment for all. The Agency has undertaken various initiatives including creating environmental awareness through tree planting, segregation of solid waste and proper disposal of solid waste in order to ensure clean and safe environment.

3. Employee welfare

Witness Protection Agency strives to ensure that our recruitment results in us having the right people with the qualifications and experience necessary to provide an efficient and effective service towards our mandate. This is achieved through the application of a detailed and transparent recruitment procedure and through the application of all relevant employment legislation. The short-listing, interview and recruitment process follows best practice in relation to equal opportunities. Selection for appointment is based on merit. Witness Protection Agency provides equal training opportunities for all employees to enhance personal career growth with a focus to open appraisal and reward systems. The Agency's objective is to provide a safe and healthy place of work for all employees and to meet all our duties and obligations to our clients. It is the Agency's intention to protect our employees from accident or ill health at work place. The Agency has provided for such covers as; Staff Medical Insurance, Group Life Assurance, Group Personal Accident and Work Injury Benefits.

4. Market place practices

The Agency treats its suppliers as partners, and this partnership is based not only on financial transactions, but also on mutual trust and loyalty. Suppliers are made to feel like they are a



part of our business. Suppliers are informed about our processes and we also listen to their concerns. We honour the government credit periods and most of the time pay them earlier. Requests made to suppliers are well described and clear. Any clarification sought is attended to and response given in time. Procurement at the Agency is also guided by the following values and principles of the Constitution and relevant legislation; —

1. The national values and principles provided for under Article 10;
2. The equality and freedom from discrimination provided for under Article 27;
3. Affirmative action programmes provided for under Articles 55 and 56;
4. Principles of integrity under the Leadership and Integrity Act, 2012;
5. The principles of public finance under Article 201;
6. The values and principles of public service as provided for under Article 232;
7. Principles governing the procurement profession, international norms;
8. Maximization of value for money;
9. Promotion of local industry, sustainable development and protection of the environment; and
10. Promotion of citizen contractors.

Advertisements for procurement are placed in MyGov and the Agency official website to ensure that the advert is widely circulated. Proper information is given and timelines for responding clearly indicated. The Agency upholds Confidentiality, Respect for Diversity, Integrity, Professionalism, Teamwork (CRIPT) in all its operations.

10. REPORT OF THE MANAGEMENT

The Management presents the report together with the audited financial statements for the year ended 30th June 2021, 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 2006 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.

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


Jedidah Waruhiu
DIRECTOR/CHIEF EXECUTIVE

11. 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, No. 16 of 2006 of the Laws of Kenya, Public Sector Accounting Standards Board Guidelines and the requirements of the Public Audit Act, 2015. 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, 2021 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 approved and signed on its behalf by the

Director/Chief Executive on 03.02.22



Jedidah Waruhiu
DIRECTOR/CHIEF EXECUTIVE

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON THE WITNESS PROTECTION AGENCY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Witness Protection Agency set out on pages 1 to 26, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of cash flows, statement of changes in net assets 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 the Witness Protection Agency as at 30 June, 2021, 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 Public Finance Management Act, 2012 and the Witness Protection Act No.16 of 2006.

Basis for Opinion

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

Key Audit Matters

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

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 matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section 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

Special Duty Allowance

As disclosed under Note 8 to the financial statements, the statement of financial performance for the year ended 30 June, 2021 reflects employees cost of Kshs.339,263,697 out of which an amount of Kshs.108,491,060 relates to housing benefits and allowances. Included in this balance is an amount of Kshs.2,498,480 in respect of special duty allowance paid to various officers for more than six (6) months. This is contrary to Section 6.10.3 of the Witness Protection Agency Human Resource Policy Manual (May 2011) which states that Special Duty Allowance will not be granted for more than six (6) consecutive months. It further states, during that period, arrangements should be made to fill the higher post in substantive capacity. Further

review of records revealed that renewal of extensions for payment of special duty allowance were issued every six months dating back from the year 2017 to 2021.

Consequently, there was Management override of the HR Policy manual resulting to irregular expenditure amounting to Kshs.2,498,480 incurred on special duty allowance.

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 as to whether the activities, financial transactions and information reflected in the financial statements comply, 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, except for the matter described in the Basis of Conclusion on Effectiveness of Internal Controls, Risk Management and Governance 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 effective.

