
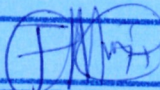


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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|  THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 04 JUN 2019 | DAY: TUESDAY |
| TABLED BY: MAJORITY LEADER | |
| CLERK-AT-THE-TABLE: |  |

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
OCCUPATIONAL SAFETY AND HEALTH
FUND (OSHF)

FOR THE YEAR ENDED
30 JUNE 2018

47

PARLIAMENT
OF KENYA
LIBRARY





OCCUPATIONAL SAFETY AND HEALTH FUND.
MINISTRY OF LABOUR & SOCIAL PROTECTION
(STATE DEPARTMENT FOR LABOUR)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
30 JUNE, 2018

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



Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018

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| Table of Contents | |
| KEY ENTITY INFORMATION AND MANAGEMENT | 2 |
| KEY ENTITY INFORMATION AND MANAGEMENT (Continued) | 4 |
| NATIONAL COUNCIL FOR OCCUPATIONAL SAFETY AND HEALTH FUND COUNCIL MEMBERS..... | 5 |
| MANAGEMENT TEAM | 9 |
| CHAIRMAN'S STATEMENT | 10 |
| DIRECTOR'S STATEMENT | 11 |
| CORPORATE GOVERNANCE STATEMENT | 14 |
| MANAGEMENT DISCUSSION AND ANALYSIS | 15 |
| REPORT OF THE COUNCIL MEMBERS | 16 |
| STATEMENT OF DIRECTORS RESPONSIBILITIES..... | 17 |
| REPORT OF THE INDEPENDENT AUDITORS ON OSH FUND | 18 |
| STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018 | 19 |
| STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018 | 20 |
| STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2018 | 21 |
| STATEMENT OF CHANGES IN NET ASSETS | 22 |
| STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018..... | 23 |
| NOTES TO THE FINANCIAL STATEMENTS | 24 |
| APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS..... | 51 |
| APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES..... | 52 |



KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Occupational Safety and Health Fund was incorporated/ established under section 126 of Occupational Safety and Health Act (OSHA), 2007. In accordance with the requirements of the Government Financial Management Act 2004, the Minister for Finance gazetted the Government Financial Management (Occupational Safety and Health Fund) regulations on 11th February 2011 vide legal notice No. 14 of 2011.

(b) Principal Activities

Vision: A globally competitive workforce and a decent environment.

Mission: Develop and implement policies and programmes for a highly productive workforce through creation of a safe working environment, promotion of industrial peace, effective human resource planning and development, social security, productivity promotion and sustainability job creation.

The principal activities of the Occupational Safety and Health Fund are as summarized in the following core functions:

- Secure the development and coordination of a sound and effective Occupational Safety and Health systems.
- Implement effective systems for prevention of occupational accidents and diseases.
- To carry out research on Occupational Safety and Health.
- Develop and disseminate information on Occupational Safety and Health.
- Promoting of awareness on Occupational Safety and Health among employers, employees and the general public.

(c) Key Management

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

The Occupational Safety and Health Fund management is under the following key organs:

- Cabinet Secretary
- Principal Secretary;
- Secretary of Administration
- Director of Administration
- Director –DOSHS

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

(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:

(e) Fiduciary Oversight Arrangements

Audit and Finance Committee Activities

The Occupational Safety and Health (OSH) Fund is a creature of section 126 of the Occupational Safety and Health Act, 2007 and subject to the provisions of the Government Financial Management Regulations. The Fund being under the management of a National Government entity it is subjected to auditing by the office of the Auditor General in accordance with the auditing calendar. The fund undergoes auditing alongside auditing of the Ministry's financial entities.

Parliamentary Committee Activities

The committee of the National Assembly established is implicit in dealing with OSH fund by bearing the responsibility of

- (a) Monitoring all budgetary matters relating to OSH Fund and reporting the matters to Parliament.
- (b) Monitor adherence of the entity (Occupational Safety and Health Services) managing OSH Fund to the principles of the public finance , the Constitution 2010 and provisions of Public Management Act,2012.
- (c) Examine financial statements and documents in respect of OSH Fund submitted and make recommendations to the National Assembly.

Development Partner Oversight Services

The National Government Entity In-Charge of OSH Fund has not partnered with any development partner for the sake of OSH Fund.

Other Oversight Activities

The National Council for Occupational Safety and Health (NACOSH) is established pursuant to section 27 of the Occupational Safety and Health Act, 2007. Under section 126(6) the Director of Occupational Safety and Health Services in consultation with NACOSH administers the fund. The NACOSH has established a committee to oversee administration of the OSH Fund. The committee submits quarterly reports about OSH Fund to NACOSH which in turn advises the Cabinet Secretary in charge of the entity Headquarters

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Entity Headquarters

The Occupational Safety and Health Fund offices is located at
Commercial Street, Safety House,
Industrial Area
P.O. Box 34120 - 00100, Nairobi, Kenya

Entity Contacts

Telephone: +254 (020) 2667722

Email: doshdept@yahoo.com

Website: www.labour.go.ke

Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Account No.1130057321
Industrial Area Branch
Nairobi





Independent Auditors

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

Principal Legal Adviser

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



**NATIONAL COUNCIL FOR OCCUPATIONAL SAFETY AND HEALTH FUND
COUNCIL MEMBERS**

| | |
|---|---|
| <p>Council Chairman</p>  <p>Patrick Koinari Ole Tutui</p> | <p>He is a government approved Safety and Health Advisor and was previously working with Kenya Ports Authority in the positions of Senior Electrical Superintendent, Senior Engineering Technician and Engineer Cadet through the years 1982 to 2002 where he left KPA as safety programmes coordinator.</p> <p>He has a Higher National Diploma and Bsc in Electrical and Electronics Engineering.</p> |
| <p>Council Members</p> | |
|  <p>Gamaliel O. Omondi Min. of Health</p> | <p>He works with Ministry of Health and was nominated to NACOSH by the Ministry of Health.</p> |
|  <p>James Welimo Gov. Chemist</p> | <p>He works with Government Chemist Department. He has a Bachelor Degree in Science and Chemistry. He is currently engaged in the Forensics Toxicology in the Government Chemist Department.</p> |
|  <p>James T. Gatungu KNBS</p> | <p>He works for Kenya National Bureau of Statistics and has previously worked with the Ministry of Trade and Industry. He has Bsc in Statistics and Computer Science and a Master of Arts Degree.</p> |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

| | |
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|  <p>Mary Azegele (Ms) IRA</p> | <p>She is perusing a Doctorate in Business Leadership. She has masters in Human Resource Management and a Bachelor of Science degree. She currently works at Insurance Regulatory Authority as a Senior Human Capital Development officer.</p> |
|  <p>Moses N. Kimani AKI</p> | <p>He has a Bsc in Business Administration and he is currently working with Pioneer Insurance. He was nominated into the NACOSH by Association of Kenya Insurance.</p> |
|  <p>Charles .M. Mburu JKUAT (Member)</p> | <p>He currently works with JKUAT. He is pursuing a Phd in Occupational Safety and Health. He was nominated to NACOSH by Institution of Higher Learning. He is also an approved Safety and Health Advisor.</p> |
|  <p>Zephania Ouma NEMA</p> | <p>He was nominated by NEMA to NACOSH. He has a Bsc in Bio Chemistry and MSc in Waste Management and Contaminated Sites. He is currently working with NEMA Kenya.</p> |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**



