

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

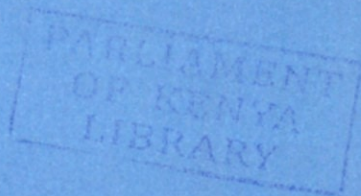
**OF**

**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR INDUSTRY**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



THE NATIONAL ASSEMBLY  
PAPERS LAID  
DATE: 05 MAR 2024  
DAY: TUESDAY  
Hon Owen Baya, MP  
Deputy Leader, Majority Party  
Inzofu Mwale



**MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY  
STATE DEPARTMENT FOR INDUSTRY  
Annual Report and Financial Statements for the year ended June 30, 2023.**



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**MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY**

**STATE DEPARTMENT FOR INDUSTRY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2023**

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

**MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY**  
**STATE DEPARTMENT FOR INDUSTRY**  
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**1. Acronyms and Glossary of Terms**

AIE	Authority to Incur Expenditure
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
BETA	Bottom-up Economic Transformation Agenda
EAPCC	East African Portland Cement Company
KEBS	Kenya Bureau of Standards
KIPI	Kenya Industrial Property Institute
KIRDI	Kenya Industrial Research and Development Institute
KENAS	Kenya Accreditation Services
NMC	Numerical Machining Complex
SMC	Scrap Metal Council
ACA	Anti-Counterfeit Authority
MITI	Ministry of Investments, Trade, and Industry
KNQA	Kenya National Qualifications Authority
ACQF	African Continental Qualifications Framework
UNIDO	United Nations Industrial Development Organization
EAC	East African Commission
KTPP	Kenya Trade and Poverty Programme
KITI	Kenya Industrial Training Institute
PAC	Parliamentary Accounts Committee

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GP            Gross Domestic Product

CAIPS        County Aggregation and Industrial Parks

PSASB      Public Sector Accounting Standards Board

DHRMD     Director Human Resource Management and Development

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**STATE DEPARTMENT FOR INDUSTRY KEY INFORMATION AND MANAGEMENT  
2.**

**(a). Background information**

The State Department for Industry is established under the Executive Order No. 1 of January 2023. It is placed under the Ministry of Investments, Trade and Industry. It has the overarching responsibility of: Industrial Policy and Planning; Buy Kenya Build Kenya Policy and Strategy; Promoting Standardization in Industry and Quality Control; Promotion and oversight of the Development of Special economic zones and Industrial Parks; Kenya Property Rights Policy (Patents, Trade Marks, Service Marks, and Innovations); Promotion of value Addition and Agro-Processing; Textile Sector Development; Leather Sector Development and Promotion of Value Chain; Oversight and regulation of Scrap Metal Industry; Promotion and Development of Medium Business Enterprises; Industrial Training and Capacity Development; combat counterfeiting trade and other dealings in counterfeit goods; and Oversight, Administration and Enforcement of the Local Content Policy.

Under the Bottom-up Economic Transformation Agenda (BETA), the State Department is implementing various interventions under the Manufacturing Sector Pillar to raise Sector's contribution share to GDP to 15 percent by supporting value addition in identified priority areas to accelerate economic growth, create jobs and reduce poverty.

The mandate for the State Department for Industry includes:

- i. To Implement Industrial Policy and Planning;
- ii. Buy Kenya Build Kenya Policy and Strategy;
- iii. To promote Standardization in Industry and Quality Control;
- iv. Promotion and oversight of the Development of Special economic zones and Industrial Parks;
- v. Kenya Property Rights Policy (Patents, Trade Marks, Service Marks, and Innovations); Promotion of value Addition and Agro-Processing;
- vi. Textile Sector Development;
- vii. Leather Sector;
- viii. Development and Promotion of Value Chain;
- ix. Oversight and regulation of Scrap Metal Industry;

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- x. Promotion and Development of Medium Business Enterprises;
- xi. Industrial Training and Capacity Development;
- xii. To combat counterfeiting trade and other dealings in counterfeit goods; and
- xiii. Oversight, Administration and Enforcement of the Local Content Policy.

**Autonomous and Semi-Autonomous Government Agencies**

During the period, the State Department for Industry had Nine (9) State Corporations, One (1) training Institution and three (3) Tribunals. The State Corporations under the State Department include:

**Autonomous Government Agencies:**

- i.) East African Portland Cement Company (EAPCC)
- ii.) Kenya Bureau of Standards (KEBS).

**Semi-Autonomous Government Agencies:**

- iii.) Kenya Industrial Property Institute (KIPI)
- iv.) Kenya Industrial Research and Development Institute (KIRDI)
- v.) Kenya Accreditation Services (KENAS)
- vi.) Numerical Machining Complex (NMC)
- vii.) Scrap Metal Council (SMC)
- viii.) Anti-Counterfeit Authority (ACA)
- ix.) RIVATEX EA Limited.

**Annual Reports and Financial Statements**

At the Cabinet level, the Ministry is represented by the Cabinet Secretary for Investment, Trade and Industry, who is responsible for guiding on the general policy formulation and provides strategic direction to the Ministry.



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**VISION, MISSION AND CORE VALUES**

**Vision**

Globally competitive and sustainable industrial sector

**Mission**

To create an enabling environment for a globally competitive and sustainable industrial sector

**Core Values**

The State Department seeks to uphold the following core values:

- ❁ **Customer focus:** We are committed to upholding the highest standard in our services delivery to all customers;
- ❁ **Integrity:** we are committed to acting in an honest impartial, fair and transparent manner and being devoid of corruption practices while delivering our services;
- ❁ **Team work:** We will deliberately nurture team spirit, collaboration, consultation and adopt participatory approach in discharging our mandate;
- ❁ **Professionalism:** We will maintain high level of professionalism through continuous competency development;
- ❁ **Creativity and innovativeness:** We will continuously be seeking innovative methods of delivery our services;
- ❁ **Efficiency and effectiveness:** we will be guided by operational, rationalization and cost saving measures;
- ❁ **Commitment to Environmental Sustainability:** we shall be committed to ensure sustainable industrial and enterprise development process, which protects the environment.

**Strategic Objectives**

- i.) To improve product competitiveness and business environment
- ii.) To increase manufacturing sector's contribution to GDP to 15 per cent
- iii.) To attract Domestic and Foreign Direct investments
- iv.) To generate employment opportunities
- v.) To mobilize resources for Industrial and Trade Development
- vi.) Strengthen institutional capacity for service delivery.

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**(b). Key Management**

The State Department for Industry day-to-day management is under the following key organs:

- i. Cabinet Secretary Office
- ii. Principal Secretary Office
- iii. Industrialization Secretary
- iv. Directorate of Agro - industries;
- v. Directorate of Chemical and Mineral Industries;
- vi. Directorate of Field Services;
- vii. Directorate of Engineering and Construction industries;
- viii. Directorate of Enterprise Development;
- ix. Directorate of Research, Manufacturing and Industrialization Policy;
- x. Directorate of Private Sector Development and Business Environment;
- xi. Kenya Industrial Training Institute; and
- xii. Administration and Support Services.

**(c). Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Cabinet Secretary, Ministry of Investments, Trade and Industry	Hon. Moses K. Kuria, HSC
2.	Principal Secretary, State Department for Industry	Dr. Juma Mukhwana, PhD, HSC
3.	Secretary Administration	Mr. Karanja Njora
4.	Ag. Industrialization Secretary/ Director Agro – processing industries	Mr. Nobby Macharia
5.	Director Chemical and Mineral Industries	Mr. Julius Kirima, HSC
6.	Director Field Services	Mr. Joseph Mbeva
7.	Director Engineering and Construction industries	Mr. Patrick Wahome
8.	Director Enterprise Development	Ms. Nicholas Gakiha
9.	Ag. Director Research, Manufacturing and Industrialization Policy	Mr. Roy Nyagena

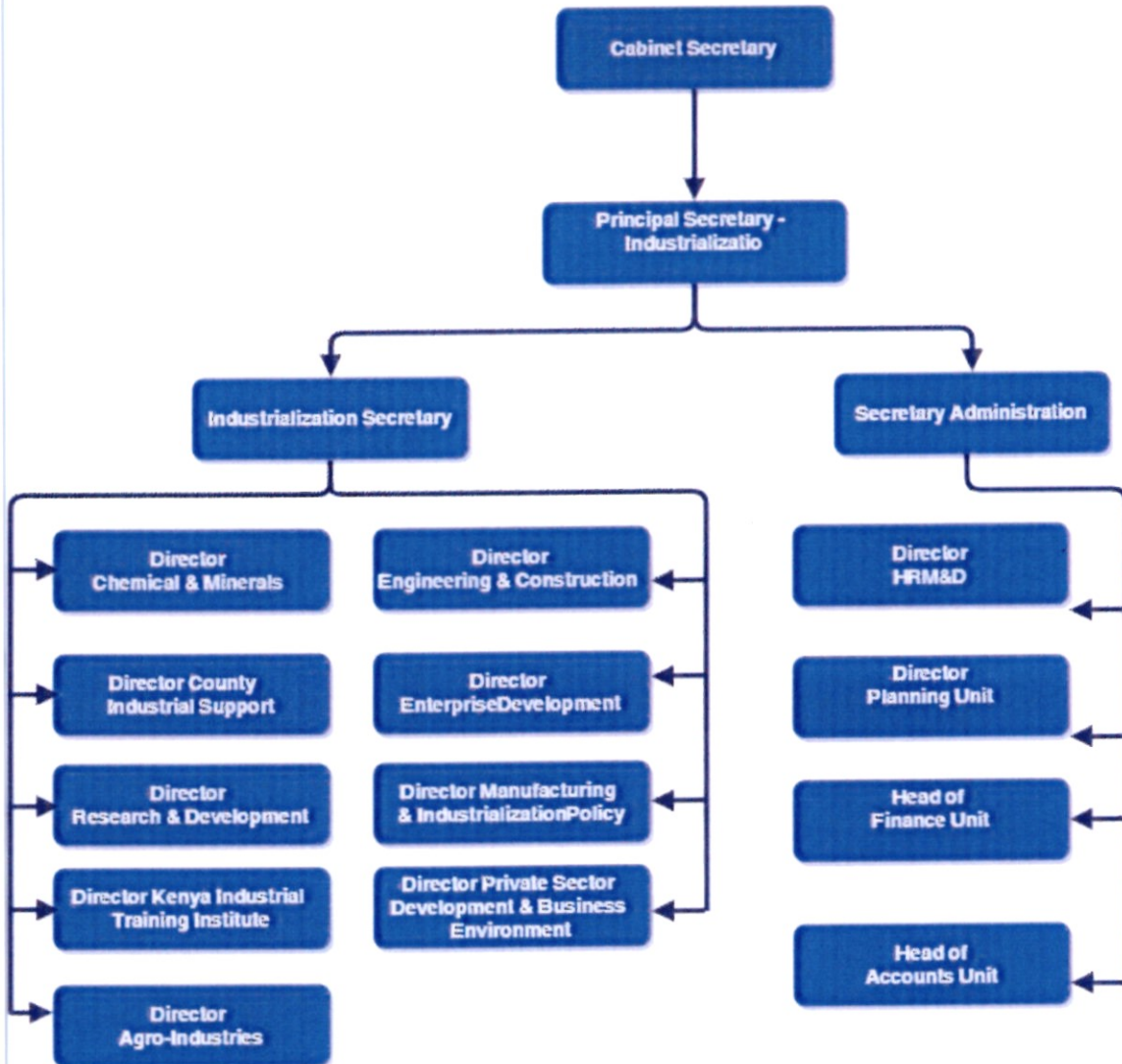
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<b>No.</b>	<b>Designation</b>	<b>Name</b>
10.	Director Kenya Industrial Training Institute	Ms. Peris Adema
11.	Director of Planning	Mr. Timothy Gakuu, HSC
12.	Director Human Resource and Development	Ms. Mary Kemunto
13.	Senior Chief Finance Officer	Mr. Joash Akuma
14.	Head of Accounting Unit	CPA Ernest Lukayu

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**State Department for Industry Organization Structure**



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**Hon. Moses K. Kuria, HSC  
Cabinet Secretary, Ministry of  
Investments, Trade and Industry**

Hon. Moses K. Kuria is the Cabinet Secretary, Ministry of Investments, Trade and Industry, Government of Kenya. He is an experienced and dedicated public servant with over 30 years of experience, progressively and significantly contributing to the social, political, and economic space in Kenya. He is also a distinguished professional who has an entrepreneurial career in manufacturing, banking and investment both in Kenya and internationally.