Basis for Conclusion

Under-Staffing

As reported in the previous year, the Agency's Human Resource Policy Manual, 2016 provides for two hundred and ninety-six (296) staff members. However, only one hundred and nine (109) staff members were in post, resulting in a shortfall of one hundred and eighty-seven (187) staff members across the various staffing cadres as at 30 June, 2021.

The under staffing may hinder effective delivery of services by the Agency.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain assurance as to whether effective processes and systems of internal control, risk management and overall 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.

In preparing the financial statements, Management is responsible for assessing the Witness Protection Agency's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Agency or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is 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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Management 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 applicable 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 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 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 Witness Protection 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 March, 2022



13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021.

	Note	2020-2021 Ksh	2019-2020 Ksh
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	6	477,037,743	482,120,492
Other income	7	<u>3,129,946</u>	<u>2,760,924</u>
Total revenue		<u>480,167,689</u>	<u>484,881,416</u>
Expenses			
Employee Costs	8	339,263,697	311,669,882
Depreciation and Amortization expense	9	17,318,549	18,379,093
Repairs and Maintenance	10	8,272,651	6,767,156
General Expenses	11	42,521,674	60,092,536
Witness Related Expenses	12	77,678,055	97,989,203
Advisory Board Expenses	13	1,771,500	1,366,000
Other Payment to Consolidated Fund	7	<u>477,401</u>	<u>-</u>
Total expenses		<u>487,303,527</u>	<u>496,263,870</u>
Surplus/(Deficit) before tax		<u>(7,135,838)</u>	<u>(11,382,454)</u>

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

- Depreciation of **Ksh 17,318,549** recognized on non-cash basis and additions to property, plant and equipment of **Ksh 10,182,711** which have not been captured in the statement of Financial performance.

The notes set out on pages 9 to 26 form an integral part of the Financial Statements.

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020-2021 Ksh	2019-2020 Ksh
Assets			
Current assets			
Cash and cash equivalents	14	11,093,588	14,845,222
Receivables from non-exchange transactions	15	<u>15,815,294</u>	<u>14,540,452</u>
Total Current assets		<u>26,908,882</u>	<u>29,385,674</u>
Non-current assets			
Property, Plant and Equipment	16	36,738,880	42,998,214
Intangible asset- Software	17	<u>2,631</u>	<u>879,133</u>
Total Non-current assets		<u>36,741,511</u>	<u>43,877,347</u>
Total assets		<u>63,650,393</u>	<u>73,263,023</u>
Liabilities			
Current liabilities			
Trade and other payables	18	14,615,559	12,640,050
Deferred income	19	<u>12,293,323</u>	<u>16,745,624</u>
Total Current liabilities		<u>26,908,882</u>	<u>29,385,674</u>
Net Assets			
Capital fund		32,332,350	32,332,350
Accumulated (deficit)/surplus		(74,975,664)	(67,839,826)
Revaluation Reserve	23	<u>79,384,825</u>	<u>79,384,825</u>
Total net assets		<u>36,741,511</u>	<u>43,877,348</u>
Total net assets and liabilities		<u>63,650,393</u>	<u>73,263,023</u>


The financial statements on pages 1 to 26 were signed on behalf of the Agency by:


Jedidah Waruhiu
DIRECTOR/CHIEF
EXECUTIVE

Date: 03.02.22


FCPA K. A. Tanui
DEPUTY DIRECTOR
CORPORATE AFFAIRS

Date: 03.02.22


Mr. John M. Mwangi
FINANCE MANAGER
ICPAK NO: 4743

Date: 03.02.22



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**15. STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED
30 JUNE 2021**

	Note	Revaluation Reserve Ksh	Contributed Capital Ksh	Accumulated surplus/Deficit Ksh	Total Ksh
Balance as at 1 July 2019		<u>41,574,825</u>	<u>32,332,350</u>	<u>(56,457,373)</u>	<u>17,449,802</u>
Surplus/(Deficit) for the period	21	37,810,000	-	(11,382,454)	26,427,546
Balance as at 30 June 2020		<u>79,384,825</u>	<u>32,332,350</u>	<u>(67,839,828)</u>	<u>43,877,348</u>
Balance as at 1 July 2020		<u>79,384,825</u>	<u>32,332,350</u>	<u>(67,839,828)</u>	<u>43,877,348</u>
Surplus/ (Deficit) for the period				(7,135,838)	(7,135,838)
Balance as at 30 June 2021		<u>79,384,825</u>	<u>32,332,350</u>	<u>(74,975,666)</u>	<u>36,741,510</u>