| | |
|--|--|
|  <p>Willis Okoth; NACOSTI</p> | <p>Has a Masters Degree in Cell and Molecular Biology and a Bsc in Bio Chemistry and Zoology. He was nominated to NACOSH by National Commission for Science, Technology and Innovation (NACOSTI)</p> |
|  <p>David Onyango (Eng.) FKE</p> | <p>He has a degree in Engineering and was nominated to NACOSH by FKE.</p> |
|  <p>Seth Panyako COTU</p> | <p>He was nominated to NACOSH by COTU. He has worked as a Nursing Officer in various hospitals including Kenyatta National Hospital, Bomu. St Beatrice Memorial centre among others. He holds a bachelor degree in Nursing and he is currently the General Secretary of Kenya National Union of Nurses.</p> |
|  <p>Charles O. Nyangute Private Member</p> | <p>He is a holder of Business Administration Masters Degree from Brimingham University UK. Bachelor of Business Administration from Spicer Memorial College.</p> <p>He has worked as a Trade Development Officer in the Ministry of Commerce. He has also worked as Industrial Development Officer in United Nations Industrial Development Organization (UNIDO). He has worked as Senior Management Programmes Manager in FKE and he is currently a managing partner of Devconsult Management Consultant.</p> |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

| | |
|---|---|
|  <p>Susan Wambu Kihuga Private Member</p> | <p>She is an expert nurse at the International Rescue Committee. She has Masters in Occupational Health and Safety. She has been an Occupational Safety and Health Officer for the United Nations Missions since 2008.</p> |
|  <p>Pius Makhonge Private Member</p> | <p>He has a master degree in Occupational Safety and Health and a bachelor degree in Chemistry and Bio Chemistry. He was a former Director of DOSH and retired. He is currently an authorised Safety and Health Advisor, Fire Safety Auditor and Air Quality Monitor. He also consults in Occupational Safety and Health.</p> |
|  <p>KEBS (Member)</p> | <p>He holds a Masters degree in Strategic Management and Human Resources. He is a chartered Arbitrator and a member of the Institute of Human Resource Management.</p> <p>He works with Kenya Bureau of Standards as the Director HR and Communication. He was nominated to NACOSH by KEBS.</p> |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

MANAGEMENT TEAM

| | |
|--|--|
|  | <p>Principal Secretary, State Department for Labour Ministry of Labour and Social Protection.</p> |
| <p>Peter.K.Tum,OGW Principal Secretary, State Department for Labour Ministry of Labour and Social Protection.</p> | |
|  | <p>He has Bachelors degree in Chemistry and Biochemistry and Masters degree in Occupational Safety and Health. He has worked in the field of Occupational Safety and Health since 1979 as an Occupational Safety and Health Officer.</p> |
| <p>Samuel Thuita Director. DOSHS</p> | |

OTHER HEADS OF DIVISIONS

| No. | Name of Division | Name of Heads |
|------------|--|----------------------|
| 1. | Work Injury Benefits Division | Mr. James Wamae |
| 2. | Occupational Safety and Health (OSH) Institute and Training Division | Mr. Peter Nyongesa |
| 3. | Safety Division | Mr. Waweru Kariuki |
| 4. | Medical Division | Dr. Musa Nyandusi |
| 5. | Administration and Finance Division | Mr. Andrew Muruka |
| 6. | Hygiene Division | Mr. Kenneth Njuguna |
| 7. | Field Services Division | Mrs. Sylvia Gitonga |
| 8. | Accounts Division | CPA Churchil Kuria |
| 9. | Procurement Division | Mr.Tobias Ogutu |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

CHAIRMAN'S STATEMENT

I give glory to the Almighty God for his mercies and gift of life to me and the entire DOSH fraternity. May I take this golden opportunity to give gratitude to our Cabinet Secretary, Principal Secretary, Chief Administrative Secretary, the NACOSH members and above all the DOSH staff members for their exemplary contribution towards the success of 2017/2018 financial year. I will forever be indebted to you all.

The financial year has seen us make great strides in taking steps to enhance safety in work places.

Among the successes we boast about this year are:

First and foremost, **the world day for safety,**

The ILO marks the World Day for Safety and Health at Work on the 28th of April to promote the prevention of occupational accidents and diseases globally. It is an awareness-raising campaign intended to focus international attention on emerging trends in the field of occupational safety and health and on the magnitude of work-related injuries, diseases and fatalities worldwide. In many parts of the world, national authorities, trade unions, employers' organizations and safety and health practitioners organize activities to celebrate this date. The World day for Safety and health was marked and celebrated on the 28th April, 2018.

Besides, **piloted baseline survey**

This was successfully carried out in Nakuru County. A detailed report was documented and is available for a detailed review, the contents of which I won't belabour, however, am cognizant of the fact that over and above its achievement, we were able to sensitize the public on the existence of DOSH, its mandates and the need for safety in work-places.

In addition to, **the Policy on HIV/AIDS.**

The Policy on HIV/AIDS at work was finalized and due for the Launch. Meanwhile sensitization about the Policy also commenced and this was done in Athi-River.

Among the myriad of challenges the institution has faced is the **changes in top management level** at the Ministry, which necessitates the Director to keep on informing and updating them on the mandates of DOSH. This in essence delays approvals of DOSH payments and programs implementation, but on the flip side increases the number of individuals sensitized on safety issues. **Understaffing** is a major concern, and we urge the Ministry to come to our aid, as the human capital is one of the major resources toward achieving the organizational goals. Lastly but not least **Financial resource**, the revenue collected plus the grants from the Ministry is never enough to achieve our ambitious plans.

Moving forward, we intend to digitalize the process of work permit certification to ease way of doing business and seal any leakages in our revenue collection. We also look forward to completion and operationalization of our institute which will go a long way towards sensitization and publicity of DOSH mandates, not to mention additional revenue.

I thank you all

Signed:.....


Patrick Koinari Ole Tutui.
Council Chairman.

DIRECTOR'S STATEMENT

Programmes for the 2017/18 Financial Year

Pursuant to the Provisions of Rule 9 of the Government Financial Management (Occupational Safety and Health Fund) Regulations, the officer administering the Occupational Safety and Health (OSH) Fund is the principal Secretary in consultation with National Council for Occupational Safety and Health (NACOSH).

At the beginning of every financial year, NACOSH prepares a Work-plan whose execution is funded by OSH Fund. In the 2017/2018 Financial Year the following programmes were earmarked for execution using OSH Fund.

1. Conduct a pilot baseline survey in Nakuru County highlighting workplaces, hazardous occupations, hazardous plants and installations.
2. Implementation of Occupational Safety and Health Curricula and operationalization of institute of Occupational Safety and Health
3. Organize and hold the annual world day for safety and health campaign and celebrations.
4. Development of an integrated occupational safety and health (OSH) information management system.
5. Finalisation of Occupational Safety and Health Bills and Review of existing Occupational Safety and Health Regulations.
6. Assist in the Directorate's surveillance of workers health and work environment by purchase of a mini-bus to ease transport problems, build capacity of the Directorate's staff and to have workers and employers trained on OSH.
7. Review the National occupational Safety and Health Policy and also launch the National Policy on HIV/AIDS at work.
8. Assist in the process of approval and gazettelement of authorised persons & institutions while conducting monitoring and evaluation for the already authorised persons and institutions.
9. Assist the Directorate in delivery of its mandate by funding office activities where GOK funding may not be adequate. These included preparation of workplace registration certificates, training certificates, authorised persons & institutions certificates, minor office repairs, fuel purchase, bills payment, vehicle maintenance and repair, review of scheme of service and purchase of stationery and equipment.