He has been elected and served twice as a Member of Parliament for Gatundu South, Kiambu County, Kenya, and served as a member of various committees including Budget and Appropriations, Transport, Infrastructure, Public Works and Housing as well as served as a member of the Bicameral and Bipartisan committee on electoral reforms.

Over the years, Honourable Kuria has developed a global network of relationships mostly in the Middle East as well as in Europe and China. He has spent most of his working life abroad dealing with business people at the highest level, so having a clear vision of the big picture.


He has worked as the Chief Operating Officer, WAMAD information technology and consulting group, in Saudi Arabia where he put together a portfolio of products and services and oversaw the growth of up to 50 top-notch consultants, representing major vendors from Europe, USA, and India. In his capacity, he spearheaded the set-up of a resource center in Jordan and an international office in Dubai that led to Wamad Information Technology and Consulting Group emerge as one of the leading IT companies in the region, especially in the banking and financial services sector.

He was also involved in setting up the Saudi Arabian General Investment Authority on a consulting role. This involved the set-up of a "One-Stop" center- a center that offered government services such as immigration, licensing, export promotion among others to foreign investors. He assisted in creating partnership agreements with leading manufacturers and business people with the Fujairah Free Zone Authority. This helped the Authority establish investor networks in Saudi Arabia, a model that was replicated in other Gulf Countries.

Hon. Kuria has worked with Al Rajhi Bank, Saudi Arabia, one of the largest Islamic banks in the world as a Process Improvement Manager, where he spearheaded business process re-engineering at a time the bank faced major challenges such as ageing systems that were manual, fragmented and inefficient. In this role, He managed to set up a team of qualified business analysts and set up multiple projects to focus on areas of high impact to the business leading to growth of remittances by up to 300% in 4 years.



As a result of the many improvements and solid foundations based on quality systems, people and processes that we put in, as a result, Al Rajhi Bank is now the most profitable bank in Saudi

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	<p>Arabia and it is the second largest bank in terms of assets. It is also the leading bank in Saudi Arabia in terms of market capitalization</p> <p>He has also worked as the Process Improvement Manager, at Standard Chartered Bank Africa. As head of the Process Improvement team, He was tasked with ensuring that the banks implementation of new systems, products, and services was accompanied by a high degree of efficiency and quality customer services. This He achieved through making business processes an integral part of any product designs, system implementation and even HR transformations. He also ensured that performance management methodologies and key performance indicators were rolled out throughout the bank as a basis for improving processes and customer service. The success of his team lead model initiatives especially in the banking operations areas were replicated beyond Kenya to other African countries principally Zimbabwe, Cameroon, Uganda and Tanzania.</p>
 <p><b>Principal Secretary</b> State Department for Industry</p>	<p><b>Dr. Juma Mukhwana</b> was appointed the <b>Principal Secretary for the State Department for Industry</b> in the <b>Ministry of Investments, Trade, and Industry (MITI)</b>, in <b>December 2022</b>. He is the immediate former Director General of The Kenya National Qualifications Authority (KNQA); from where he also worked to support development of the African Continental Qualifications Framework (ACQF). Dr. Mukhwana has worked in the agriculture and higher education sectors both locally and internationally for many years. He holds a Bachelor's degree in Veterinary Medicine (1993) and M.Sc. in Pharmacology and Toxicology (1995) both, from the University Of Nairobi, Kenya, and a Ph.D. in Soil Science from the University of Wyoming in the USA.</p> <p>He has worked in top management either as a CEO, and/or as Deputy CEO in the public and private sectors for over 20 years. Between 2011 and 2013, he worked as a Senior Lecturer and Chairman of the Department of Land and Water Management (and Acting Dean, School of Agriculture), University of Embu. From 2013 to 2017, he served as the Deputy Commission Secretary/Deputy CEO at the Commission for University Education in Kenya; in charge of Planning, Research and Development.</p> <p>At the State Department for Industrialization, he has been instrumental in developing and implementing policies to support local manufacturing. These include the introduction of County</p>

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	<p>Aggregation and Industrial parks (CAIPs), promotion of local content in manufacturing, supporting the <b>Buy Kenya, Build Kenya</b> Initiative and facilitating the revival and invigoration of value addition in the leather, textiles and other agricultural products. He is also spearheading expansion of manufacturing in the cement, and steel; as well promoting local assembly of vehicles and motor cycles. He represents the country in the United Nations Industrial Development Organization (UNIDO); and is working to promote increased manufacturing within the East African (through EAC) and African regions (through the AfCTA). His main drive lies in his efforts to improve the conditions for manufacturing within Kenya and Africa, to bring prosperity and inclusiveness. This is line with the Kenya Kwanza manifesto of growing manufacturing from the current 7.2% to 15% of GDP by 2025.</p> <p>Dr. Mukhwana is an accomplished Leader, passionate speaker and powerful change agent. He has received many national and international awards for his work in creating prosperity and improving livelihoods for poor people in Africa.</p>
 <p>Mr. Karanja Njora <b>Secretary Administration</b></p>	<p>Mr. Samuel Karanja Njora is a career civil servant with 20 plus years in the field of Public Administration. He has risen up the ranks from a junior Assistant County Commissioner (formerly District Officer) to his current position of Secretary Administration in the State Department for Industry.</p> <p>He is proficient in providing high-level Administration support including giving administrative direction and undertaking responsibility for complex planning, directing, and organizing staff to achieve organizational goals. Mr. Njora possesses good communication and people management skills that have helped develop team spirit and motivated staff in all the stations he has worked in public service.</p>
 <p>Mr. Nobby Macharia <b>Ag. Industrialization Secretary</b></p>	<p>Mr. Nobby Macharia is the Ag. Industrialization Secretary in the State Department for Industry He joined the Ministry of Industrialization in the year 1992 as an Industrial Development Officer 1 and risen through the ranks to become a Director.</p> <p>He holds MBA (Entrepreneurship) from the Methodist University and Bachelor Degree in Science – Agriculture from the University of Nairobi.</p>

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 <p><b>Nicholas Gakiha</b>  <b>Ag. Director, Agro Industries Directorate</b></p>	<p>Mr. Nichoas Gakiha heads the Agro Industries Directorate in the State for Industry. His public service career includes working for both the National and County Governments in various capacities that includes serving at Kenya Institute of Business Training (State Department for Trade), Productivity Centre of Kenya (State Department for Labour), County Government of Meru and the State Department for Industry.</p> <p>Mr Gakiha holds a Master of Science Degree in Entrepreneurship and a Bachelor of Commerce Degree with a specialization in Business Administration. He has also undertaken several skills upgrading courses in the areas of Strategic Leadership, Community Capacity &amp; Rural Development, Policy formulation, Project Management, Industrial development and SMES Development among others.</p>
 <p><b>Mr. Julius Kithinji Kirima, HSC</b>  <b>Director of Industries</b></p>	<p>Mr. Julius Kithinji Kirima, HSC is Director of Industries Heading Chemical &amp; Mineral Industries Directorate in the State Department for Industry. He holds a Bachelor of Science Degree in Chemistry and Mathematics, Master of Science in Entrepreneurship. He has risen the ranks in the civil service from Industrial Development Officer II in 1990 to Director of Industries and awarded Head of State Commendation (HSC) for his distinguished service to the Republic of Kenya 2011.</p> <p>He has served previously as Deputy Director of Internal Trade, Chairman of the Technical Committee that Drafted the Anti-Counterfeit Bill 2008, and later Ag. Secretary to Operationalize the Anti-Counterfeit Agency, Coordinator for Kenya Trade and Poverty Programme (KTPP,) and Member of high-Level Task Force that negotiated the East African Community Common Market Protocol. Mr. Kirima is also a Lead Expert in Environmental Impact Assessment and Audit and is trained in Ceramic Kiln and Firing Technology, among others</p>
 <p><b>Mr. Joseph Mbeva</b>  <b>Director of Industries</b></p>	<p>Mr. Joseph Mbeva is Director of Industries in charge of Industrialization Field services. Hold vast experience in industrial matters and intellectual property rights have started working with the Government from 1992 to date.</p> <p>He holds a Master's of Science Degree in Intellectual Properties and a Bachelor's Degree in Science.</p>
 <p><b>Mr. David K. Rono</b>  <b>Director of Industries</b></p>	<p>David K Rono is a BSC graduate of Kenyatta and has worked in various capacities in both Headquarters and the Field Stations such as Mombasa, Embu and West Pokot. He has twenty-Nine years' experience in industrial. Matters, having been the Desk Officer AGOA, UNIDO, Non Agricultural Market Access (under WTO). Mr Rono is the A.g Head of Engineering and construction Industries.</p>



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 <p>Ms. Peris Adema  <b>Director KITI</b></p>	<p>Ms. Peris Adema is the current Director of the Kenya Industrial Training Institute (KITI), Nakuru. She holds a Master's degree in Corporate Strategy and Economic Policy.</p>
 <p>Mr. Roy Nyagena  <b>Ag. Director of Industries</b></p>	<p>Mr. Roy Nyagena is the Acting Director Research, Manufacturing and Industrialization Policy Directorate in the State Department for Industrialization. He joined the Ministry of Industry in the year 1992 as an Industrial Development Officer 1 and risen through the ranks to become a Deputy Director of Industries.</p> <p>He holds Master of Arts degree in Rural Economics from Gandhigram Rural University and Bachelor Degree in Commerce from Nagpur University, India.</p>
 <p>MS. Mary Kemunto  <b>Director, HRM&amp;D</b></p>	<p>Ms. Mary is DHRMD in charge of the Human Resource Management and Development function in the State Department from February 2023.</p> <p>She holds a master's degree in Educational Administration and Planning from the Catholic University of Eastern Africa, Bachelor of Education from the University of Nairobi, Diploma in Financial Management from Moi University, Higher Diploma in Human Resource Management from Institute of Human Resource Management.</p> <p>She is a full member of IHRM in good standing</p>
 <p>Mr. Timothy Gakuu, HSC  <b>Director of Planning</b></p>	<p>Mr. Timothy Gakuu is the Director of Planning in the Central Planning and Programme Monitoring Unit, State Department for Industrialization. He holds a Master of Arts in Economics from the University of Nairobi.</p> <p>He has experience spanning over 25 years having worked with various Government Ministries and Department. Formerly Director of Planning in Ministry of Energy, Chief Economist Ministry of Devolution and Planning, Chief Economist Ministry of Youth and Sports and Ag. Chief Executive Officer of CDF Board.</p>

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 <p>Mr. Joash Akuma  <b>Senior Chief Finance Officer</b></p>	<p>Joash O.Akuma has 25 years of experience in the Public sector. He has previously worked in various capacities in the civil service. He has previously worked as an Economist and Deputy Chief in various Ministries, Assistant Director before redesignating as a finance officer. He worked as Head of finance in State Department Shipping and Maritime, State Department for Trade and now State Department for Industry. He has experience in finance and Planning from the University of Nairobi and Jomo Kenyatta University. He Holds a Masters in Arts and has CPA I and currently pursuing PhD at JKUAT</p>
 <p>CPA Ernest Lukayu  <b>Head of Accounting Unit</b></p>	<p>Mr. Ernest A.Lukayu is the Head of Accounting unit for the State Department. He is experienced in both financial and accounting matters having worked in various MDAs as an Accountant for over 21 years in various capacities. He holds Master's degree in Business administration (MBA) Finance, Bachelor's degree in Accounting both from Kenya Methodist University. He is ICPAK member No.4150</p>

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**(d). Fiduciary Oversight Arrangements**

The key State Department fiduciary oversight arrangements include:

**Audit and Finance Committee activities**

The committee performs the following duties

- i. Reviewing and monitoring the external auditor's independence and objectivity, taking into consideration relevant professional and regulatory requirements. In fulfilling its duties, the committee reviews with the external auditors, the scope of their audit plan, system of internal audit reports, assistance given by management and its staff to the auditors and any findings and actions to be taken.
- ii. Reviewing any related party transactions that may arise within the State Department for Industry.
- iii. Reviewing communication between external auditors and management including responses on audit queries on the annual financial statement raised by the Auditor General.
- iv. Following up on recommendations of the Parliamentary Accounts Committee (PAC).

The following shows the number of finance and audit committee meetings held during the year and the attendance of individual members.