Note:

a) Contributed Capital

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



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16. STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 30 JUNE 2021

		2020-2021 Kshs	2019-2020 Kshs
Cash flows from operating activities	Note		
Receipts			
Imprest refunds	7	194,095	454,524
Government grants and subsidies	6	462,441,638	481,600,000
Other income, rentals and agency fees	7	152,050	-
Total Receipts		462,787,783	482,054,524
Payments			
Compensation of employees	d	338,902,963	309,304,442
Goods and services	e	102,498,366	147,191,868
Rent paid	f	15,343,350	15,152,500
Payment of payables B/F	g	4,641,951	5,539,590
Refund to Consolidated Fund		4,511,572	26,347,408
Total Payments		(465,898,202)	(503,535,808)
Net cash flows from operating activities	c	(3,110,419)	(21,481,284)
Cash flows from investing activities			
Purchase of plant and equipment		(641,215)	(6,840,751)
Net cash flows used in investing activities		(641,215)	(6,840,751)
Net increase/(decrease) in cash and cash equivalents		(3,751,634)	(28,322,035)
*c			
Cash and cash equivalents at 1 JULY 2020	14	14,845,222	43,167,257
Cash and cash equivalents at 30 JUNE 2021	14	11,093,588	14,845,222



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Notes to the Statement of Cashflow

- a) Cash and Cash Equivalents consist of cash balances with banks and cash at hand as analyzed below

Bank	2021	2020
	Ksh	Ksh
Bank- KCB A/C No 1127947893	8,791,242	14,834,830
Bank- CBK A/C No 1000181222	2,186,669	-
Cash-on-hand	115,677	10,392
Total cash and cash equivalents	<u>11,093,588</u>	<u>14,845,222</u>

b) Property, Plant and Equipment

During the period, the Agency acquired and received donations of property, plant and equipment with an aggregate cost of **Ksh 10,182,711** of which **Ksh1,193,255** was purchased by Ministry of ICT, **Ksh 190,050** from deferred income, **Ksh 8,158,191** were received as donations from UNODC and Cash payments of **Ksh 641,215** was made to purchase property, plant and equipment.

c) Reconciliation of Net Cash Flows from Operating Activities to Net Surplus/(Deficit) from Ordinary Activities

	2021	2020
	Ksh	Ksh
Deficit for the year before tax	(7,135,838)	(11,382,454)
Adjusted for:		
Donations non cash Income not expensed (Assets)	(9,541,496)	(155,888)
Depreciation	17,318,549	18,379,093
Working capital adjustments:		
Decrease/(Increase) in receivables	(1,274,842)	(1,573,408)
Increase in payables	1,975,509	(771,799)
Increase in Deferred Income	(4,452,300)	(25,976,828)
Net cash flows from operating activities	(3,110,419)	(21,481,284)



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d) Compensation of Employees

The Cash flow Statement has Kshs **338,902,963** while the Statement of Performance has **Ksh339,263,697**. This is due to adjustment of debtor's B/F and Carried forward under Insurance and gratuity expensed but not paid. See the table below.

Employee costs	Statement of Performance Ksh	Prepayment B/f	Adjusted for Prepayment C/F	Statement of Cash flow Ksh	Difference	Explanation
Salaries and wages	163,578,800	-	-	163,578,800	-	-
Contributions to pensions	32,625,980	-	-	32,625,980	-	-
Insurance Staff	32,261,457	(2,278,249)	4,223,915	34,207,123	(1,945,666)	Net change
Other allowances	108,491,060	-	-	108,491,060	-	-
Gratuity	2,306,400	-	-	-	2,306,400	Accrued Gratuity
Total Employee costs	339,263,697	(2,278,249)	4,223,915	338,902,963	360,734	Net change

e) Goods and services

The Cash flow has a figure of Kshs 102,498,366 that consists of Repairs and Maintenance, General expenses less Rentals, Witness related Expenses and Advisory Board expenses.