Achievements

1. The pilot baseline survey was conducted in Nakuru County.
2. 16 modules of Occupational Safety and Health Curriculum were developed. Approval of the institute by TVETA is being awaited.
3. The World day for Safety and health was made and celebrated on the 28th April, 2018.
4. User requirements for the Occupational Safety and Health (OSH) information management system were developed and sent to the Ministry of ICT.
5. The Occupational Safety and Health Bills were completed.
6. One conference was held for the Directorate's professional staff to exchange views and ideas on service delivery.
7. A number of trainings were held to sensitize workers and employers on Occupational Safety and health
8. A total of 78 persons and institutions were authorised by the Directorate to serve under the provisions of Occupational Safety and Health Act, 2007.
9. The Policy on HIV/AIDS at work was finalized and due for the Launch. Meanwhile sensitization about the Policy also commenced.
10. Over 10,000 certificates of registration of workplaces were prepared and issued.
11. Some Sections of Safety House, the Directorate's office premises, were repaired and floor tiles replaced. Office bills were settled including internet, electricity and water. Office vehicles were also repaired, serviced and fuelled. These latter activities were addressed when GOK funding had delays.

Lessons Learnt

1. During the survey in Nakuru, it was found that the use of local casual workers in the data collection was more cost effective than using the Directorate's officers who would require night-out allowances.
2. The involvement of KICD in the curricula development and subsequent approval by TVETA has delayed the progress of commencement of operations of the Institute of Occupational Safety and Health.
3. Partnership by the Directorate with other organisations for the sake of world day for safety and health will in future make this event more successful.
4. An ICT expert is required in the Directorate in order to fast-track issues relating to ICT. The person will articulate and address matters relating to ICT at DOSHS owing to better understanding in the matter by the person.
5. Timing of commencement of programmes is paramount. Programmes can be adequately executed if started at the right time.

Challenges

1. It occasionally turned out that money collected as OSH Fund could not fund the intended plans. Some activities/programmes had to be withheld, suspended or postponed.
2. During the survey, recruitment of casuals had bottlenecks. There was no clear policy on the process of recruitment and remuneration.
3. Funding would most often run short owing to the non-funding of some programmes by the GOK. OSH Fund was often inadequate for the programme.
4. The Ministry's top management was experiencing frequent changes. All the time a programme was to start, approval must be sought from the PS who would in turn require briefing and articulation to understand the programme. By the time authority to proceed is issued, time for start of a programme has lapsed. This ended up with some programmes either starting late, taking long to execute or failing to start.
5. The 'hands-on' executors of the programmes funded by the OSH Fund are the officers of the Directorate. The Directorate has a lean manpower. In event of annual leave or absence of an officer, a programme would stall.

Way Forward

1. NACOSH may succeed in execution of planned programmes if more contact between NACOSH and Top Management (PS, CAS and CS) is made possible for the purpose of presentation of advisories.
2. NACOSH will lobby for allocation of its own staff who will be serving without being called off to attend to other office duties at the Directorate in the manner that happens currently.
3. Lobbying for enactment of the 3 Occupational Safety and Health Bills will be intensified. By so doing new Acts of parliament will see the light of day and provide the Directorate with the necessary autonomic space of execution of its mandate.

As we look forward to the coming year, a great deal of work is in store for us to do. I wish to congratulate the NACOSH and entire team of management for keeping DOSH on track. As our vision is '**A Healthy Worker in a Safe Work Environment**' emphasises, DOSH wishes to live by this motto.

I thank you all.

Signed:.....

**Mr. Samuel Thuita
Director-DOSHS**

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process by which institutions are directed, controlled and held to account.

Council meetings

The Council holds meetings at least four times a year. The Council members are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. The Council has delegated day to day operations to the Director-DOSHS. The Accounting Officer has the responsibility for establishing and maintaining the institutions internal controls in financial, operational and compliance issues as well as implementing strategies for the long term success of the institution.

Council committees

The Council has four sub-committees, which regularly meet under the terms of reference set by the Council. They are:

- a) Agricultural committee
- b) Extractive and constructive committee
- c) Finance and legal committee
- d) Manufacturing and service committee

Appointment and removal of Council members

Occupational Safety and Health Fund Council members are appointed by the Accounting Officer and later gazetted in Kenya gazette. The Council is composed of eleven members and three co-opted members. All the Council members are non-executive. The current Council is the third and was constituted in July 2016 and each appointed by the Ministry for Labour Cabinet Secretary for a term of 3 years. The Council members can be removed from the office if they contravene chapter six of the constitution.

Roles and functions of the Council

The National Council for Occupational Safety and Health (NACOSH) is a body established under the Occupational Safety and Health act,2007(OSHA,2007).The mandate of the Council is to advise the Cabinet Secretary responsible for labour matters it considers desirable in the interest of improving the quality of working life in Kenya including policies, legislations and strategies of promoting best practices in Occupational Safety and Health (OSH) It is also charged with the establishment, maintenance and development of safety and health preventive culture.

In addition, the OSH Fund regulations under the Public Finance Management Act gives NACOSH the mandate to approve expenditure of OSH Fund at the beginning of each financial year in accordance with the work plan and budget prepared by DOSHS.

Remuneration of the Council

The Council is not on a salary, because they are not full time employees, nevertheless their expenses are reimbursable and they are paid sitting allowance and any other allowances that are relevant to them according to Public Service and National Treasury Circulars.

Ethics and Conduct

The Council members are committed to the need to conduct the operations of the institution with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of corporate governance. They also adhere to chapter six and twelve of the Kenyan Constitution.

MANAGEMENT DISCUSSION AND ANALYSIS

Major Risks Facing the entity

No major risks are envisaged to face the entity.

Material Arrears in Statutory and Financial Obligations

The entity is not faced with loan defaults, pending bills, tax defaults, and outstanding staff and pensions obligations/actuarial on pension schemes, non-payments of dividend and loan redemption to the National Exchequer.

The Entity's Financial Probity and serious governance issues

OSH fund is not an independent entity. It is a fund operated within the confines of DOSHS. Pursuant to the provisions of the Government Financial Management (Occupational Safety and Health Fund) Regulations, 2011 L.N. No. 14, the Ministry's accounting officer oversees its management. There does not exist an isolated management structure for the fund's management thanks to its meagre nature. The Ministry's accounts staffs ensure the Fund's robust management.

Before expenditure of any amount from the OSH Fund, a plan has to be in place. The Director DOSHS develops an annual OSH Fund Work-plan OSH Fund Work-plan is tabled before a Finance, Legal and Communication Committee of NACOSH. OSH Fund Work-plan is tabled before a full NACOSH for approval. The NACOSH approved OSH Fund Work-plan is presented to the accounting officer for approval.

The Director develops an annual OSH Fund procurement plan in accordance with the work-plan. The procurement plan is presented to the accounting officer for approval. Expenditure commences in accordance with the 2 plans.

Expenditure of OSH Fund

The Director seeks authority from accounting officer of intended expenditure as per the work-plan.

All the time authority is sought, the following have to be attached.