<b>NO.</b>	<b>NAME</b>	<b>POSITION</b>	<b>Total Attendance</b>
1	Mr. Stephen K. Mbuko	Chairperson	Nil
2.	Ms. Jane W. Muthaura	Member	Nil
3.	Abdi Sahal Ali	Member	Nil
4.	Mr. Simon S. Nabosa	Member	Nil
5	Prof. Daniel K. Tarus	Member	Nil
6.	Dr. Jackson Barngetuny	Secretary	Nil

**Budget Committee Activities**

This is the committee charged with the responsibility of implementation of the State Department's budget and its prudent management. The duties of the committee include:

- i. To review and consider the cash flow plans

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- ii. To review the utilization of the cash limits and consider any changes as may be required;
- iii. To review the utilization of the donor funds voted for the State Department.
- iv. To advise the accounting officer on the challenges related to the budget implementation
- v. To review and recommend the reallocation of payments
- vi. To review and approve the submission of the payment returns, payroll IPPDs, pending bills and A-I-A returns for the State Department and recommend actions to be taken
- vii. To participate in sector working groups
- viii. To review budgets, supplementary estimates and performance of budget against actual for the State Department in consultation with the Heads of Directorates.

The following shows the number of budget committee meetings held during the year and the attendance of individual members

NO	NAME	POSITION	3/5/2023	4/4/2023	15/6/2023	Total attendance
1	Mr. Karanja Njora	Chairperson	✓	✓	✓	3
2.	Mary C.Kemunto	Member	✓	x	✓	2
3.	Mr. Joseph Mbeva	Member	x	✓	✓	2
4	Mr.Nobby Macharia	Member	x	✓	✓	2
5.	Mr.Timothy Gakuu	Member	x	x	✓	1
6.	Joash O.Akuma	Secretary	✓	✓	✓	3
7	Philip Maitha	Member	✓	✓	✓	3
8	Nancy Muya	Member	✓	✓	x	2
9	Joseph Mbeva	Member	✓	✓	✓	3
10	Julius Kirima	Member	✓	x	✓	2
11	Lydia M.Munialo	Member	✓	✓	✓	3
12	Roy Nyangena	Member	✓	x	✓	2
13	Nelson O.Mose	Member	✓	✓	✓	3

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**(e). State Department for Industry Headquarters**

P.O. Box 30418-00100  
NSSF Building, Block A, 17<sup>th</sup> Floor  
Bishops Road, Capital Hill  
**NAIROBI, KENYA**

**State Department for Industry Contacts**

Telephone: 020-2731531-9  
E-mail: [ps@industrialization.go.ke](mailto:ps@industrialization.go.ke);  
[ps.moied@gmail.com](mailto:ps.moied@gmail.com)  
Website: [www.industrization.go.ke](http://www.industrization.go.ke)

**(f). State Department for Industry Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000 - City Square 00200  
**NAIROBI, KENYA.**

**(g). Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084 - GPO 00100  
**NAIROBI, KENYA.**

**(h). Principal Legal Adviser**

**(i). The Attorney General**  
State Law Office  
Harambee Avenue  
P.O. Box 40112 - City Square 00200  
**NAIROBI, KENYA.**

**3. Statement of Governance**

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**Top Leadership Commitment**

The Ministry of Investments, Trade and Industry put in place governance structure to ensure integrity, transparency and accountability in all its decision-making levels. At its top management, Cabinet Secretary and Principal Secretaries head each State Department; and are responsible for Policy direction, coordination and overall supervision. The State Department top leadership consisting of the Principal Secretary, Secretary Administration, Ag. Secretary Industrialization and Directors have committed to the highest standards of corporate governance, maintained high moral and ethical standards, put in place sound and transparent processes and procedures for conducting business that has ensured efficient and effective service delivery.

**Management Committees established**

**i. Management Board Committee**

The State Department put in place the Management Board Structure bringing together the Cabinet Secretary, Principal Secretary, Head of Directorates and Chief Executive Officers of the various State Corporations under it. This was meant to streamline the operation of the State Department as a whole for efficient and effective service delivery. In the period under review, the committee met to review implementation of programmes and projects, aligning the budget to the Bottom-up Economic Transformation Agenda to create synergy in public service delivery.

**ii. Human Resource Management Advisory Committee (MHRMAC)**

The State Department has put in place the MHRMAC for administration and management of human resource functions which include: Recruitment, selection and appointment; Performance management; Promotions; Confirmation in appointment; Training and Development; Training Impact Assessment; Management of skills inventory; Establishment and Complement control; Payroll management; Deployment; Promotion of values and Principles of Public Service; Recommendation for secondments and unpaid leave; Recommendation for retirement under 50 years rule; Recommendation for retirement on medical grounds; Recommendation for re-designation; Recommendation for renewal of contract; Discipline; and Pension administration.

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**iii. Ministerial Performance Management Committee (MPMC)**

The State Department has put in place the MPMC to Co-ordinate the Ministerial and State Department Performance through: Undertake quarterly review of implementation of Strategic Plans and Performance Contracts; Ensure linkage between Institutional Performance Contract and Performance Appraisal System; Ensure that the overall assessment of employee performance is within the context of institutional performance as evaluated through staff Performance Appraisal System; Ensure that the performance of all officers is evaluated and feedback on performance is relayed in writing at the end of the year; Hold quarterly performance review meetings; Consider performance reports from various departments within the Ministry and make recommendations for improvement; Review cases of appeals on appraisal ratings between supervisors and appraisees; Make recommendations to the Authorized Officer on the application of Rewards or Sanctions; Develop and implement the internal monitoring and evaluation and reporting system; and Ensure that the integrity and credibility of the overall process of rewards and sanction system is safeguarded and maintained at all times.

**iv. Audit Committee**

The Audit Committees has been setup to provide oversight on the public financial management systems for the Ministry/State Department. The Committee has helped in improving internal control system, risk management, the internal and external audit process, and compliance with laws and regulations. The Ministerial Audit Committee held its last meeting in the year 2022. The Audit Committee could not hold meetings in 22/23 financial year due to budget constraints. The Audit Committee third term in office expired on 5th January 2023 and the State Department is currently in the process of recruiting members and the chairperson to the Audit committee.

**v. Risk Management**

The State Department developed the risk management policy framework to enable the management to identify and mitigate all risks faced by the State Department, which could affect the achievement of its strategic objectives, service delivery targets and accountability to public. In addition, the heads of departments and risk champions were trained to spearhead implementation of the risk management policy. Departments within the State Department are in the process of introducing risk registers. The State Department in its efforts to maintain transparency, ethical

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standards and compliance with the risk management strategy is in the process of introducing conflict of interest registers in all its departments in the month of February.

**Public participation activities**

The State Department has continued engaging various stakeholders in its policy development and implementation. Sector associations including Kenya Association of Manufacturers (KAM), Kenya Private Sector Alliance (KEPSA), Kenya National Chamber of Commerce and Industry (KCCNI) and Federation of SMEs.



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**4. STATEMENT BY THE CABINET SECRETARY**

The manufacturing sector is one of the key drivers for economic growth and development. The sector plays a critical role in contributing to economic growth and generating employment as the Country moves towards realization of the aspirations of Vision 2030. Its overall goal is to increase its contribution to Gross Domestic Product (GDP) by at least 15% by 2027; increase level of foreign direct investments; this will propel Kenya towards becoming one of Africa's major industrial hubs. The sector has a high potential of investment attraction, employment creation, export expansion, stimulus for agricultural sector growth and provision of forward and back ward linkages in all other sectors of the economy. The sector plays a strategic role in technology and innovation as it is a major platform for diffusion of new technologies to other sectors of the economy.

Under the manufacturing pillar, the priority interventions implemented during the period under review included: Construction of Industrial Research, Laboratories, Nairobi –KIRDI South B; Modernization of RIVATEX machinery; Lusigetti Apparels and Value Addition Center; Development of Nyando and Karichen Apparels and Value Addition Centers; County Aggregation and Industrial Parks (CAIPS); Infrastructure and civil works development at KITI; Modernization of NMC's Foundry Plant & CNC & Fabrication Workshop; Cotton Development Subsidy and Extension Support; Protection of Industrial Property Rights; Kenya Industry and Entrepreneurship Project; Development of a standards and accreditation infrastructure; and Acquisition of Regional Anti-Counterfeit Agency Exhibit Warehouses.

In terms of Budget allocation to the Ministry (and more specifically, the State Department for Industry), three programmes are been implemented namely:

- i. Industrial Promotion and Development programme with the objective of promoting and facilitating industrial development through value addition, industrial infrastructure, industrial training and technology upgrading.
- ii. Standards, Quality Infrastructure, and Research programme with the objective of providing standards, quality infrastructure and industrial research for improved industrial performance.
- iii. General Administration, Planning and Support Services.

The key achievements for the FY 2022/2023 include:

- i. Draft Scrap Metal Amendment Bill and Regulations developed;
- ii. Modernization of RIVATEX Machinery – modern machinery acquisition and installation has reached 98 percent level of completion;
- iii. 3,186 cotton bales sourced locally for apparel & textile processing and 18 tons of cotton seeds distributed to 3,500 farmers for cotton production;
- iv. Acquired the textile machinery for Karichen Apparel Value Addition Centre;
- v. Construction of Nyando Apparel Value Addition Centre;
- vi. Modernization of NMC's Foundry Plant & Fabrication Workshop – 35.21 percent level of completion of modernization of foundry plant, fabrication plant and Galvanising plant;
- vii. licenses issued to 468 scrap metal dealers to control trading and processing of scrap metal and protection of critical national infrastructure and theft of private property;

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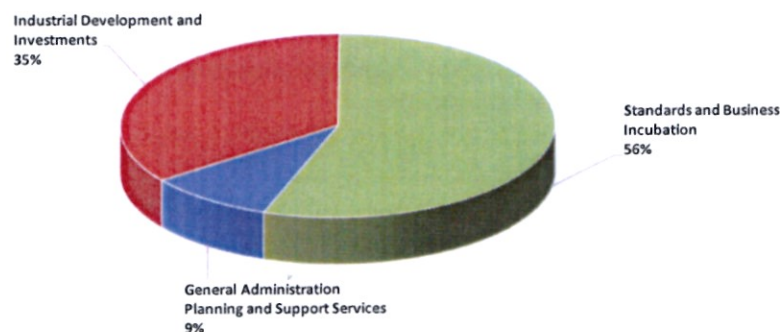
- viii. EAPCC produced 152 tons of Clinker and 311 tons of cement to support the construction sector;
- ix. KITI trained 4004 students on industrial skills;
- x. KENAS Accredited 24 new Conformity Assessment Bodies;
- xi. 572 new standards developed, 6,403 products certified under SMEs and 17,404 products certified under large firms to support the manufacturing sector;
- xii. 988 patents, utility models and industrial designs registered;
- xiii. 5,838 inspections undertaken to control trading in counterfeits goods;
- xiv. Kenya Industry and Entrepreneurship Project (KIEP) provided 41 SMEs with diagnosed review for technical and financial funding;
- xv. Construction of Industrial Research, Laboratories (KIRDI Nairobi) - construction works, cladding and building services and management installations reached 80 percent level of completion;
- xvi. Infrastructure and civil works development (KITI) – completed construction of Women Hostels and Walkways.

**BUDGET ALLOCATION**

The Budget estimates for the FY 2022/23 were Kshs 3,950,805,540 consisting Recurrent Kshs 2,671,828,873 and Development Kshs 1,278,976,667. The State Department was to expend the gross budget of **Kshs. 3,523,564,441** under the following three programmes:

Programmes	Approved Budget Allocation		
	KShs	Actual Payments	Variance
General Administration Planning and Support Services	371,951,030	328,099,651	43,851,379
Industrial Development and Investments	1,388,288,936	1,289,866,467	98,422,469
Standards and Business Incubation	2,190,565,574	1,905,598,324	284,967,250
	<b>3,950,805,540</b>	<b>3,523,564,441</b>	<b>427,241,099</b>

**BUDGET ALLOCATION BY PROGRAMMES**

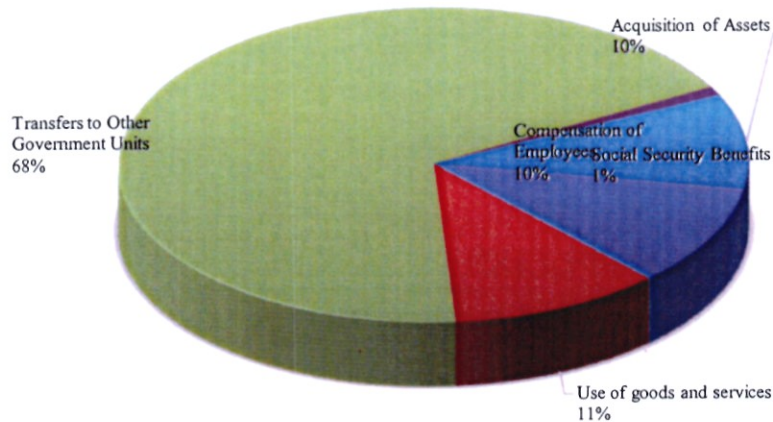


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**Budget Utilisation (Payments)**

The State Department spent **Kshs. 3,523,564,441** against an approved budget of **Kshs. 3,950,805,540** representing absorption of **89%**. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the chart below:

**Budget Utilisation as Per Economic Items**



**Emerging Issues**

Rising inflation, fluctuations in forex and the ongoing geopolitics and alignments in the global economic power bases has continued causing disruptions in the global trade value chains in the Manufacturing Sector, leading to slow movement of goods, shortages of critical imports of raw materials and increasing cost of doing business. The Ministry through policy interventions and the Performance Contracting process has ensured continuous performance improvement mechanisms have been adopted to ensure that the manufacturing sector activities returns to normalcy.