	Statement of Performance	Adjusted for Payable	Debtors B/F	Debtors C/F	Statement of cashflow
Repairs and Maintenance	8,272,651	(526,562)	(285,569)	-	7,460,520
General Expenses	42,521,674	(3,536,593)	(6,922,180)	1,110,862	33,173,763
Witness Related Expenses	77,678,055	(19,280)	(3,345,276)	1,122,434	75,435,933
Advisory Board Expenses	1,771,500	-	-	-	1,771,500
Rent	(15,252,600)	-	1,815,000	(1,905,750)	(15,343,350)
	114,991,280	(4,082,435)	(8,738,025)	327,546	102,498,366



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f) Rent Adjustment

	<u>Kshs</u>
Rent amount under note 11	15,252,600
<u>Adjusted for:</u>	
Opening Balance Actualized	(1,815,000)
Closing balance C/F	<u>1,905,750</u>
Cash flow Figure	<u>15,343,350</u>

g) Payment of payables B/F

The Agency accounts for payables from activities of the previous year. In the year 2019-2020, there were payables C/F of Kshs10,333,551.35 which were expensed in the year but were to be paid in the FY 2020-2021. A total of Kshs4,641,951 as reported on the amended statement of cashflows was fully paid in the financial year 2020-2021. However, gratuity of Kshs5,691,600 was not paid since it was not received from the National Treasury.



**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR
THE PERIOD ENDED 30 JUNE 2021**

	Original budget 2020-2021	Adjustments 2020-2021	Final budget 2020-2021	Actual on comparable basis 2020-2021	Performance difference 2020-2021	%
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Exchequer release	472,787,500	(10,300,000)	462,487,500	462,441,638	45,862	
Other Income	-	-	-	823,546	(823,546)	
Grants			14,372,070	14,372,070	0	
Total income	472,787,500	(10,300,000)	476,859,570	477,637,254	(777,684)	
Expenses						
Compensation of employees	344,710,000	(8,040,000)	339,277,124	338,902,964	374,160	99.9
Goods and services	112,710,900	(2,260,000)	112,864,400	112,827,520	36,880	99.9
Rent paid	15,366,600	-	15,366,600	15,343,350	23,250	99.9
Property, Equipment			9,351,446	9,351,446	-	
Total expenditure	472,787,500	(10,300,000)	476,859,570	476,425,280	434,290	
Surplus for the period	-	-	-	1,211,974	(1,211,974)	

Budget Notes

1. The adjustments of Ksh 10,300,000 represent reduction of Ksh 10,300,000 during Supplementary 1 and 11
2. Explanations for differences due to accounting base

Total expense in the comprehensive income is **Ksh487,303,527** compared to **Ksh476,425,280** in Budget comparison statement. This is as a result of preparation of Financial Statements using accrual basis and budget on cash basis. An amount of **Ksh1,211,974** represents amount payable the Consolidated Fund consisting of Other income of **Kshs823,546** and **Ksh388,428** unutilized exchequers for the FY 2020/21 as per the analysis below.



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Expenditure as per Comprehensive Income	487,303,527
Less:	
Depreciation	(17,318,549)
Accrued Gratuity	(2,306,400)
Add	
Net Change prepayments	(612,463)
Purchase of PPE	10,182,711
Other income payable to Consolidated Fund	(823,546)
Expenditure as per Statement of Budget comparison	476,425,280

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18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Agency is a statutory body established under the Witness Protection Act, No. 16 of 2006 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 No. 16 of 2006 of the 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), PFM Act and the Witness Protection Act, 2006. 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. Early adoption of standards

The Agency did not early – adopt any new or amended standards in year since they are not applicable to the Agency

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



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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 2020-21 of Ksh472,787,500 was approved by the National Assembly in March 2020. Subsequently it was revised to Kshs462,487,500 in the Supplementary 1&11.

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 is included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance.



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. Furniture, Computers, Equipment's and Security Equipment's with initial cost of Ksh14,696,745; Ksh11,206,395, Kshs20,005,447 and Ksh3,373,240 respectively have been depreciated to Nil. However, the assets are still useful and revaluation is planned in accordance with IPSAS 17 subject to budget availability and security of the Agency's premises access by the valuer.