- i. Approved OSH Fund annual Work-plan (for expenditure to be authorized, the activity where the money is being spent has to be in the plan)
- ii. Itemized schedule detailing particulars of expenditure

NB. The accounting officer may require further documents in order to make an informed decision

Reports of Collections and Expenditure

The Director prepares quarterly, half yearly and annual reports of OSH Fund collections and expenditure for presentation to:-

- i. NACOSH subcommittee
- ii. Full NACOSH
- iii. Accounting officer

REPORT OF THE COUNCIL MEMBERS

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

Principal activities

The principle activities of the entity are:

- To inspect workplaces to ensure compliance with occupational safety and health Act, 2007.
- Carrying out medical examinations and surveillance of workers health.
- Approving architectural plans of buildings intended for use as workers.
- Disseminating information on OSH to employers, employees and other interested parties.
- To study and review policies and legislations of occupational health and safety
- To enforce the following legislations:
 - a) Occupational Safety and health Act 1994 and its regulations.
 - b) Factories and machinery Act 1957 and its regulation
 - c) Part of petroleum Act 1984 (safety measures) and its regulations.
- To conduct research and technical analysis on issues related to occupational safety and health at the workplace.
- To carryout promotional and publicity programs to employers, workers and general public to foster and increase the awareness of occupational safety and health.
- To provide advisory service and information to government and private agencies pertaining to management and technical aspects of occupational safety and health.
- To become secretariat for the national Council regarding occupational health and safety.

Results

The results of the entity for the year ended June 30, 2018 are set in the lower pages.

Council Members

The members of the Council who served during the year are shown on the above pages. During the year no member has retired/resigned and no member was appointed. The serving members were appointed in July 2016 and their term ends in 2019.

STATEMENT OF DIRECTORS RESPONSIBILITIES

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

The Principal Secretary in charge of the Ministry of Labour and Social Protection, State Department for Labour is responsible for the preparation and presentation of the Occupational Safety and Health Fund financial statements, which give a true and fair view of the state of affairs of the Ministry for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Ministry; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary in charge of the Ministry of Labour and Social Protection, State Department for Labour accepts responsibility for the Departmental Fund financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the Occupational Safety and Health Fund financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2018, and of the Fund's financial position as at that date. The Principal Secretary in charge of the Ministry of Labour and Social Protection, State Department for Labour further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the fund's financial statements as well as the adequacy of the systems of internal financial control. The Principal Secretary in charge of the Ministry of Labour and Social Protection, State Department for Labour confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Principal Secretary confirms that the fund's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public-Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Occupational Safety and Health Fund financial statements were approved by the Council Directors on 17 October 2018 and signed on its behalf by:



Council Member



Council Member

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON OCCUPATIONAL SAFETY AND HEALTH FUND (OSHF) FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Occupational Safety and Health Fund set out on pages 19 to 52, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Occupational Safety and Health Fund 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 Occupational Safety and Health Act, 2007.

Basis for Qualified Opinion

1. Irregular Transfer of Appropriation in Aid (AIA)

The statement of financial performance for the year ended 30 June 2018 reflects a total of Kshs.50,433,876 in respect of general expenses. Included in this amount is Kshs.5,500,000 which was explained as transfer of AIA to the State Department of Labour. However, no satisfactory explanation was given as the basis for this transfer of funds to the parent Ministry since the Fund is a semi-autonomous entity and there is no provision for such remittances in Occupational Safety and Health Act, 2007.

In the circumstances, the legality and accountability of the transfer of appropriation in Aid amounting to Kshs.5,500,000 could not be ascertained.

2. Cash and Cash Equivalents

The statement of financial position as at 30 June 2018 reflects a cash and cash equivalents balance of Kshs.10,665,655. A review of the supporting bank reconciliations statement for June 2018 showed that there were debits in the bank statement totaling Kshs.7,495,020 which were not reflected as payments in the cashbook out of which only Kshs.2,799,520 was analysed leaving a balance of Kshs.4,695,500 unsupported. Further, it was not clear how these amounts were

debited in the bank statement and not in the cashbook since payments should normally be initiated by the management before being cleared in by the bank. In addition, the bank reconciliation statement reflects receipts in bank statement not in cashbook totaling Kshs.13,859,300. Although the management has explained that these represents revenue banked at the regions but whose returns were not submitted to the Headquarters, it was not clear why the returns had not been obtained.

In the circumstances, the completeness and accuracy of the cash and cash equivalents balance of Kshs.10,665,655 as at 30 June 2018 could not be confirmed.

3. Registration of Work Places and Revenue Undisclosed

As previously reported, the Fund did not maintain an up to date data of all the registered work places which would form the basis of levies and permits revenue collection. The management has indicated that the number of registered work places in the year under review was 10,302. Based on this number of registered work places, the Fund was expected to collect Kshs.51,510,000 using a rate of Kshs.5,000 per registered work place. However, a review of the statement of financial performance shows that only Kshs.42,792,518 was realized resulting to an unexplained revenue shortfall of Kshs.8,717,482.

In consequence, the accuracy and completeness of Kshs.42,792,518 disclosed as income from licenses and permits could not be confirmed.

4. Unsupported Fees Charged for Registration of Workplaces

Section 3 of the Occupational Safety and Health Fund Regulations, 2011 requires that every workplace registered under the Occupational Safety and Health Act, of 2007 shall pay, into the Fund, an annual levy of Kshs.3,000. However, it was noted that the Fund charged registration fees at a rate of Kshs.5,000 resulting to an overcharge of Kshs.2,000 per work place. Although the management has indicated that the Kshs.3,000 registration fee shown in the 2011 regulations was in addition to the then existing fee of Kshs.2,000 no documentary evidence was made available to support this assertion.

In view of the foregoing, no satisfactory explanation has been given for the resultant overcharge of Kshs.20,604,000 in the year ended 30 June 2018.

5.0 Unresolved Prior Year Matter

5.1 Construction of Research Institute Office Complex

As previously reported, the construction of the Fund's Research Institute Office Complex project which was commissioned in February 2010 at an estimated cost of Kshs.480,000,000 was still incomplete as at 30 June 2018. During an audit inspection carried out in February 2019, it was observed that no activities were ongoing at the site and the project appeared to have stalled. Further, no plausible reasons have been given for the eight (8) years delay in completion of the project whose primary objective was to enable the Fund embrace changing dynamics in work environment relating to health and safety of workers.

In the circumstances, the Fund has not obtained the envisioned value for money from Kshs.343,458,956 or 71.55% of the contract price already paid to various contractors as at 30 June 2018.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Fund in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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.

Other Matter

6.0 Budget and Budgetary Performance

6.1 Failure to provide an Approved Budget

OSHF did not avail an approved budget for audit verification. It was therefore not possible to confirm the source and accuracy of the budget figures disclosed in the statement of budget and actual amounts on page 23 of the financial statements for the year ended 30 June 2018.

6.2 Revenue

The statement of comparison of budget and actual amounts reflect estimated budgeted receipts of Kshs.66,000,000 but actual receipts realized amounted to Kshs.48,792,518 resulting to a shortfall of Kshs.17,207,482 or 26 % as itemized below:

| Revenue Head | Budget Estimates Kshs. | Actual Kshs. | Excess/(shortfall) Kshs. | Variance % |
|----------------------|---------------------------|-------------------|-----------------------------|---------------|
| Licenses and permits | 60,000,000 | 42,792,518 | (17,207,482) | 29% |
| Government grants | 6,000,000 | 6,000,000 | 0 | - |
| Total | 66,000,000 | 48,792,518 | (17,207,482) | 26% |

Consequently, the validity and accuracy of the budget figures could not be authenticated.