**Implementation challenges**

The Manufacturing Sector faced a number of challenges, which include:

- i.) Inadequate industrial infrastructure for investment attraction;
- ii.) High cost of energy and operations;
- iii.) Rapidly changing consumer needs, preferences and quality requirements
- iv.) Low awareness on Industrial Property Rights and weak protection of indigenous knowledge;
- v.) Inadequate Skills and Capabilities in Manufacturing sector
- vi.) Inadequate Financial Resources for programs and projects implementations;
- vii.) Limited access to financial services for industrial development;
- viii.) Inadequate market information and access;

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- ix.) Prevalence of Counterfeit, Dumping and Substandard goods; Increased vandalism of national critical infrastructure.

**Sign**

**HON. MOSES K. KURIA, HSC  
CABINET SECRETARY**

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**5. STATEMENT BY THE PRINCIPAL SECRETARY / ACCOUNTING OFFICER**

**Budget performance against actual amounts for current year**

In the period under review, the State Department absorbed 92 percent of all the allocated funds under the recurrent budget 84 percent of GoK development budget and 11 percent of the Donor Mobilized funds.

**Key achievements for State Department for Industry**

- i. Draft Scrap Metal Amendment Bill and Regulations developed;
- ii. Modernization of RIVATEX Machinery – modern machinery acquisition and installation has reached 98 percent level of completion;
- iii. 3,186 cotton bales sourced locally for apparel & textile processing and 18 tons of cotton seeds distributed to 3,500 farmers for cotton production;
- iv. Acquired the textile machinery for Karichen Apparel Value Addition Centre;
- v. Construction of Nyando Apparel Value Addition Centre;
- vi. Modernization of NMC's Foundry Plant & Fabrication Workshop – 35.21 percent level of completion of modernization of foundry plant, fabrication plant and Galvanising plant;
- vii. licenses issued to 468 scrap metal dealers to control trading and processing of scrap metal and protection of critical national infrastructure and theft of private property;
- viii. EAPCC produced 152 tons of Clinker and 311 tons of cement to support the construction sector;
- ix. KITI trained 4004 students on industrial skills;
- x. KENAS Accredited 24 new Conformity Assessment Bodies;
- xi. 572 new standards developed, 6,403 products certified under SMEs and 17,404 products certified under large firms to support the manufacturing sector;
- xii. 988 patents, utility models and industrial designs registered;
- xiii. 5,838 inspections undertaken to control trading in counterfeits goods;
- xiv. Kenya Industry and Entrepreneurship Project (KIEP) provided 41 SMEs with diagnosed review for technical and financial funding;
- xv. Construction of Industrial Research, Laboratories (KIRDI Nairobi) - construction works, cladding and building services and management installations reached 80 percent level of completion;
- xvi. Infrastructure and civil works development (KITI) – completed construction of Women Hostels and Walkways.

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**Emerging issues**

- i. High Cost of Doing Business
- ii. Current geopolitics and alignments in the global economic power bases
- iii. Green Manufacturing and Circular Economy.

**Key risk management strategies.**

The State Department has put in place measures and mechanisms for identifying, assessing, controlling, monitoring and mitigating risks by instituting adequate internal controls. The risk management committee was constituted to drive the risk management activities.


The risk management processes and strategies adopted have helped the State Department in identifying its strengths, weaknesses, opportunities, and threats in its operating environment. This has led to:

- i. Improved service delivery to the citizens
- ii. Securing and Protection of government assets
- iii. Efficient procurements services and payment of suppliers
- iv. Reduced incidences of corruption incidences
- v. Fast-tracking implementation of priority programmes and projects.

**Implementation challenges and recommended way forward.**

During the period under review the following challenges slowed down the implementation of programmes and project geared towards increasing the manufacturing sector contribution to the GDP and creation of more employment opportunities

- i. Inadequate financial resources
- ii. Inadequate industrial infrastructure
- iii. Unavailability of Industrial Land
- iv. High cost of energy and operations
- v. Rapidly changing consumer needs, preferences and quality requirements
- vi. Inadequate Skills and Capabilities in Manufacturing sector
- vii. Limited access to financial services for industrial development
- viii. Counterfeit, Dumping and Substandard goods
- ix. Increased vandalism of national critical infrastructure.

  
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DR.JUMA MUKHWANA, PhD, HSC  
**PRINCIPAL SECRETARY / ACCOUNTING OFFICER**  
**STATE DEPARTMENT FOR INDUSTRY.**

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Programmes /Projects	Objectives	Expected outcomes/Output	Performance Indicator	Implementing Agency	Timeframe	Current Status Achievement Level
Numerical Machining Complex (NMC)	production of steel products and machinery	reverse engineering capability				
		Foundry Casting produced.	Quantity of foundry castings made in tonnes	SDI NMC	1/7/2022 to 30/6/2023	75.7
		Power Transmission Parts manufactured	Number of Transmission parts manufactured.	SDI NMC	1/7/2021 to 30/6/2022	350,000
Manufacture of Construction Materials	To locally manufacture construction materials for affordable housing	Construction Materials manufactured	Volume of Clinker Produced (in kilo Tonnes)	SDI EAPCC	1/7/2022 to 30/6/2023	152
			Volume of Cement Produced (in kilo Tonnes)			311
Infrastructure and civil works development at Kenya Industrial Training Institute (KITI)	To provide a conducive environment for skills development	KITI infrastructure upgraded and completed	% level of completion of infrastructure upgrading (Women Hostel)	SDI KITI	1/7/2016 to 30/06/2026	43.2% level of completion
			No. of students trained on industrial and entrepreneurship skills			
Completion and equipping of Industrial Research Laboratories at Nairobi, under Kenya Industrial Research and Development Institute (KIRDI)	To provide laboratories for Industrial Research and product development	Increased use of industrial technologies and MSMEs growth facilitated through product development	% completion rate of KIRDI laboratories at South C, Nairobi	SDI KIRDI	1/7/2013 to 30/06/2024	80% level of completion
			No. of industrial technologies transferred to MSMEs			
Accreditation of conformity			No. of New CABs Accredited	SDI KENAS	1/7/2022 to 30/6/2023	24

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Programmes /Projects	Objectives	Expected outcomes/Output	Performance Indicator	Implementing Agency	Timeframe	Current Status Achievement Level
assessment bodies – Kenya Accreditation Service (KENAS)	To promote assessment and accreditation of Conformity Assessment Bodies (CABs)	Increased accreditation and conformity assessment	No. of new accreditation schemes developed	SDI KENAS	1/7/2022 to 30/6/2023	8
Development and enforcement of standards by the Kenya Bureau of Standards (KEBS)	To enable access to markets through use of standards	Increased standards development, products compliance and certification by SMEs and large firms	No. of Standards developed	SDI KEBS	1/7/2022 to 30/6/2023	572
			No. of products certified under SMEs	SDI KEBS	1/7/2022 to 30/6/2023	6,403
			No. of products certified under large firms	SDI KEBS	1/7/2022 to 30/6/2023	17,440
Protection of innovations and intellectual property – Kenya Industrial Property Institute	To protect industrial and intellectual property rights	Increased intellectual property rights for industrial development and innovation	No. of National Trademarks Registered	SDI KIPI	1/7/2022 to 30/6/2023	7,838
			No. of patents, utility models and industrial designs processed	SDI KIPI	1/7/2022 to 30/6/2023	988
Acquisition of Regional Anti-Counterfeit Authority exhibit warehouse	To deal with counterfeiting, combat illicit trade and other dealings in counterfeit goods	Increased Brand Protection	No of inspections undertaken	SDI ACA	1/7/2022 to 30/6/2023	5,838
			No of counterfeit goods depot acquired	SDI	1/7/2022 to 30/6/2023	2
			No. of IPRs recorded	ACA	1/7/2022 to 30/6/2023	260
Kenya Industry and Entrepreneurship Project	To increase innovation and productivity in select private firms	Innovation and productivity Increased for private select firms	No. of SMEs diagnosed review for technical and financial funding	SDI	01/07/2018 to 31/12/2024	41
			No. of Start-ups connected to international investors, mentors, markets			118



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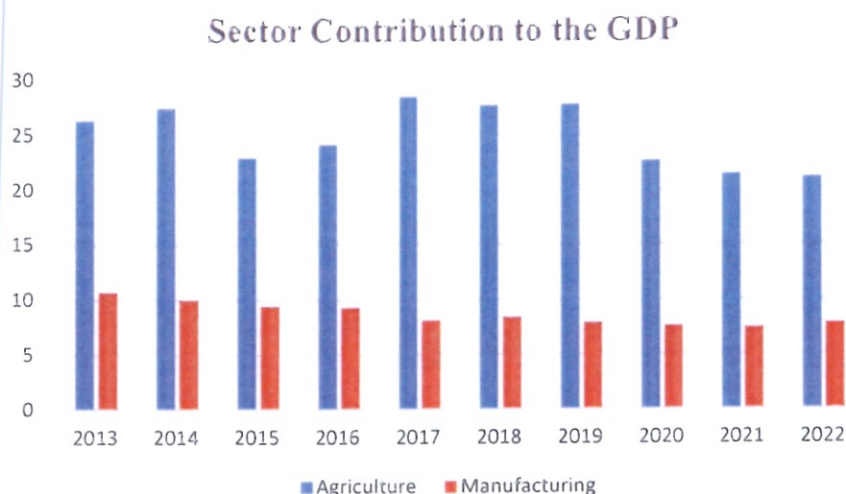
Programmes /Projects	Objectives	Expected outcomes/Output	Performance Indicator	Implementing Agency	Timeframe	Current Status Achievement Level
			No. of Incubators, Innovators, Rapid Tech-skill(boot camp) and SMEs trained /diagnosed			249
Policy, Legal and Institutional Reforms - SDI	To provide an enabling environment for MSMEs development	Increased manufacturing sector contribution to GDP and employment levels	No. of Policies developed	SDI	1/7/2022 to 30/6/2023	<ul style="list-style-type: none"> <li>• Draft Scrap Metal Amendment Bill</li> <li>• Draft Scrap Metal Act Rules developed.</li> <li>•</li> </ul>

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**6. Management Discussion and Analysis**

**The Manufacturing Sector Performance**

The manufacturing sector contribution has fairly remained below the 10 percent mark as compared to the agriculture sector which they have both backward and forward linkages. Over the period, the sector contribution has averaged 7% to the gross domestic product as depicted in the table below.



The Manufacturing Sector Vs Agriculture Sector Contribution to the GDP for the period 2013 to 2023

To improve the performance of the sector under the Medium Term IV, the State Department has planned the roll out of key projects to increase the sector’s contribution from the current level of 7.8% percent to 15 percent by 2027, increase the competitiveness of the Kenyan manufactured products; attract more Domestic and Foreign Investments; increasing the volume of Kenyan manufactured exports; and creating over one (1) million additional jobs. The projects planned include: Development of Industrial Clusters; Development of County Aggregation and Industrial Parks; Manufacture of Machinery, Automotive, Equipment and Parts; Integrated Iron and Steel Mill Plant, Scrap Metal and Mineral Value Addition; Manufacture of electrical and electronics products; Industrial Research, Technology and Innovation Programme; and Skills Enhancement Programme for Industrialization. Other programmes and projects include Accreditation and Standardization Programme; Promotion of Industrial Property Rights Protection; Manufacture of

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**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR  
FY 2022/2023**

**Introduction**

In line with the Ministry's Vision, Mission, and Key Strategic Objectives, State Department for Industry has identified key priority areas under the Manufacturing Pillar of the Big Four Agenda for implementation. The strategies will help in the attainment of the key result areas outlined in the sector performance standards, which include manufactured export growth and Global competitiveness; Contribution to economic growth; Industrial Growth and Development; Employment, prosperity and equity; Resources for industrial and Trade Development; and Leadership and integrity (governance).