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
Software-ERP	33.3
Office Equipment	12.5

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

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



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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 have been contributing 10% of their basic salary and the employer 20 %. Gratuity for staff on contract is accrued in the year earned.

i) Related parties

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

j) 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 and cash at hand at the end of the financial year.

k) Comparative figures

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



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 require 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, 2021.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from other Governments- Gifts and Services

	2021 Ksh	2020 Ksh
Unconditional grants		
Operational grant- Exchequer releases	462,441,638	481,600,000
Deferred grants b/f recognized	9,200,424	13,112,630
Deferred grants-current Exchequer	(8,976,389)	(13,937,735)
Total unconditional Grants	<u>462,665,672</u>	<u>480,785,288</u>
 Other Government Grants- Ministry of ICT	 1,193,255	 1,345,596
Donation -UNODC	13,178,815	0.00
Total government grants and subsidies	<u>477,037,743</u>	<u>482,120,492</u>
 <u>Grants B/F Recognized</u>		
Deferred Grants B/F	16,745,624	42,722,452
Refund to Consolidated Fund	(4,511,573)	(26,347,408)
Imprest Refunds due to Consolidated Fund C/F	(194,095)	(454,524)
Deferred Grants C/F	(2,839,533)	(2,807,890)
Grants Recognized	<u>9,200,423</u>	<u>13,112,630</u>
 <u>Deferred grants</u>		
Unutilized Exchequer/Income due to Consolidated Fund	388,428	4,511,573
Prepayments and Debtors	8,587,961	9,426,162
Deferred Grants	<u>8,976,389</u>	<u>13,937,735</u>

Notes

- The total Exchequer released in the current Financial Year 2020/2021 was Ksh 462,441,638 as per the printed estimates.
- In the current Financial Year budget, the exchequer refunds due to Consolidated Fund is Ksh 388,428.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Other income

	2021 Ksh	2020 Ksh
Imprest Refunds	194,095	454,524
Safe house deposit refund	34,986	-
Payment in Lieu of Notice	117,064	-
Payables recovered (Payable to Consolidated Fund)	477,401	-
Gratuity due from Consolidated Fund	<u>2,306,400</u>	<u>2,306,400</u>
Total other income	<u>3,129,946</u>	<u>2,760,924</u>

The Agency accounts for Imprests refunds, from activities of the previous year, Safehouse deposit refunds, recovered payables and payment in lieu as income and it is subsequently paid to the Consolidated Fund. Gratuity is payable at the end of the contract therefore the Agency has recognized Income due from the Consolidated Fund.

8. Employee costs

	2021 Ksh	2020 Ksh
Employee related costs - salaries and wages	163,578,800	151,108,717
Employee related costs - contributions to pensions	32,625,980	25,226,256
Insurance Staff	32,261,457	26,574,093
Housing benefits and allowances	108,491,060	105,682,007
Gratuity	<u>2,306,400</u>	<u>3,078,809</u>
Total Employee costs	<u>339,263,697</u>	<u>311,669,882</u>

9. Depreciation and amortization expense

	2021 Ksh	2020 Ksh
Property, plant and equipment	16,442,047	17,502,591
Intangible Asset amortization	<u>876,502</u>	<u>876,502</u>
Total depreciation and amortization	<u>17,318,549</u>	<u>18,379,093</u>

10. Repairs and maintenance

	2021 Ksh	2020 Ksh
Motor Vehicles	4,632,571	5,478,370
Computers and Accessories	3,242,513	822,432
Equipment's and Furniture	<u>397,567</u>	<u>466,355</u>
Total repairs and maintenance	<u>8,272,651</u>	<u>6,767,156</u>



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11. General expenses

	2021	2020
	Ksh	Ksh
Advertising, Printing and Communication Supplies	735,185	1,477,770
Hospitality, Conferences and Delegations	3,492,236	8,969,078
Consulting fees	-	437,000
Consumables	1,401,310	3,846,968
Electricity	1,253,110	1,265,482
Gas expense	49,317	86,368
Water	61,667	104,548
Fuel and oil	3,840,894	4,299,380
Insurance motor vehicle	1,878,210	2,222,640
Rental	15,252,600	15,348,600
Telecommunication	7,190,470	3,845,270
Specialized Materials and supplies	80,640	574,575
Bank charges and Commission	653,276	783,131
Training	355,295	2,027,122
Purchase of office items	-	614,946
Insurance- Equipment's	225,114	-
Parking fees	250	9,480
Membership fees	550,129	664,384
Domestic travel and allowances	876,821	2,006,639
Foreign Travel and allowances	-	434,891
Contracted Guards	1,625,150	2,074,264
Mortgage/Car Loan to Agency Staff	<u>3,000,000</u>	<u>9,000,000</u>
Total general expenses	<u>42,521,674</u>	<u>60,092,536</u>