6.3 Expenditure

The statement of comparison of budget and actual amounts reflect estimated budgeted expenditure of Kshs.66,000,000 while actual expenditure amounted to Kshs.58,752,183 resulting to a shortfall of Kshs.7,247,817 or 12.3% as itemized below:

| Expenditure | Budget Estimates Kshs. | Actual Kshs. | (Over)/Under Kshs. | Variance % |
|----------------------------|-------------------------------|---------------------|---------------------------|-------------------|
| Use of Goods and services | 220,000 | 217,735 | 2,265 | 1 |
| Acquisition of Assets | 11,650,000 | 5,143,500 | 6,506,500 | 56 |
| Bank charges | 60,000 | 54,421 | 5,579 | 9 |
| Board and conferences | 900,000 | 973,000 | (73,000) | 8 |
| Repairs & Maintenance | 670,000 | 662,500 | 7,500 | 1 |
| General expenses | 52,000,000 | 50,433,876 | 1,566,124 | 3 |
| Provision for Depreciation | 500,000 | 1,267,151 | (767,151) | 153 |
| Total | 66,000,000 | 58,752,183 | 7,247,817 | 10 |

In the absence of an approved budget, the validity and accuracy of the budget figures could not be authenticated.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the 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, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

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

Basis for conclusion

The audit was conducted in accordance with ISSAI's 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund 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 manner.

Those charged with governance are responsible for overseeing the Fund'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 review is planned and performed to express a conclusion with assurance 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review 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 Fund'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:

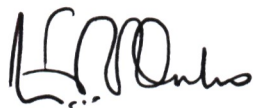
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 Fund'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 Fund 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 Fund 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

17 May 2019

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

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

| | Notes | 2017-2018 | 2016-2017 |
|---|-------|--------------------|-------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | (Re-stated) |
| Licenses and permits | 1 | 42,792,518 | 62,298,603 |
| Transfers from other governments–grants | 2 | 6,000,000 | 6,000,000 |
| Total revenue | | 48,792,518 | 68,298,603 |
| Expenses | | | |
| Training/Facilitation allowance | | - | 3,992,750 |
| Use of goods and services | 3 | 217,735 | 20,278,976 |
| Transfer of AIA to MLSS | | - | 5,500,000 |
| Field allocations | | - | 3,300,000 |
| Bank charges | 4 | 54,421 | 18,034 |
| Boards and Conferences | 5 | 973,000 | 2,681,000 |
| Depreciation and amortization expense | 6 | 1,267,151 | - |
| Repairs and maintenance | 7 | 662,500 | - |
| General expenses | 8 | 50,433,876 | - |
| Total expenses | | 53,608,683 | 35,770,760 |
| Surplus/(deficit) for the period/year | | (4,816,165) | 32,527,843 |

The notes set out on pages below form an integral part of these Financial Statements.

NB: The financial statements of 2016/2017 were done on Cash basis and would therefore not be appropriate to compare with the 2017/2018 Accrual financial statements. This necessitated their re-statement to Accrual for better comparison. Also other errors in the year 2016/2017 were corrected



Director

Mr.Samuel Thuita

Date..... 30/4/2019



Principal Accountant

CPA,Churchil Kuria

ICPAK Member No.12323

Date--- 30/4/2019

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

| | Notes | 2017-2018 | 2016-2017 |
|--|-------|-------------------|-------------------|
| | | Kshs | Kshs |
| Assets | | | (Re-stated) |
| Current assets | | | |
| Cash and cash equivalents | 9 | 10,665,655 | 3,807,026 |
| Receivables from non-exchange transactions | 10 | 4,459,800 | 20,010,943 |
| Total Current assets | | 15,125,455 | 23,817,969 |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 19,586,223 | 15,709,874 |
| Total assets | | 34,711,678 | 39,527,843 |
| Net assets | | 34,711,678 | 39,527,843 |
| Accumulated Surplus | 12 | 27,711,678 | 32,527,843 |
| Capital reserve | | 7,000,000 | 7,000,000 |
| Total net assets and liabilities | | 34,711,678 | 39,527,843 |

NB: The financial statements of 2016/2017 were done on Cash basis and would therefore not be appropriate to compare with the 2017/2018 Accrual financial statements. This necessitated their re-statement to Accrual for better comparison. Also other errors in the year 2016/2017 were corrected.



Director-DOSHS

Mr.Samuel Thuita

Date..... 30/4/2019



Principal Accountant

CPA,Churchil Kuria

ICPAK Member No.12323

Date--- 30/4/2019

Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2018

| | | 2017-2018 | 2016-2017 |
|--|----|-------------------|---------------------|
| | | ksh | ksh |
| Cash flow from operating activities | | | (Re-Stated) |
| Receipts | | | |
| Licenses and permits | 1 | 42,792,518 | 62,298,603 |
| Government grants and subsidies | 2 | 6,000,000 | 6,000,000 |
| Total Receipts | | 48,792,518 | 68,298,603 |
| Payments | | | |
| Training/facilitation allowance | | - | 3,992,750 |
| Goods and services | 3 | 217,735 | 20,278,976 |
| Transfer of A.I.A to MLSS | | - | 5,500,000 |
| Field allocations | | - | 3,300,000 |
| Bank charges | 4 | 54,421 | 18,034 |
| Boards & Conferences | 5 | 973,000 | 2,681,000 |
| Depreciation and amortization | 6 | 1,267,151 | - |
| Repairs and maintenance costs | 7 | 662,500 | - |
| General expenses | 8 | 50,433,876 | - |
| Total Payment | | 53,608,683 | 35,770,760 |
| Cash flow from operating activities | | (4,816,165) | 32,527,843 |
| Add back depreciation | 6 | 1,267,151 | - |
| Decrease in non-current receivables | 10 | 15,551,143 | - |
| Net Cash flows from operating activities | | 12,002,129 | 32,527,843 |
| Cash flows from investing activities | | | |
| Purchase of property plant equipment | 11 | (5,143,500) | (15,709,874) |
| Cash flow from financing activities | | - | - |
| Net increase/(decrease)in cash and cash equivalent | | 6,858,629 | 16,817,969 |
| Cash and Cash equivalents at 1 July | | 3,807,026 | (13,010,943) |
| Cash and cash equivalents at 30 June | | 10,665,655 | 3,807,026 |


 Director-DOSHS

Mr.Samuel Thuita

Date.....30/4/2019.....


 Principal Accountant

CPA,Churchil Kuria

ICPAK Member No.12323

Date.....30/4/2019.....