The key development objectives include:

- i. To increase manufacturing, sector contribution to GDP to 15%;
- ii. To improve product competitiveness;
- iii. To improve business environment;
- iv. To attract Domestic and Foreign Direct Investments;
- v. To Generate Employment opportunities;
- vi. To Mobilize resources for Industrial Development; and
- vii. Strengthen institutional capacity for service delivery.

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**Progress of the Big Four Agenda programmes and Interventions under the Manufacturing Sector**

Summary of projects/Programmes, key performance targets and achievement for the Financial Year 2021/2022

Programmes /Projects	Objectives	Expected outcomes/Output	Performance Indicator	Implementing Agency	Timeframe	Current Status Achievement Level
Modernization of the Machinery and factory for RIVATEX E.A Ltd	To upgrade and modernize the production machinery and the factory for increased textile & apparel production and creation of job opportunities through backward linkages with the cotton farmers	Increased textiles and apparel production	Increase in production of fabrics	SDI RIVATEX	1/7/2015 to 30 <sup>th</sup> June 2024	98 % level of modernization
		Increase in employment levels	Increase in employment levels			
		Modernized machinery for: weaving, spinning, production and finishing sections.	Completion level			
Apparel Value Addition Units (AVAUs)	To increase textile & apparel production and creation of job opportunities	Apparel Value Addition Units (AVAUs) constructed and equipped	% Completion level of Nyando	SDI	1/7/2021 to 30/6/2024	70% level of completion
			% Completion level of Karichen	RIVATEX	1/7/2021 to 30/6/2023	98% level of completion Machines procured awaiting commissioning & installation
Cotton extension Subsidy - RIVATEX E.A Ltd	The programme aims at expanding the cotton production mainly through provision of farm inputs (seeds, fertilizers & capacity building) to farmers, extension services and coordinate the revival of ginneries for processing of cotton which will feed into the modernized factory	Farmers provided with inputs -seeds, pesticides and extension services offered	No. of cotton bales sources locally for apparel processing	SDI RIVATEX	1/7/2022 to 30/6/2023	3,186bales
			No. of farmers sensitized on cotton production	SDI RIVATEX Farmer Groups	1/7/2022 to 30/6/2023	3,500 farmers
			Amount of seeds distributed to farmers (tonnes)	SDI RIVATEX Farmer Groups	1/7/2022 to 30/6/2023	18 tons of seeds
			Amount of pesticides distributed to farmers (litres)	SDI RIVATEX Farmer Groups	1/7/2022 to 30/6/2023	1,145 litres of pesticides
Modernization of NMC's Foundry Plant at the	To upgrade and modernize foundry plant for increased	Enhanced production of industrial spare parts & machinery; R&D and	Completion rate	SDI NMC	1/7/2015 to 30/06/2026	35.21% level of completion

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Construction Materials; Green Manufacturing Programme; and Pharmaceutical Development Programme.

In the MTP IV Plan, it is anticipated that manufacturing will gain further impetus from opportunities provided by the AU Agenda 2063, Africa Continental Free Trade Area (AfCFTA), EAC Vision 2030, EAC Industrialization Policy and Strategy, and UN Agenda 2030 on Sustainable Development Goals and equitable economic development in the spirit of “leaving no one behind” and further export opportunities under bilateral negotiated market access frameworks.

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**7. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

The State Department for Industry is established under the Executive Order No. 1 of January 2023 with the mandate of: Industrial Policy and Planning; Buy Kenya Build Kenya Policy and Strategy; Promoting Standardization in Industry and Quality Control; Promotion and oversight of the Development of Special economic zones and Industrial Parks; Kenya Property Rights Policy (Patents, Trade Marks, Service Marks, and Innovations); Promotion of value Addition and Agro-Processing; Textile Sector Development; Leather Sector Development and Promotion of Value Chain; Oversight and regulation of Scrap Metal Industry; Promotion and Development of Medium Business Enterprises; Industrial Training and Capacity Development; combat counterfeiting trade and other dealings in counterfeit goods; and Oversight, Administration and Enforcement of the Local Content Policy.

The State Department undertook the following activities under the Corporate Social Responsibility for the year ended 30<sup>th</sup> June 2023:

**i). Sustainability strategy and profile -**

The State Department put in place the Management Board Structure bringing together the Cabinet Secretary, Principal Secretary, Head of Directorates and Chief Executive Officers of the various State Corporations under it. This was meant to streamline the operation of the State Department as a whole for efficient and effective service delivery.

The Management Board met once in every month on every first Monday of the month. This built synergy and effective coordination in the implementation and delivery of planned programmes and projects. The reporting and follow up is done to ensure all agreed actions point are implemented within the stipulated timelines. Issues of good governance and accountability have been adopted by the Board to ensure that all Institutions/Departments have zero tolerance to corruption practices, ensure payment of outstanding pending bills and reduction of Audit queries by promptly addressing all the Management Issues raised by Internal Audit Department Unit and Office of the Auditor General.

The State Department has put in place mechanisms of engaging with the Development Donors with a view of supporting in the implementation of Industrial programmes including technical Assistance. Some of the support received include World Bank – on KIEP Program, Stanbic Bank – on ICT equipment; UNIDO - on Country Partnership program; Msingi East Africa – on Textile Development Program; JICA – on OVOP program, and TMEA. The Department is in negotiation with the German Government through GIZ on support to establish Centre for Entrepreneurship.

The Department has signed financing agreement with the World Bank to support the implementation of the Kenya Industry Entrepreneurship Project, which is aims at supporting innovation and productivity improvement for select firms/SMEs.

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**ii). Environmental Performance**

The State Department undertakes the reviewing and screening of Environment Impact Assessments and Strategic Environmental Assessment for all industrial projects at both the National Level and County level. This is meant to reduce the adverse impact of projects and their impacts on the environment and livelihoods.

In terms of implementing the greening initiative and progressing towards achievement of the 10% tree cover in the country, the State Department planted over 9,000 trees in the FY 2022/2023. The areas where planting of trees was carried out include County Industrial Development offices and in Kenya Industrial Training Institute Nakuru.

**iii). Employee welfare**

The Accounting Officer developed and implemented employee welfare and wellness programmes in the workplace to improve employee productivity, motivation, team working and working environment for the staff at the Headquarters and at all the Field Stations. These programmes included:

- i.) Medical camp for the staff for general check-up, HIV testing and counselling, Cancer awareness among others;
- ii.) Training of Departmental AIDs Committee;
- iii.) Undertook regular distribution of condoms to staff in various offices including field stations; and
- iv.) Facilitated leave management for all the employees including leave commutation, bereavement leave where possible.

**iv). Market Place Practices**

The State Department is spearheading the implementation of public procurement preferences targeting special groups of women, youth and persons with disabilities:

- i.) Department use the Government Advertising Agency to place for its advertisement for delivery of various categories of goods and services;
- ii.) Conducted evaluation of tenders for goods and services in a transparent manner adhering to all laid down procedures;
- iii.) Awarded Kshs 32.55 million tenders of the total procurement budget to the Youth, Women and Persons with Disabilities;
- iv.) Organized capacity building of three groups through training on: government procurement procedures; the requirements for accessing government procurement opportunities; and the specific opportunities;
- v.) Undertook prequalification of suppliers and special groups that provided the framework for selection of merchant and suppliers;
- vi.) Undertook continuous update of the prequalification framework; and
- vii.) Cleared the pending bills with the available resources provided and within reasonable timelines.

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**v). Community Engagements**

The State Department worked with the private sector associations/ communities in advocating for implementation of favourable business environment to facilitate the industrial development. These associations included; Kenya Private Sector Alliance, Kenya Association of Manufacturers, Jua Kali Association, SME Federation of Kenya, Scrap Metal Dealers Associations and Council of Governors among others.

Engagement areas for these associations included: elimination of cases of vandalism of national critical infrastructure and theft of private property; taxation of business proposals, adoption of greener production technologies by firms/SMEs, production /energy /labour costs reduction proposals, work environment/employment terms and related issues, business operation facilitation in terms of raw materials imported among other areas.



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**STATEMENT OF MANAGEMENT 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 by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department for Industry is responsible for the preparation and presentation of the State Department for Industry's financial statements, which give a true and fair view of the state of affairs of the State Department for Industry for and as at the end of the financial year (period) ended on June 30, 2023. 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 State Department for Industry; (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 State Department for Industry; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Industry accepts responsibility for the State Department for Industry's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the State Department for Industry's financial statements give a true and fair view of the state of State Department for Industry's transactions during the financial year ended June 30, 2023, and of the State Department for Industry's financial position as at that date. The Accounting Officer in charge of the State Department for Industry further confirms the completeness of the accounting records maintained for the State Department for Industry, which have been relied upon in the preparation of

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the State Department for Industry's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the State Department for Industry confirms that the State Department for Industry has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the State Department for Industry's 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 Accounting Officer confirms that the State Department for Industry 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 State Department for Industry financial statements were approved and signed by the Accounting Officer on 30-11-2023 2023.



Dr. Juma Mukhwana, PhD, HSC  
PRINCIPAL SECRETARY



CPA Ernest Lukayu  
Head of Accounting Unit  
ICPAK Member Number 4150

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR INDUSTRY FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of State Department for Industry set out on pages 1 to 31, which comprise of the statement of assets and liabilities as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in

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*Report of the Auditor-General on State Department for Industry for the year ended 30 June, 2023*

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 matter 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 State Department for Industry as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Transfer to Other Government Entities**

The statement of receipts and payments and as disclosed under Note 6 to the financial statements reflects Kshs.2,402,549,809 relating to transfers to other Government Units. Included in this amount is Kshs.221,899,811 in respect to Appropriation-In-Aid (AIA). However, examination of receiving entities records revealed AIA collection of Kshs.1,084,520,355 during the year resulting to unreported amount of Kshs.862,620,544. Further the excess AIA was not surrendered to the exchequer contrary to Regulation 84 of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the accuracy and completeness of the transfers to other Government Units of Kshs.2,402,549,809 for the year ended 30 June, 2023 could not be confirmed.

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

### **Emphasis of Matter**

#### **1. Pending Bills**

Notes 17.1 to the financial statements reflects pending bills amounting to Kshs.106,695,480 which comprises of Kshs.58,716,112 for the State Department and Kshs.47,979,368 for Kenya Industrial Training Institute which were not settled in the year under review but were carried forward to the 2023/2024 financial year. The pending bills balance includes an amount of Kshs.32,210,566 which relates to 2021/2022 and earlier financial years.

The State Department is at risk of incurring interest and penalties with the continued delay is settling the long outstanding bills. Further, failure to settle bills in the year to which they relate will adversely affect the implementation of the subsequent year's budgeted programmes as the pending bills form a first charge for that year's budget provision.

## **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.3,950,805,540 and Kshs.3,479,827,738 respectively resulting to an under-funding of Kshs.470,977,802 or 12% of the budget. Similarly, the State Department expended Kshs.3,523,564,441 against an approved budget of Kshs.3,950,805,540 resulting to an under-expenditure of Kshs.427,241,099 or 11% of the budget.

The budget underperformance and under expenditure affected the planned activities and may have impacted negatively on service delivery to the citizens.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, 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**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effective of Internal Controls, Risk Management and Governance. The issue had been addressed. However, the Management is awaiting recommendations of the Parliamentary Committee.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The Standards 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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of the Management and those Charged with Governance**

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, the Management is responsible for assessing the State Department's ability to continue sustaining its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the State Department or to cease operations.

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the State Department's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

## **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 controls, which 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 which 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 noncompliance. Also projections of any evaluation of effectiveness to future periods are subject to the risk that controls, may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions, which may cast significant doubt on the State Department's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the State Department to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the State Department 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 controls which are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters which may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**11 January, 2024**



MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY  
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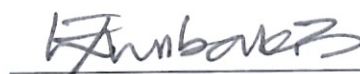
8. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30<sup>TH</sup>  
 JUNE 2023.