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Witness Expenses

	2021	2020
		Ksh
Witness Protection Programme	60,666,555	72,563,203
Confidential and Task driven	<u>17,011,500</u>	<u>25,426,000</u>
Total witness expenses	<u>77,678,055</u>	<u>97,989,203</u>

13. Advisory Board Expenses

	2021	2020
	Ksh	Ksh
Board Sitting Allowances	727,500	322,000
Chairman's Honoraria	<u>1,044,000</u>	<u>1,044,000</u>
Total advisory Board expenses	<u>1,771,500</u>	<u>1,366,000</u>

14. Cash and cash equivalents

	2021	2020
	Ksh	Ksh
Bank- KCB A/C No 1127947893	8,791,242	14,834,830
Bank- CBK A/C No 1000181222	2,186,669	-
Cash-on-hand	115,677	10,392
Total cash and cash equivalents	<u>11,093,588</u>	<u>14,845,222</u>

15. Receivables from Non-exchange Contracts- Current Receivables

	2021	2020
	Ksh	Ksh
Staff Debtors Imprests	446,434	3,350,066
Prepayments	8,094,220.1	6,117,646
Rent Deposit	253,500	253,500
Gratuity Receivable	4,612,800	2,306,400
Credit Facility deposit- Toyota K	500,000	500,000
LAN connectivity Deposit- Safaricom K	27,840	27,840
Safe Houses Deposit	1,880,500	1,985,000
Total Current Receivables	<u>15,815,294</u>	<u>14,540,452</u>



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16. Property, plant and equipment

	Motor Vehicles	Furniture and Fittings	Equipment's	Computers and CCTV	Security Equipment	Totals
Cost	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2019	70,042,293	19,299,268	31,386,954	13,233,336	7,104,627	141,066,478
Additions 2020	3,408,000	1,284,696	911,772	1,392,171	-	6,996,639
Revaluation cost Adjustment	(32,232,294)	-	-	-	-	(32,232,29)
At 1st July 2020	41,217,999	20,583,964	32,298,726	14,625,507	7,104,627	115,830,823
Additions 2021	7,007,901	618,725	1,955,485	600,600	-	10,182,711
At 30th June 2021	48,225,900	21,202,689	34,254,211	15,226,107	7,104,627	126,013,534
Depreciation and impairment						
As at 1 July 2019	70,042,293	15,556,541	24,383,137	11,261,984	4,128,355	125,372,310
Deprecation-	10,304,500	1,421,243	3,203,135	1,685,636	888,078	17,502,592
Accumulated Dep Reversed	(70,042,293)	-	-	-	-	(70,042,293)
As at 1st July 2020	10,304,500	16,977,784	27,586,272	12,947,618	5,016,434	72,832,608
Deprecation- current year	12,056,475	810,052	1,770,533	1,338,564	466,423	16,442,047
Accumulated Depreciation	22,360,975	17,787,836	29,356,805	14,286,182	5,482,857	89,274,655
Net book values						
At 30 June 2021	25,864,926	3,414,853	4,897,406	939,926	1,621,771	36,738,880
At 30 June 2020	30,913,500	3,606,180	4,712,454	1,677,889	2,088,194	42,998,216



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Note;

Furniture, Computers, Equipment's and Security Equipment's with initial cost of Ksh14,696,745; Ksh11,206,395, Kshs 20,005,447 and Ksh 3,373,240 respectively have been depreciated to Nil. However, the assets are still useful and revaluation is planned in accordance with IPSAS 17.