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

STATEMENT OF CHANGES IN NET ASSETS

| | Capital Reserve | Revenue Reserve | Total |
|-------------------------------|------------------------|------------------------|--------------------|
| | Kshs | Kshs | Kshs |
| Initial capital F/y 2010/2011 | 7,000,000 | | 7,000,000 |
| Accumulated Reserve | | 32,527,843 | 32,527,843 |
| Surplus/deficit for the year | | (4,816,165) | (4,816,165) |
| Balance as at 30 June 2018 | 7,000,000 | 27,711,678 | 34,711,678 |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

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

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference |
|----------------------------|----------------------------|--------------------|-------------------------|---|-----------------------------------|
| | 2017-2018 | 2017-2018 | 2017-2018 | 2017-2018 | 2017-2018 |
| Revenue | Kshs | Kshs | Kshs | Kshs | % |
| Licenses and permits | 60,000,000 | - | 60,000,000 | 42,792,518 | (29%) |
| Government grants | 6,000,000 | - | 6,000,000 | 6,000,000 | - |
| Total income | 66,000,000 | - | 66,000,000 | 48,792,518 | - |
| Expenses | | | | | |
| Use of Goods | 220,000 | | 220,000 | 217,735 | 1% |
| Acquisition of Assets | 11,650,000 | - | 11,650,000 | 5,143,500 | (55%) |
| Bank Charges | 60,000 | - | 60,000 | 54,421 | (9%) |
| Boards and Conferences | 900,000 | | 900,000 | 973,000 | 8.1% |
| Repair and Maintenance | 670,000 | - | 670,000 | 662,500 | (1%) |
| General Expenses | 52,000,000 | - | 52,000,000 | 50,433,876 | (2%) |
| Provision for Depreciation | 500,000 | - | 500,000 | 1,267,151 | |
| Total | 66,000,000 | - | 66,000,000 | 58,752,183 | |

Budget notes

The performance variance is computed as the difference between final budget and actual budget divided by the final budget into percentage.

a) Licenses and Permits (variance of 29%)

This was attributed to total revenue accounted for in the cashbook after verification

b) Acquisition of assets (variance of 55%)

There was minimal acquisition of assets during this financial year. This was due to delay in the procurement procedures.

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Occupational Safety and Health (OSH) Fund is established by and derives its authority and accountability from Occupational Safety and Health Act, 2007. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is:

- Secure the development and coordination of a sound and effective Occupational Safety and Health systems.
- Implement effective systems for prevention of occupational accidents and diseases.
- To carry out research on Occupational Safety and Health.
- Develop and disseminate information on Occupational Safety and Health.

Promoting of awareness on Occupational Safety and Health among employers, employees and the general public.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes below

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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. |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

| Standard | tunity to give gratitude to |
|---|---|
| IPSAS 40: Public Sector Combinations | Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (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 entity did not adopt any new or amended standards in year 2018.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. 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.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2017-2018 was approved by the National Assembly. 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 entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations on the 2017-2018 budgets following the governing body's approval.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The entity'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 as per the statement of financial performance has been presented under sections of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (Continued)

Deferred tax

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates using **straight line method**. 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.

f) Leases

Finance leases are leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases (Continued)

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

Provisions are recognized when the Entity 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.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the

Projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) 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. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

s) Budget information

The original budget for FY 2017-2018 was approved by the National Assembly. 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 entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations on the 2017-2018 budget following the governing body's approval.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The entity'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

s) Budget information (Continued)

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under sections of these financial statements.

t) Comparative figures

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

u) Subsequent events

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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. The Entity based its assumptions and estimates on parameters available when the consolidated 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note below.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

1 LICENSES AND PERMITS

| Description | 2017-2018 | 2016-2017 |
|--------------|-------------------|-------------------|
| | KShs | KShs |
| Levies | 42,792,518 | 62,298,603 |
| Total | 42,792,518 | 62,298,603 |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 TRANSFERS FROM OTHER GOVERNMENTS

| Description | 2017-2018 | 2016-2017 |
|--|------------------|------------------|
| | KShs | KShs |
| Unconditional grants | | |
| Operational grant | 6,000,000 | 6,000,000 |
| Total government grants and subsidies | 6,000,000 | 6,000,000 |

3 USE OF GOODS AND SERVICES

| Description | 2017-2018 | 2016-2017 |
|--------------------------------|------------------|-------------------|
| | KShs | KShs |
| Electricity | 142,571 | 20,278,976 |
| Water | 75,164 | - |
| Total good and services | 217,735 | 20,278,976 |

4 BANK CHARGES

| Description | 2017-2018 | 2016-2017 |
|--------------------|------------------|------------------|
| | KShs | KShs |
| Bank charges | 54,421 | 18,034 |
| Total | 54,421 | 18,034 |

5 BOARDS AND CONFERENCES

| Description | 2017-2018 | 2016-2017 |
|------------------------|------------------|------------------|
| | KShs | KShs |
| Boards and conferences | 973,000 | |
| Total | 973,000 | 2,681,000 |

6. DEPRECIATION AND AMORTIZATION EXPENSE

| Description | 2017-2018 | 2016-2017 |
|---------------------------|------------------|------------------|
| | KShs | KShs |
| Motor vehicles | 933,000 | - |
| Furniture | 22,877 | - |
| Computers | 273,727 | - |
| Printers | 37,547 | - |
| Total depreciation | 1,267,151 | - |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. REPAIRS AND MAINTENANCE

| Description | 2017-2018 | 2016-2017 |
|--------------------------------------|------------------|------------------|
| | KShs | KShs |
| Property/Buildings | 445,000 | - |
| Vehicles | 217,500 | - |
| Total repairs and maintenance | 662,500 | - |

8. GENERAL EXPENSES

| Description | 2017-2018 | 2016-2017 |
|-------------------------------|-------------------|------------------|
| | KShs | KShs |
| Advertising | 3,732,430 | - |
| Supplies and services | - | - |
| Audit fees | - | - |
| Conferences and delegations | 4,596,970 | - |
| Consulting fees | - | - |
| Consumables | 3,345,249 | - |
| Transfer of A.I.A to MLSS | 5,500,000 | - |
| Field allocations | 2,900,000 | - |
| Fuel and oil | 142,000 | - |
| Insurance | 364,137 | - |
| Committee allowance | 5,384,200 | - |
| Daily subsistence allowance | 18,685,650 | - |
| Casuals | 1,556,300 | - |
| Water purification cost | 86,000 | - |
| Postage | 326,340 | - |
| Printing and stationery | 1,738,100 | - |
| Travel cost | 302,300 | - |
| Fumigation | 178,000 | - |
| Entertainment | 214,000 | - |
| Training | 1,081,000 | - |
| Trainers Honoraria | 301,200 | - |
| Total general expenses | 50,433,876 | - |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. CASH AND CASH EQUIVALENTS

| Description | 2017-2018 | 2016-2017 |
|--|-------------------|------------------|
| | KShs | KShs |
| Current account | | |
| Total cash and cash equivalents | 10,665,655 | 3,807,026 |

10. RECEIVABLES FROM NON-EXCHANGE CONTRACTS

| Description | 2017-2018 | 2016-2017 |
|----------------------------|------------------|-------------------|
| | KShs | KShs |
| Current receivables | | |
| Outstanding imprests | 4,459,800 | 20,010,943 |
| Total | 4,459,800 | 20,010,943 |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. PROPERTY, PLANT AND EQUIPMENT