	Note	2022- 2023 Kshs	2021- 2022 Kshs
<b>RECEIPTS</b>			
Transfers from National Treasury	1	3,216,463,942	4,257,569,405
Proceeds from Sale of Assets	2	41,463,985	34,814,505
Other Receipts	3	221,899,811	775,330,398
<b>TOTAL REVENUES</b>		<b>3,479,827,738</b>	<b>5,067,714,308</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	364,285,453	406,724,320
Use of goods and services	5	379,971,611	430,332,897
Transfers to Other Government Units	6	2,402,549,809	4,003,361,835
Social Security Benefits	7	35,310,982	4,338,506
Acquisition of Assets	8	341,446,587	245,324,127
<b>TOTAL PAYMENTS</b>		<b>3,523,564,441</b>	<b>5,090,081,684</b>
<b>SURPLUS/DEFICIT</b>		<b>(43,736,703)</b>	<b>(22,367,376)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department for Industry financial statements were approved on 30-11-2023 2023 and signed by:



Dr. Juma Mukhwana, PhD, HSC  
 PRINCIPAL SECRETARY



CPA Ernest Lukayu  
 Head of Accounting Unit  
 ICPAK Member Number.4150



**MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY  
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**9. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES A AS AT 30<sup>TH</sup> JUNE 2023.**

	Note	2022- 2023 Kshs	2021- 2022 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	9A	34,362,424	91,727,374
Cash Balances	9B	-	-
<b>Total Cash And Cash Equivalents</b>		<b>34,362,424</b>	<b>91,727,374</b>
Accounts Receivables - Outstanding Imprest and Clearance Accounts	10	1,307,121	1,314,578
<b>TOTAL FINANCIAL ASSETS</b>		<b>35,669,546</b>	<b>93,041,952</b>
<b>LESS: FINANCIAL LIABILITIES</b>			
Accounts Payables - Deposits	11	23,199,416	19,358,834
<b>NET FINANCIAL ASSETS</b>		<b>12,470,130</b>	<b>73,683,118</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	12	73,683,117	97,021,844
Prior year adjustments	13	(17,476,284)	(971,354)
Surplus/Deficit for the year		(43,736,703)	(22,367,376)
<b>NET FINANCIAL POSSITION</b>		<b>12,470,133</b>	<b>73,683,117</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department for Industry financial statements were approved on 30-11-2023 2023 and signed by:



Dr. Juma Mukhwana, PhD, HSC  
PRINCIPAL SECRETARY



CPA Ernest Lukay  
Head of Accounting Unit  
ICPAK Member Number .4150

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**10. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

	Note	2022- 2023 Kshs	2021- 2022 Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts for operating income</b>			
Transfers from National Treasury	1	3,216,463,942	4,257,569,405
Other Receipts	3	221,899,811	775,330,398
		<b>3,438,363,753</b>	<b>5,032,899,803</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	364,285,453	406,724,320
Use of goods and services	5	379,971,611	430,332,897
Transfers to Other Government Units	6	2,402,549,809	4,003,361,835
Social Security Benefits	7	35,310,982	4,338,506
		<b>3,182,117,855</b>	<b>4,844,757,558</b>
<b>Adjusted for:</b>			
Prior Year Adjustments	13	(17,476,284)	(971,354)
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	14	7,457	(980,795)
Increase/(Decrease) in Accounts Payable: (deposits and retention)	15	3,840,582	(1,098,663)
		<b>242,617,653</b>	<b>185,091,434</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	41,463,985	34,814,505
Acquisition of Assets	8	(341,446,587)	(245,324,127)
<b>Net cash flows from Investing Activities</b>		<b>(299,982,602)</b>	<b>(210,509,622)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
		<b>(57,364,949)</b>	<b>(25,418,187)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>91,727,374</b>	<b>117,145,560</b>
<b>Cash and cash equivalent at END of the year</b>		<b>34,362,424</b>	<b>91,727,374</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department for Industry financial statements were approved on 30-11-2023 2023 and signed by:



Dr. Juma Mukhwana, PhD,HSC  
 PRINCIPAL SECRETARY



CPA Ernest Lukayu  
 Head of Accounting Unit  
 ICPAK Member Number.4150

### 11. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR FY 2022/23

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	6,154,540,000	(2,596,734,460)	3,557,805,540	3,216,463,942	341,341,598	90%
Proceeds from Sale of Assets	33,000,000	8,000,000	41,000,000	41,463,985	(463,985)	101%
Other Receipts	939,000,000	(587,000,000)	352,000,000	221,899,811.00	130,100,189	63%
<b>Total Receipts</b>	<b>7,126,540,000</b>	<b>(3,175,734,460)</b>	<b>3,950,805,540</b>	<b>3,479,827,738</b>	<b>470,977,802</b>	<b>88%</b>
<b>Payments</b>						
Compensation of Employees	503,510,000	(111,617,120)	391,892,880	364,285,453	27,607,427	93%
Use of goods and services	457,438,925	(39,767,517)	417,671,408	379,971,611	37,699,797	91%
Transfers to Other Government Units	4,737,120,000	(2,164,245,833)	2,572,874,167	2,402,549,809	170,324,358	93%
Social Security Benefits	30,637,919	4,817,120	35,455,039	35,310,982	144,058	100%
Acquisition of Assets	1,397,833,156	(864,921,110)	532,912,046	341,446,587	191,465,459	64%
<b>Grand Total</b>	<b>7,126,540,000</b>	<b>(3,175,734,460)</b>	<b>3,950,805,540</b>	<b>3,523,564,441</b>	<b>427,241,099</b>	<b>89%</b>
<b>Surplus/Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43,736,703)</b>	<b>43,736,703</b>	

**Notes:**

- Under collection of Other receipts of 63% was a result of under collection of AIAs due to economic challenges and change in the supplementary budget for various parastatals (SAGAS)
- Underutilisation in Acquisition of Assets of 64% relates to KIEP project budget that was unutilised due to delay in implementation of the project.
- The changes between the original and final budget are because of decrease in budget of KShs 3,175,734,460 due to austerity measures imposed by the government that resulted into budget cuts.

The State Department for Industry financial statements were approved on 26/11/2023 2023 and signed by:



Dr. Juma Mukhwana, PhD  
PRINCIPAL SECRETARY



CPA Ernest Lukayu  
Head of Accounting Unit  
ICPAK Member Number.4150

**12. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS: RECURRENT FOR FY 2022/23**

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	2,652,990,000	(374,161,127)	2,278,828,873	2,193,092,095	85,736,778	96%
Proceeds from Sale of Assets	33,000,000	8,000,000	41,000,000	41,463,985	463,985	101%
Other Receipts	939,000,000	(587,000,000)	352,000,000	221,899,811.00	(130,100,189)	63%
<b>Total Receipts</b>	<b>3,624,990,000</b>	<b>(953,161,127)</b>	<b>2,671,828,873</b>	<b>2,456,455,891</b>	<b>(43,899,426)</b>	<b>92%</b>
<b>PAYMENTS</b>						
Compensation of Employees	503,510,000	(111,617,120)	391,892,880	364,285,453	27,607,427	93%
Use of goods and services	419,438,925	(39,767,517)	379,671,408	343,350,980	36,320,428	90%
Transfers to Other Government Units	2,667,950,000	(803,672,500)	1,864,277,500	1,710,619,809	153,657,691	92%
Social Security Benefits	30,637,919	4,817,120	35,455,039	35,310,982	144,058	100%
Acquisition of Assets	3,453,156	(2,921,110)	532,046	579,596	(47,550)	109%
<b>Grand Total</b>	<b>3,624,990,000</b>	<b>(953,161,127)</b>	<b>2,671,828,873</b>	<b>2,454,146,820</b>	<b>217,682,053</b>	<b>92%</b>
<b>Surplus/Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,309,071</b>	<b>(261,581,479)</b>	

**Notes:**

- i. Overutilization in Proceeds from sale of Assets of 101% was a result of over collection of AIAs. The excess collection has already been swept to the exchequer account
- ii. Underutilization in other receipts of 63% was a result of under collection of AIAs due to economic challenges and change in the supplementary budget for various parastals.
- iii. Overutilization in Acquisition of Assets of 109% was as a result change in the supplementary budget.

The changes between the original and final budget are because of reduction in funding by Exchequer of KShs 953,161,127 and thus reallocation of the budget was necessary.

The State Department for Industry financial statements were approved on \_\_\_\_\_ 2023 and signed by:

\_\_\_\_\_  
Dr. Juma Mukhwana, PhD, HSC  
PRINCIPAL SECRETARY

\_\_\_\_\_  
CPA Ernest Lukayu  
Head of Accounting Unit  
ICPAK Member Number.4150

**MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY  
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**13. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS: DEVELOPMENT FOR 2022/23**

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	3,501,550,000	(2,222,573,333)	1,278,976,667	1,023,371,848	255,604,819	80%
<b>Total Receipts</b>	<b>3,501,550,000</b>	<b>(2,222,573,333)</b>	<b>1,278,976,667</b>	<b>1,023,371,848</b>	<b>255,604,819</b>	<b>80%</b>
<b>Payments</b>						
Use of goods and services	38,000,000	-	38,000,000	36,620,631	1,379,369	96%
Transfers to Other Government Units	2,069,170,000	(1,360,573,333)	708,596,667	691,930,000	16,666,667	98%
Acquisition of Assets	1,394,380,000	(862,000,000)	532,380,000	340,866,991	191,513,010	64%
<b>Grand Total</b>	<b>3,501,550,000</b>	<b>(2,222,573,333)</b>	<b>1,278,976,667</b>	<b>1,069,417,622</b>	<b>209,559,046</b>	<b>84%</b>
Surplus/Deficit	-	-	-	(46,045,774)	46,045,774	

**Notes:**

- i. Under Utilisation of 80% in exchequer releases was as a result of lack of funding by the National Treasury
- ii. Underutilisation in Acquisition of Assets of 64% was as a result of long procurement process.

The changes between the original and final budget are as a result of reduction in funding by Exchequer of KShs 2,222,573,333 and thus reallocation of the budget was necessary

The State Department for Industry financial statements were approved on 30-11-2023 2023 and signed by:



Dr. Juma Mukhwana, PhD, HSC  
PRINCIPAL SECRETARY



CPA Ernest Lukayu  
Head of Accounting Unit  
ICPAK Member Number.4150

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**14. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme/Sub-programme	Approved Budget	Actual on comparable basis	Budget utilization difference
<b>General Administration Planning and Support</b>	<b>371,951,030</b>	<b>328,099,651</b>	<b>42,424,241</b>
	371,951,030	328,099,651	42,424,241
<b>Industrial Development and Investments</b>	<b>1,388,288,936</b>	<b>1,289,866,467</b>	<b>100,794,191</b>
Promotion of Industrial Development and Investments	1,040,741,984	951,642,358	89,208,771
Promotion of Industrial Training	347,546,952	338,224,109	11,585,420
<b>Standards and Business Incubation</b>	<b>2,190,565,574</b>	<b>1,905,598,324</b>	<b>285,731,658</b>
Standardization, Metrology and conformity assessment	488,320,000	452,341,582	35,978,418
Business financing & incubation for MSMEs	929,515,574	728,384,542	201,895,440
Industrial Research, Development and Innovation	772,730,000	724,872,200	47,857,800
<b>Grand Total</b>	<b>3,950,805,540.00</b>	<b>3,523,564,441</b>	<b>428,950,091.00</b>

The State Department for Industry financial statements were approved on 30-11-2023 2023 and signed by:



Dr. Juma Mukhwana, PhD,HSC  
PRINCIPAL SECRETARY



CPA Ernest Lukayu  
Head of Accounting Unit  
ICPAK Member Number.4150



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**15. SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

**2. Reporting State Department for Industry**

The financial statements are for the State Department for Industry. The financial statements encompass the reporting as specified under section 81 of the PFM Act 2012 and comprise of the following development projects implemented being implemented by the State Department, which include:

- i. **Project –Kenya Industry and Entrepreneurship Project (KIEP) – World Bank funded project.**

**3. Reporting Currency**

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

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**4. Significant Accounting Policies**

The accounting policies set out in this section have been consistently applied by the State Department for Industry for all the years presented.

**a) Recognition of Receipts**

The State Department for Industry recognises all receipts from the various sources when the event occurs and the State Department for Industry has actually received the related cash.

**i) Tax Receipts**

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to State Department for Industry

**ii) Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving State Department for Industry.

**iii) External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient State Department for Industry or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. Similar recognition criteria are applied for loans received in the form of a direct payment. During the year ended 30<sup>th</sup> June 2023, there were no instances of non-compliance with terms and conditions, which have resulted in cancellation of external assistance loans.

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**iv) Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

**b) Recognition of payments**

The State Department for Industry recognises all payments when the event occurs, and the State Department for Industry has paid out the related cash.