17 . INTANGIBLE ASSETS-SOFTWARE	2020-2021	2019-2020
	KShs	KShs
Cost		
At beginning of the year	2,632,137	2,632,137
Additions	-	-
At end of the year	2,632,137	2,632,137
Additions-internal development	-	-
At end of the year	2,632,137	2,632,137
Amortization and impairment		
At beginning of the year	1,753,002	876,501
Amortization	876,502	876,501
At end of the year	2,629,504	1,753,002
Impairment loss	-	-
At end of the year	-	-
NBV	2,631	878,135



NOTES TO THE FINNACIAL STATEMENTS (Continued)

18. Trade and Other Payables from exchange transactions

	2021 Ksh	2020 Ksh
Gratuity balance	10,304,400	7,998,000
Third-party payments	<u>4,311,159</u>	<u>4,642,050</u>
Total trade and other payables	<u>14,615,559</u>	<u>12,640,050</u>

19. Deferred Income

	2021 Ksh	2020 Ksh
Cash and cash Equivalent Ending	11,093,588	14,845,222
Trade and other Receivables	15,815,294	14,540,452
Trade and other Payables	<u>(14,615,559)</u>	<u>(12,640,050)</u>
Total deferred income	<u>12,293,323</u>	<u>16,745,624</u>

20. Cash Generated from Operations

	2021 Ksh	2020 Ksh
Deficit for the year before tax	(7,135,838)	(11,382,454)
Adjusted for:		
Depreciation	17,318,549	18,379,093
Working capital adjustments:		
Decrease/(Increase) in receivables	(1,274,842)	(1,573,408)
Increase in payables	1,975,509	(771,799)
Increase in Deferred Income	(4,452,300)	(25,976,828)
Purchase of property, plant, equipment	(10,182,711)	(6,996,639)
Net cash flows from operating activities	(3,751,634)	(28,322,035)

21. Revaluation Reserve

	2021 Ksh	2020 Ksh
Balance B/F	79,384,825	41,574,825
Valuation Amount	-	37,810,000
Total revaluation surplus	<u>79,384,825</u>	<u>79,384,825</u>



25. Related Party Transaction

a) The Agency relies fully on National treasury to finance its Operations

- i. The National treasury
- ii. Advisory Board
- iii. 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

	2021 Kshs	2020 Kshs
Transfer from related party- exchequer Releases	462,487,500	481,600,000
Transfer to related party- Unspent exchequer and refunds to Consolidated fund	4,511,572	28,528,067
Transfer to staff Car/Mortgage Loan Scheme	<u>3,000,000</u>	<u>9,000,000</u>

c) Advisory Board Remuneration

	2021 Kshs	2020 Kshs
Board Sitting Allowances	727,500	322,000
Chairman's Honoraria	1,044,000	1,044,000
Total Advisory Board Remuneration	<u>1,771,500</u>	<u>1,366,000</u>

d) Due to related Party

	2021 Kshs	2020 Kshs
Due to National Treasury	<u>1,211,974</u>	<u>4,511,572</u>

e) The Agency's ICT equipment were procured by the Ministry of ICT and during the year this amounted to Kshs 1,193,255.

26. EVENTS AFTER THE REPORTING PERIOD

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

27. CURRENCY

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



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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Agency received an un-qualified report for the FY 2019/20. However, there was a matter under the report on effectiveness of internal controls, risk management and governance on understaffing.

The following is the summary of issue raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A	The Agency's Human Resource Policy Manual, 2016 provides for two hundred and ninety-six (296) staff members. However, only one hundred and nine (109) staff were in post as at the time of audit, resulting into a shortfall of one hundred and eighty-seven (187) staff members across the various staff cadres. The	The National Treasury directed all Ministries, State Departments and Agencies (MDAs) not to allocate resources for new recruitment and hence the freezing on employment. References can be made to The National Treasury circular no.9/2017 dated 30 th August 2017 section VII on personal emoluments which required all government institutions not to allocate any resources for new recruitment unless they have prior approval from the National Treasury. Circular No. 2/2018 by The National Treasury dated 18 th March 2018 section 24 (i) gave instructions that no provision for new recruitments should be factored in the budget;	Not resolved	As soon as the National Treasury approves recruitment of additional staff.



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	under staffing may hinder effective delivery of services by the Agency.	<p>The Agency has made efforts to recruit more staff by seeking authority from the National Treasury and only been allowed to recruit minimal staff hence the big gap between the staff establishment and the in-post.</p> <p>Within the financial years the Agency has also been allocated limited Personal Emoluments budget by the National Treasury thus rendering the agency unable to allocate budget for the new recruits</p>		

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