| | Land & Buildings | Motor Vehicles | Furniture & Fittings | Computers | Office Equipments | TOTAL |
|------------------------------------|------------------|----------------|----------------------|-------------|-------------------|-------------|
| COST/VALUATION | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| As as 1st July 2016 | - | 11,850,000 | 591,100 | 1,818,500 | 2,403,000 | 16,662,600 |
| Additions during the year | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - | - |
| At 30 June 2017 | - | 11,850,000 | 591,100 | 1,818,500 | 2,403,000 | 16,662,600 |
| Additions during the year | - | 3,078,000 | 873,000 | 1,192,500 | - | 5,143,500 |
| Disposals | - | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - | - |
| Aa at 30 June 2018 | - | 14,928,000 | 1,464,100 | 3,011,000 | 2,403,000 | 21,806,100 |
| | | | | | | |
| Depreciation and impairment | | | | | | |
| At 1 July 2016 | - | - | - | - | - | - |
| Depreciation | - | 740,625 | 9,236 | 165,318 | 37,547 | 952,726 |
| Impairment | - | - | - | - | - | - |
| At 30th June 2017 | - | 740,625 | 9,236 | 165,318 | 37,547 | 952,726 |
| Depreciation | - | 933,000 | 22,877 | 273,727 | 37,547 | 1,267,151 |
| Disposals | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - | - |
| As at 30 June 2018 | - | 1,673,625 | 32,113 | 439,045 | 75,094 | 2,219,877 |
| | | | | | | |
| Net book values | | | | | | |
| As at 30 June 2018 | - | 13,254,375 | 1,431,988 | 2,571,955 | 2,327,906 | 19,586,223 |
| As at 30 June 2017 | - | 11,109,375 | 581,864 | 1,653,182 | 2,365,453 | 15,709,874 |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Accumulated surplus

| | |
|---|-------------------|
| 1 July 2017 Accumulated surplus | 32,527,843 |
| Surplus for the year | (4,816,165) |
| 30 June 2018 accumulated surplus | 27,711,678 |

13 FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an on-going basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

c) *Management of interest rate risk*

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

d) Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

(iv) Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable
- Market data when available. The *entity* considers relevant and observable market prices in its valuations where possible.

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Donors

15 EVENTS AFTER THE REPORTING PERIOD

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

16 ULTIMATE AND HOLDING ENTITY

The entity is a under the Ministry of Labour and Social Protection; State Department for Labour. Its ultimate parent is the Government of Kenya.

17 Currency

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

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

**ENTITY: DIRECTORATE OF OCCUPATIONAL SAFETY AND HEALTH SERVICES
Operational and Financial performance**

| Strategy | Objectives | Indicators | Budget (Kshs.) | Performance | Expenditure (Kshs) |
|---|--|--|-----------------------|---|---------------------------|
| Implementation of the National OSH Policy – Enhance legal and institutional framework | To finalize Occupational Safety and Health (OSH) Bill. | Occupational Safety and Health (OSH) and Work Injury Compensation Bills | 1,500,000 | Both bills finalized for purposes of presenting them to AG. | 1,926,300 |
| | To finalize Work Injury Compensation Bill | Occupational Safety and Health (OSH) and Work Injury Compensation Bills | 1,000,000 | Consultations with KLRC, AG's office, National Treasury and SCAC undertaken. Justification and final documents developed. | |
| | To enhance management capacity of the OSH Fund | OSH Fund itemized budget and procurement plan documents | 800,000 | Budget itemization and Procurement plan on the work-plan developed. | 872,980 |
| | To finalize legislation to regulate OSH practice in Kenya | OSH practitioner's Bill | 1,500,000 | Stakeholders' workshop held and bill finalized. | 1,487,200 |
| Awareness creation on occupational safety and health | To review and finalize regulations for the OSH institute for registration with Technical and Vocational Educational Training Authority (TVETA) | Registered Kenya Occupational Safety and Health Institute | 1,000,000 | Application for registration made to TVETA.) | 1,245,758 |
| | To conduct Training of Trainers (TOT) for DOSHS officers on the implementation of the KICD curricula for the Institute | Trained Officers, Certificates of training | | <ul style="list-style-type: none"> 10 officers undertook a ToT course on KICD curricula Prospectus, fee structure and timetable for the institute developed | |
| | To hold World health and safety day, conduct an annual safety and health awards event and hold a scientific conference | Publicity on world day for safety and health, Advertisements in print and electronic media, abstracts and research and a journal | 9,100,000 | <ul style="list-style-type: none"> Award ceremony conducted on 28th April Event publicized in both print and electronic media. 2 day scientific conference held on 27-28th April The world day commemorated on the 28th April 2017 at Naivasha | 9,754,327 |
| | To catalogue library books in accordance with international practice | Library supplies | 100,000 | Library supplies including accessions register, files, book stands, labels procured. Computer allocated to librarian. | 151,500 |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

| Strategy | Objectives | Indicators | Budget (Kshs.) | Performance | Expenditure (Kshs) |
|---|---|---|---|--|---------------------------|
| Enhancing Surveillance of working environment and workers' health | To carry out a pilot baseline survey of number of: - workplaces, hazardous industrial plants, workers in hazardous occupations and major hazardous installations. | Baseline Survey Report | 19,000,000 | Cataloguing software acquired Study undertaken in Naivasha, Njoro, Nakuru Town, Nakuru North, Subukia and Mai mahiu sub counties. | 16,470,850 |
| | To conduct surveillance of Work environment by field offices through enforcement of Occupational Safety and Health Act, 2007 | Inspection reports, Reduction in workplace accidents and cases of occupational diseases | 10,100,000 | 5,824 inspections carried out | 6,387,650 |
| | To achieve OSH and Fire Safety auditing of Workplaces | Fire Safety and OSH Audits reports | | 1,115 Fire Audits 1,386 OSH Audits carried out | |
| | To conduct examination and testing of hazardous industrial plants and equipment | Reports of plant examination. | | 16,402 plants examined | |
| | To carry out medical examination of workers | Reports of worker medical examination | | 76,226 workers examined | |
| | Evaluation and control of workplace contaminants | Reports of measurements of workplace contaminants | | 406 workplaces underwent hygiene measurements | |
| | To conduct Capacity building for Directorate of Occupational Safety and Health Services staff | Trained officers, a report on the capacity building | | A two-day OSHOs conference held | |
| | To approve and gazette competent persons and institutions | Approved and gazetted competent persons and institutions, certificates | 1,500,000 | 47 persons competent and 31 institutions approved | 1,349,000 |
| | To process and dispatch of registration Certificates for workplaces, approved persons and institutions | Certificates, dispatch records | ,000,000 | 7,994 workplaces registered during the year bringing to a total | 4,684,910 |
| | To ensure NACOSH and Committee meetings | Reports and minutes of meetings. Resolutions. | 5,000,000 | 4 Full council meetings and 6 committee meetings held | 2,654,800 |
| To up-scale the collection of OSH Fund by increasing registration equipment | New computers | 3,000,000 | 25 computers purchased and distributed to field office. | 4,528,500 | |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

| Strategy | Objectives | Indicators | Budget (Kshs.) | Performance | Expenditure (Kshs) |
|-----------------|--|---|-------------------------|--|---------------------------|
| | To enhance ease of access to workplaces for service delivery To ensure office comfort | procured vehicles for field offices Presence of office Electricity, Water, Security | 18,000,000 1,300,000 | 4 vehicles procured and distributed to field offices | 14,938,400 1,196,182 |

SECTION B

Entity's Compliance with statutory requirements

The entity has been compliant to statutory requirement that govern its operations and monetary obligations. The entity operates within purview of two Acts namely Occupational Safety and Health Act, 2007 and Work Injury Benefits Act, 2007.

Occupational Safety and Health Act, 2007 is an Act of Parliament to provide for the safety, health and welfare of workers and all persons lawfully present at workplaces, to provide for the establishment of the National Council for Occupational Safety and Health and for connected purposes. Work Injury Benefits Act, 2007 is an Act of Parliament to provide for compensation to employees for work related injuries and diseases contracted in the course of their employment and for connected purposes.