**i) Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

**ii) Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

**iii) Interest on Borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they are paid for.

**iv) Repayment of Borrowing (Principal Amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

**v) Acquisition of Fixed Assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public State Department for Industry and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

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**5. In-kind contributions**

In-kind contributions are donations that are made to the State Department for Industry in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the State Department for Industry includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**6. Third Party Payments**

Included in the receipts and payments, are payments made on its behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings.

**7. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and 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.

**a) Restriction on Cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30<sup>th</sup> June 2022, this amounted to Kshs 23,199,416 compared to Kshs 19,358,834 in prior period as indicated on note 11. There were no other restrictions on cash during the year.

**8. Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders.

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This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**9. Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries, Departments and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

**10. Pending Bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the State Department for Industry at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2022 for the period 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023 as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-State Department for Industry transfers.

**12. Comparative Figures**

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

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**13. 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 30<sup>th</sup> June 2023.

**14. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented. During the year, errors that have been corrected are disclosed under note 13 explaining the nature and amounts.

**15. Related Party Transactions**

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

**16. Contingent Liabilities**

Section 148 (9) of the PFM Act regulations 2015 requires the Accounting officer of the State Department for Industry to report on the payments made, or losses incurred, by the State Department to meet contingent liabilities as a result of loans during the financial year.

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the State Department for Industry; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from litigation in progress, guarantees, indemnities.

Letters of comfort/ support, insurance, Public Private Partnerships, The State Department for Industry 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

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economic benefits or service potential is remote. and Annex 7 of this financial statement is a register of the contingent liabilities in the year..

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**16. NOTES TO THE FINANCIAL STATEMENTS**

**1 Exchequer Releases**

Description	2022- 2023 Kshs	2021- 2022 Kshs
Total Exchequer Releases for quarter 1	1,081,978,092	1,474,266,448
Total Exchequer Releases for quarter 2	634,317,999	547,169,928
Total Exchequer Releases for quarter 3	576,594,834	686,496,322
Total Exchequer Releases for quarter 4	923,573,018	1,549,636,707
<b>TOTAL</b>	<b>3,216,463,942</b>	<b>4,257,569,405</b>

During the year, the ministry was to receive KShs 3,565,805,540; however, it received 3,216,463,942 falling short by KShs 349,341,598.

**2 Proceeds from Sale of Assets**

These borrowings are done locally within the General Government and local financial institutions and creditors

	2022- 2023 Kshs	2021- 2022 Kshs
Receipts from the Sale of Inventories, Stocks and Commodities	41,463,985	34,814,505
<b>TOTAL</b>	<b>41,463,985</b>	<b>34,814,505</b>

**3 Other Receipts**

	2022- 2023 Kshs	2021- 2022 Kshs
Administrative Fees and Charges collected as AIA	221,899,811	775,330,398
<b>TOTAL</b>	<b>221,899,811</b>	<b>775,330,398</b>

Relates to AIA Collected by SAGAS.

**4 Compensation of Employees**

Compensation of employees comprise of remuneration paid to employees in return for the work done. It includes sound contributions made by the State Department on behalf of its employees.

	2022- 2023 Kshs	2021- 2022 Kshs
Basic salaries of permanent employees	211,695,248	258,356,841
Personal allowances paid as part of salary	152,590,205	148,367,479
<b>TOTAL</b>	<b>364,285,453</b>	<b>406,724,320</b>



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**5 Use of Goods and Services**

These comprise the total value of goods and services consumed.

	2022- 2023 Kshs	2021- 2022 Kshs
Utilities, supplies and services	29,217,275	33,302,112
Communication, supplies and services	1,944,983	7,275,024
Domestic travel and subsistence	17,927,437	32,103,947
Foreign travel and subsistence	1,675,488	10,296,690
Printing, advertising and information supplies & services	698,528	6,232,420
Rentals of produced assets	99,274,057	128,446,360
Training expenses	12,698,356	25,041,021
Hospitality supplies and services	4,491,204	9,969,141
Specialised materials and services	134,531,657	86,002,953
Office and general supplies and services	9,612,839	18,756,886
Other operating expenses	58,753,988	45,501,226
Routine maintenance – vehicles and other transport equipment	2,597,554	11,663,386
Routine maintenance – other assets	1,879,542	3,729,980
Fuel Oil and Lubricants	4,668,705	12,011,750
<b>TOTAL</b>	<b>379,971,611</b>	<b>430,332,897</b>

**6 Grants and Transfers to other Government Entities**

Description	2022- 2023 Kshs	2021- 2022 Kshs
(SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)	1,710,619,809	2,302,330,396
See attached list	691,930,000	1,701,031,439
<b>TOTAL</b>	<b>2,402,549,809</b>	<b>4,003,361,835</b>

**6b: Transfers to self – reporting entities in the year. The above transfers were made to the following self-reporting entities in the year:**

Description	Recurrent Development Kshs Kshs		2021- 2022 Kshs
<b>Transfers to SAGAs and SCs</b>			-
Kenya Investment Authority	184,432,500	10,000,000	194,432,500
Scraper Metal Council	11,050,000	-	11,050,000
Numeric Machining Complex Limited	128,122,500	38,000,000	166,122,500
Export Processing Zones Authority	67,095,000	102,500,000	169,595,000
Special Economic Zone Authority	15,277,500	-	15,277,500
Kenya Industrial Estates Limited	204,742,500	255,230,000	459,972,500
Kenya Industrial Research and Development Institution	426,372,500	125,000,000	551,372,500
RIVATEX	47,030,000	161,200,000	208,230,000
Kenya Accreditation Services	250,239,998	-	250,239,998
Kenya Research Development Institute	154,357,500	-	154,357,500
AIA	221,899,811	-	221,899,811
<b>TOTAL</b>	<b>1,710,619,809</b>	<b>691,930,000</b>	<b>2,402,549,809</b>

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statement.

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**7 Social Security Benefits**

	2022- 2023 Kshs	2021- 2022 Kshs
Government pension and retirement benefits	35,310,982	4,338,506
<b>TOTAL</b>	<b>35,310,982</b>	<b>4,338,506</b>

Expenditure relates to gratuity paid to officers whose contract had expired during the financial period under review

**8 Acquisition of Assets**

These represent payments made to acquire property, plant and equipment during the year; which have been fully expended in the year of purchase in line with the accounting policies

	2022- 2023 Kshs	2021- 2022 Kshs
Refurbishment of Buildings	532,046	526,887
Purchase of Office Furniture and General Equipment	47,550	3,224,745
Construction and Civil Works	94,000,000	89,905,779
Purchase of Specialised Plant, Equipment and Machinery	-	462,420
Research, Studies, Project Preparation, Design & Supervision	246,866,991	151,204,295
<b>TOTAL</b>	<b>341,446,587</b>	<b>245,324,127</b>

**9 Cash and Bank Accounts**

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Accounts (Note 19 A)	21,380,308	91,727,374
Cash on hand (Note 19 B)	-	-
<b>Total</b>	<b>21,380,308</b>	<b>91,727,374</b>

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**9A: Bank Accounts**

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit, etc	2022- 2023	2021- 2022
			Kshs	Kshs
Central Bank of Kenya. 87038023.KShs	Ksh	Reccurent	1,340,765	16,507,723
Central Bank of Kenya. 87056980.KShs	Ksh	Development	108,469	-
Central Bank of Kenya. 87134823.KShs	Ksh	Deposit	10,217,300	7,333,318
Central Bank of Kenya. 30861002.KShs	Ksh	Project	9,713,774	55,860,817
kenya commercial Bank-1112977716 KITI.KShs	Ksh	Deposit	12,982,116	12,025,516
<b>Total</b>			<b>34,362,424</b>	<b>91,727,374</b>

**9B: cash in hand**

	2022- 2023	2021- 2022
	Kshs	Kshs
Cash in Hand – Held in domestic currency	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

Cash in hand should also be analysed as follows:

	2022- 2023	2021- 2022
	Kshs	Kshs
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**10: Accounts Receivable**

Description	2022- 2023	2021- 2022
	Kshs	Kshs
Government Imprests	-	746,400
District suspense	1,307,121	568,178
<b>TOTAL</b>	<b>1,307,121</b>	<b>1,314,578</b>

	2022/2023	% of the total	2021/2022	% of the total
Under one year	1,307,121	100%	1,314,578	100%
<b>Total</b>	<b>1,307,121</b>		<b>1,314,578</b>	

**11.Accounts Payable**

These general deposits and retention monies are 10% retained by the State Department on behalf of third parties that offer services to the State Department.

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Description	2022/2023		2021/2022	
	Kshs		Kshs	
Deposits	10,217,300		7,333,318	
Deposits -KITTI	12,982,116		12,025,516	
<b>Total</b>	<b>23,199,416</b>		<b>19,358,834</b>	
<b>Aging analysis-SDI</b>	<b>Current F/Y</b>	<b>% of the Total</b>	<b>Prior F/Y</b>	<b>% of the Total</b>
<b>Under one Year</b>				
Aia /Sale Tenders	7,598.00	0.1		
Regional Integration & Imp. Programme	1,695,350.00	16.6		
Retention Money	1,000,000.00	9.8		
Tender Deposit	36,400.00	0.4		
Contributions Towards Ps Office	148,000.00	1.4		
County Aggregated Industrial Parks	841,300.00	8.2		
<b>1-2 years</b>				
Africa Industrialization			400,000.00	3.9
Aia /Sale Tenders			4,000.00	0
<b>2-3 years</b>				
Afforestation And Greening Project			180,000.00	1.8
Directors Fees			480,000.00	4.7
Retention Money			449,735.70	4.4
<b>Over 3 years</b>				
Transfer From Old Cbk			454,245.75	4.4
Nairobi Int. Trade Fair			8,000.00	0.1
Investment Park			1,000,000.00	9.8
2nd Manufacturing Expo			675,000.00	6.6
Unspent Aie			4,217.00	0
Salary Deduction			273,267.65	2.7
Africa Industrialization			1,965,686	19.2
2nd Commonwealth Sme Trade Summit			594,500.00	5.8
<b>Total</b>	<b>3,728,648.00</b>	<b>36.5</b>	<b>6,488,652.10</b>	<b>63.5</b>
<b>Ageing Analysis-KITI</b>	<b>Current FY</b>	<b>%of the Total</b>	<b>Prior FY</b>	<b>% of the Total</b>
Under one year	8,710,861.00	67%		
1-2 Years			4,271,255.00	33
2-3 Years	-	-	-	0
Over 3Years	-	-	-	0
<b>Total</b>	<b>8,710,861.00</b>	<b>67%</b>	<b>4,271,255.00</b>	<b>33%</b>

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**12 Fund Balance Brought Forward**

	2022- 2023 Kshs	2021- 2022 Kshs
Bank accounts	91,727,374	117,145,511
Cash in hand	-	49
Receivables - Outstanding Imprests	1,314,578	333,783
Payables - Deposits	(19,358,834)	(20,457,497)
<b>TOTAL</b>	<b>73,683,118</b>	<b>97,021,844</b>

These fund balances were brought forward from FY 2021/22. The bank balances were however taken back by exchequer as shown in note 13

**13. Prior Year Adjustments**

Description of the error	Balance b/f FY 2021/2022 as per Financial statements Kshs	Adjustments During the year Kshs	Adjusted Balance b/f	
			FY 2022/2023 Kshs	FY 2021/2022 Kshs
Bank account Balances	91,727,374	(16,507,723)	75,219,651	(637,522)
Cash in hand	-	-	-	(49)
Receivables	1,314,578	(968,562)	346,016	(333,783)
Accounts Payables	(19,358,834)	-	(19,358,834)	-
<b>Total</b>	<b>73,683,117</b>	<b>(17,476,284)</b>	<b>56,206,833</b>	<b>(971,354)</b>

The adjusted balances are not carried down on the face of the financial statement. They relate to kshs. 16,507,723 Recurrent unspent cash swept to the exchequer and kshs. 222,162 relates to AIEs returns surrendered during the year. Kshs. 746,400 government imprest for FY 2021/2022 surrendered in the current year.

These adjustments affect the Statement of Assets as they result into the reduction of the fund balance brought forward.