Being a National Government entity, all financial obligations in DOSHS are executed in accordance with Government Financial Management Regulations and Public Finance Management Act, 2012.

It should also be borne in mind that the entity is subject to the provisions of the Constitution 2010 that govern operations of a National Government entity.

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

Key Projects and Investment Decisions the Entity is Planning/Implementing

ENTITY'S PLANNED PROJECTS F/Y 2017/2018

| Planned Project/ Programme | Activities | Role of project on delivery of Entity's Mandate | TIME FRAME | | | | | | | | | | | | Source of Funding | | | |
|---|--|--|------------|---|---|---|---|---|---|---|---|---|---|---|----------------------|--|--|------------------|
| | | | J | A | S | O | N | D | J | F | M | A | M | J | | | | |
| 1. Enhancement of legal and institutional framework | Finalization of Occupational Safety and Health Bill | The Bill is an improvement of the current Occupational Safety and Health Act, 2007. The new law will address OSH matters better. | | | | | | | | | | | | | | | | OSH Fund and GOK |
| | Enactment and implementation of Work Injury Compensation Bill and subsidiary legislation | The Bill is an improvement of the current Work Injury Benefits Act, 2007. The new law addresses the gaps in WIBA, 2007 | | | | | | | | | | | | | | | | OSH Fund and GOK |
| | Development of the infrastructure to implement national OSH Database information system | To improve service delivery by way of eased communication, quicker processing of documents | | | | | | | | | | | | | | | | OSH Fund |
| | Enhance management capacity of the OSH Fund | For efficient utilization of OSH Fund which finances many activities of the entity | | | | | | | | | | | | | | | | OSH Fund |
| | Finalize legislation to regulate OSH practice in Kenya | Efficiency in delivery of OSH services | | | | | | | | | | | | | | | | OSH Fund and GOK |
| | Finalize code of practice/guidelines on fire safety auditing | Efficiency in auditing and OSH practice by authorized persons | | | | | | | | | | | | | | | | OSH Fund |
| | Mainstream OSH into secondary and tertiary institutions syllabi | OSH issues included in school curriculum | | | | | | | | | | | | | | | | OSH Fund and GOK |
| | Review and finalize regulations for the OSH institute | Efficiency in management of the Institute | | | | | | | | | | | | | | | | |
| | Induction of trainers on the implementation of the KICD curricula | Presence of professional trainers at the institute | | | | | | | | | | | | | | | | |
| | Proficiency/skills training in OSH at the institute | The institute when in operation will go a long way in producing professionals who will be assisting in ensuring good OSH practice and culture in workplaces. | | | | | | | | | | | | | | | | OSH Fund |
| 2. Awareness creation on occupational safety and health | Training of workers and employers in occupational safety and health | OSH training is instrumental in minimization of accidents and Occupational diseases | | | | | | | | | | | | | | | | OSH Fund |
| | Participation in the World health and safety day | Awareness campaigns, Publication and Disseminate of information on the world day, Holding a Conference | | | | | | | | | | | | | | | | OSH Fund |
| | Cataloguing library books in accordance with international practice | Efficiency in delivery of library services | | | | | | | | | | | | | | | | OSH Fund and GOK |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

| | | | | |
|----|---|--|---|------------------|
| 3. | Surveillance of working environment and workers' health | Carrying out a baseline survey of workplaces, hazardous industrial plants, workers in hazardous occupations and major hazardous installations. | No. of workplaces, industrial plant, workers in hazardous occupations and major hazardous installations in Kenya will inform DOSHS on the planning in matters relating to OSH | OSH Fund |
| | Surveillance of Work environment in field offices through enforcement of Occupational Safety and Health Act | Surveillance of Work environment in field offices through enforcement of Occupational Safety and Health Act | This will enhance safety and health safety at workplaces | OSH Fund and GOK |
| | OSH and Fire Safety auditing of Workplaces | OSH and Fire Safety auditing of Workplaces | This will enhance safety and health safety at workplaces | |
| | Examination and testing of hazardous industrial plants and equipment | Examination and testing of hazardous industrial plants and equipment | Safer plants | |
| | Medical examination of workers | Medical examination of workers | Healthier workers | |
| | Evaluation and control of workplace contaminants | Evaluation and control of workplace contaminants | Healthier workers | |
| | Capacity building for Directorate of Occupational Safety and Health Services staff | Capacity building for Directorate of Occupational Safety and Health Services staff | More efficient DOSHS personnel | OSH Fund and GOK |
| | Replace dilapidated the DOSHS offices with suitable furniture and general equipment | Replace dilapidated the DOSHS offices with suitable furniture and general equipment | More comfortable work environment for DOSHS staff | OSH Fund and GOK |
| 4. | Conducive Environment provision at DOSHS | Approve and gazette competent persons and institutions | Enhanced OSH services | OSH Fund |
| | | Monitoring and evaluation of activities of approved persons/institutions | More efficient delivery of OSH services by approved persons and institutions | OSH Fund |
| | | Processing and dispatch of registration Certificates for workplaces, approved persons and institutions | Timely processing of certificates | OSH Fund and GOK |
| | | NACOSH and Committee meetings | Resolutions made about OSH | OSH Fund |
| | | Up-scaling the collection of OSH Fund by enhancement of registration process and making visits to workplaces easier | 25 Computers, printers, UPS Vehicles purchased | OSH Fund and GOK |
| | | Making DOSHS office conducive to work in. | Electricity, water, internet, communication, LPG. | OSH Fund and GOK |

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|--|---|--|
| 1.1 | Unreconciled cash and bank balances | The balances have been reinstated in this financial year to reflect the correct opening balance as provided for in the bank statement. | Accounts | Old balances are still being investigated. (partially resolved) | |
| 1.2 | Presentation of Financial Statements | The financial statements so far presented, complies with the format prescribed by PSASB | Accounts | Accrual method is being used. (partially resolved) | |
| 2 | Incomplete asset register | The register is still being updated to include all the assets | Procurement | Update in progress. (partially resolved) | |
| 3. | Unsupported and Unaccounted for Transfers | These transfers have now been supported and accounted for | Accounts | Resolved | |
| 4. | Register of work places | The Fund is still updating its register of work places. Procurement of an automated system is ongoing. | Information department | Partially Resolved. | End of f/y 2018/2019. |
| 5. | Shoddy construction of Research institute office complex. | This matter is being handled in Headquarters. The institute has not yet been officially handed over the building by Public works. | Ministry of Public Works. | Issue under PAC. (partially resolved) | |

Director-DOSHS

Sign.....

Date.....

Principal Accountant

Sign.....

Date.....

**Occupational Safety and Health Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018**

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

| Name of the MDA/Donor Transferring the funds | Date received as per bank statement | Nature: Recurrent/Development/Others | Total Amount - KES | Statement of Financial Performance | Where Recorded/recognized | | | | Total Transfers during the Year |
|---|-------------------------------------|--------------------------------------|--------------------|------------------------------------|---------------------------|-----------------|-------------|---------------------------|---------------------------------|
| | | | | | Capital Fund | Deferred Income | Receivables | Others - must be specific | |
| Ministry of Labour and Social Protection. (Occupational Safety and Health Fund) | | A.I.A | 5,500,000 | Note 8 | 7,000,000 | | 4,459,800 | - | 5,500,000 |
| Total | | | 5,500,000 | | 7,000,000 | | 4,459,800 | | 5,500,000 |