**14.(Increase)/ Decrease in Receivable**

Description of the error	2022- 2023 KShs	2021- 2022 KShs
Opening Accounts Receivables as at 1 <sup>st</sup> July	1,314,578	333,783
Closing Accounts Receivables as at 30 <sup>th</sup> June	1,307,121	1,314,578
Change in Accounts Receivables	<b>7,457</b>	<b>(980,795)</b>

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**15. Increase/ (Decrease) in Accounts Payable**

Description of the error	2022- 2023 KShs	2021- 2022 KShs
Opening Accounts Payables as at 1 <sup>st</sup> July	19,358,834	18,260,171
Closing Accounts payables as at 30 <sup>th</sup> June	23,199,416	19,358,834
Change in Accounts payables	<b>3,840,582</b>	<b>(1,098,663)</b>

**16. Related Party Disclosures**

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the **State Department for Industry**

- i) Key management personnel that include the Cabinet Secretaries and Accounting Officers
- ii) Other Ministries Departments and Agencies and Development Projects;
- iii) County Governments; and
- iv) State Corporations and Semi-Autonomous Government Agencies

**Related party transactions:**

	2022-2023	2021-2022
	Kshs	Kshs
<b><u>Transfers to related parties</u></b>		
Transfers to SCs and SAGAs	2,402,549,809	4,003,361,835
Transfers to Development Project	200,843,147	99,523,561
<b>Total Transfers to related parties</b>	<b>2,603,392,956</b>	<b>4,102,885,396</b>
<b><u>Transfers from related parties</u></b>		
Transfers from the Exchequer	3,216,463,942	4,257,569,405
<b>Total Transfers from related parties</b>	<b>3,216,463,942</b>	<b>4,257,569,405</b>

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**17. Other Important Disclosures**

**17.1: Pending Accounts Payable (See Annex 1)**

	Balance b/f FY 2021/2022	Additions for the period	Paid during the year	Balance c/f FY 2022/2023
Description	Kshs	Kshs	Kshs	Kshs
Construction-KITI Civil works	-	-	-	-
Supply of goods	-	32,683,336	-	32,683,336
Historical bills	73,358,198	-	58,062,166	15,296,032
<b>Total-KITI</b>	<b>73,358,198</b>	<b>32,683,336</b>	<b>58,062,166</b>	<b>47,979,368</b>
Supply of goods-SDI	12,380,014	371,000	-	12,751,014
Supply of services-SDI	4,534,520	36,043,252.50	-	40,577,772.50
Supply of services-SDI Historical		5,387,325.60		5,387,352.60
<b>Total-SDI</b>	<b>16,914,534</b>	<b>41,801,577.50</b>		<b>58,716,112.10</b>
<b>GRAND TOTALS</b>	<b>90,272,732</b>	<b>74,484,913.50</b>	<b>58,062,166</b>	<b>106,695,480.10</b>

**17.2: Pending Staff Payables (See Annex 2)**

No staff payables existed during the year.

**17.3: Other Pending Payables (See Annex 3)**

	Balance b/f FY 2021/2022	Additions for the period	Paid during the year	Balance c/f FY 2022/2023
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to third parties-KITTI	12,025,516	49,517,004	48,560,404	12,982,116
Amounts due to third parties - SDI	7,333,318	19,262,950	16,378,968	10,217,300.00
<b>Total</b>	<b>19,358,834</b>	<b>68,779,954</b>	<b>64,939,372</b>	<b>23,199,416</b>

**17.4 External Assistance**

	2022-2023	2021-2022
Description	Kshs	Kshs
External assistance received as loans and grants	162,349,347	63,687,757
<b>Total</b>	<b>162,349,347</b>	<b>63,687,757</b>

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**a) External assistance relating loans and grants**

	2022-2023	2021-2022
Description	Kshs	Kshs
External assistance received as loans	162,349,347	63,687,757
<b>Total</b>	<b>162,349,347</b>	<b>63,687,757</b>

**b) Undrawn external assistance**

	Purpose for which the undrawn external assistance may be used	2022-2023	2021-2022
Description		Kshs	Kshs
Undrawn external assistance - loans		4,515,734,704	4,375,211,399
<b>Total</b>		<b>4,515,734,704</b>	<b>4,375,211,399</b>

**c).Classes of providers of external assistance**

	2022-2023	2021-2022
Description	Kshs	Kshs
International assistance organization	162,349,347	63,687,757
<b>Total</b>	<b>162,349,347</b>	<b>63,687,757</b>

**d. Purpose and use of external assistance**

	2022-2023	2021-2022
	Kshs	Kshs
Compensation of Employees	13,500,000	20,771,632
Use of goods and services	229,172,890	118,941,604
Transfers to Other Government Units	4,317,300	-
<b>TOTAL</b>	<b>246,990,190</b>	<b>139,713,236</b>



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**18.5 Contingent Liabilities**

No contingent liabilities existed during the year.

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**19. PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S RECOMMENDATIONS**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>
<b>1589</b>	<b>Motor Vehicles without Title Documents</b>		
	<p>Annex 4, the summary of fixed assets register reflects a total historical cumulative cost of assets of Kshs.390,303,20. However, the balance excludes 78 motor vehicles (36 motor vehicles at the Headquarters and 42 motor vehicles at the County Industrial Development Offices) with an estimated value of Kshs.185,080,000 and Kshs.94,200,600, respectively. Records provided indicated that out of the pool of 78 motor vehicles, 75 motor vehicles did not have logbooks or any registration documents and therefore it was not possible to determine their ownership status. Management explained that, the original registration documents for the motor vehicles could not be traced due to the reorganization of the Ministry of Industrialization into various State Departments. Although, Management had requested for copies of the registration documents from the National Transport Safety Authority (NTSA), the logbooks had not been received. In the absence of the logbooks, it was not possible to confirm ownership of the motor vehicles.</p>	<p>The Ministry of Industrialization has over time undergone changes during Government reorganization. In the last few years, the ministry has been reorganized into various State Departments each with Accounting Officers. During the reorganization, motor vehicles were shared among the State Departments without the transfer of logbooks. Due to these changes the original copies of the indicated registration cannot be traced.</p> <p>Out of the pool of 78 vehicles, 5 vehicles have registration certificates while 3 vehicles belonged to other State Departments and Agencies namely; State department for Mining (GKB 136V), Kenya leather Development Council (KCP 236A) and Export Processing Zones Authority (KCP 273A). The 3 vehicles have since been surrendered to their rightful owners.)</p>	<p><b>The Accounting Officer Appeared before National Assembly Public Accounts Committee (PAC) on 13<sup>th</sup> April 2023 for examination of the report of the Auditor General on accounts of for the National Government for FY ended 30<sup>th</sup> June 2021. recommendations of the PAC are awaited, thus not resolved</b></p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:  (Resolved / Not Resolved)
		<p>The State Department for Industrialization through a letter dated <b>16<sup>th</sup> December 2021</b> Ref; MITED/SDI/TRA/8/1 requested the National Transport and Safety Authority (NTSA) for verification of vehicles owned by the Ministry of Industry-State Department for Industrialization. The Authority responded through letter Ref: <b>NTSA/C/RT/005/2 VOL.1</b> dated <b>2<sup>nd</sup> June 2022</b> and provided a list of motor vehicles owned and registered under the Ministry of Industry- the State Department for Industrialization. Out of the list provided by the Authority (NTSA), the following were noted;</p> <ul style="list-style-type: none"> <li>• 57 vehicles are owned and registered under the Ministry of Industry- the State Department for Industrialization and can be traced.</li> <li>• 13 vehicles are recorded under the State Department for Industrialization motor Vehicle Inventory but not registered under the State Department.</li> </ul> <p>Through a letter dated <b>24<sup>th</sup> October, 2022</b>, Ref: MITED/SDI/TRA/8/1, the</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:  (Resolved / Not Resolved)
		<p>State Department wrote to the NTSA requesting for identification of ownership of the 13 vehicles We are a waiting for the Authority's response on the same.</p> <p>Further, a letter dated 10<sup>th</sup> January 2023 REF; MITED/SDI/TRA/8/1, by the State Department to NTSA requested for the issuance of duplicate copies of registration certificates for the 57 vehicles which had been confirmed to belong to the State Department for Industrialization. We have since received 56 duplicate registration certificates.</p>	
1590	Budgetary Control and Performance		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:  (Resolved / Not Resolved)
	<p>The State Department received Exchequer receipts totalling Kshs.4,534,617,601 against an approved budget of Kshs.6,626,795,985 resulting to a shortfall of Kshs.2,092,178,384 or 32% of the approved budget. Similarly, actual expenditure amounted to Kshs.4,569,897,965 against the approved budget of Kshs.6,626,795,985 resulting to an under absorption of Kshs.2,056,898,020 or 31% which occurred mainly under transfers to other government units. The Management attributed the under absorption to delays in Exchequer releases by The National Treasury. The shortfall in budgeted receipts and under-absorption implies that the overall goals and objectives of the State Department were not achieved as planned.</p>	<p>The under expenditure was due to Lack of exchequer from the National Treasury for Kenya Industry &amp; Entrepreneurship (KIEP) project as a result of the slowdown of activities due to proposed restructuring process and also most the State Corporation (SAGAS) never attained 100% of the Actual Appropriation In Aid (AIA) collected due Covid-19 other economic challenges.</p>	<p><b>The Accounting Officer Appeared before National Assembly Public Accounts Committee (PAC) on 13<sup>th</sup> April 2023 for examination of the report of the Auditor General on accounts of for the National Government for FY ended 30<sup>th</sup> June 2021. recommendations of the PAC are awaited, thus not resolved</b></p>
1591	Pending Bills		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
	<p>Pending Bills</p> <p>Notes 18.1 and 18.3 to the financial statements reflects pending bills amounting to Kshs.90,272,732 which comprises of Kshs.16,914,534 for the State Department and Kshs.73,358,198 for Kenya Industrial Training Institute that were not settled in the year under review but were carried forward to the 2022/2023 financial year. The pending bills balance includes an amount of Kshs.30,720,699 which relates to 2020/2021 and earlier financial years.</p> <p>No plausible explanation was provided for non-payment of the pending bills before the end of the financial year. This was contrary to Regulation, 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that debt service payments shall be a first charge in the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the Government does not default on debt obligations.</p> <p>Failure to settle bills in the year to which they relate will adversely affect the implementation of the subsequent year's budgeted programmes as the pending bills form a first charge for that year's budget provision.</p>	<p>Out of the pending bill balance of Kshs 90,272,732 the State Department has paid Kshs 26,475,896 relating to Kenya Industrial Training Institute. The State Department was not in a position to clear the entire amount of pending bills due to the austerity measures introduced at the onset of the Financial year 2022/23</p>	<p>The Accounting Officer Appeared before National Assembly Public Accounts Committee (PAC) on 13<sup>th</sup> April 2023 for examination of the report of the Auditor General on accounts of for the National Government for FY ended 30<sup>th</sup> June 2021. recommendations of the PAC are awaited, thus not resolved</p>
1592	<p><b>Late Exchequer Releases</b></p> <p>The statement of receipts and payments reflects exchequer releases of Kshs.4,257,569,405 which as disclosed in Note 1 to the financial statements, includes an</p>	<p>It is true that we received the exchequers from The National Treasury on 4th July 2022, the requisitions was done on time. (See Appendix IX-Exchequer requests).The activities were on</p>	<p>The Accounting Officer Appeared before National Assembly Public Accounts Committee (PAC) on 13<sup>th</sup> April 2023 for examination of the report of the Auditor</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:  (Resolved / Not Resolved)
	<p>amount of Kshs.458,369,160 received on 4 July, 2022. This was contrary to Section 17(2) (b) of the Public Finance Management Act, 2012 which states that, payment from the National Exchequer Account should be done without undue delay on all amounts that are payable for public services.</p> <p>The delayed exchequer releases may have affected the State Department's ability to implement its planned programmes and possible underutilization of the budget, resulting to negative impact on delivery of services to the public.</p> <p>In the circumstances, the late Exchequer releases affected the planned activities of the State Department and impacted negatively on service delivery to the public.</p>	<p>going thus it never affected the service delivery.</p>	<p><b>General on accounts of for the National Government for FY ended 30<sup>th</sup> June 2021. recommendations of the PAC are awaited, thus not resolved</b></p>
1593	<p><b>Failure to Provide Internal Audit Reports</b>  As previously reported, the internal audit reports for the State Department were not provided for review and it was therefore not possible to ascertain whether the internal audit function had given an assurance on the state of the risk management, internal control and governance within the State Department as required by the Regulation 160(1) of the Public Finance Management (National Government) Regulations, 2015.</p> <p>Further, Management did not provide the Audit Committee minutes for audit, contrary to</p>	<p>The Internal Audit function carried out two (2) Audit reviews at Kenya Industrial Training Institute (KITI) as per the annual work plan for the year. Further, the Accounting officer requested the Internal Audit unit to carry out an Audit review on grants sent to RIVATEX.</p> <p>At the time of the Audit, the reports had not been finalized as we were waiting for responses from the management.</p> <p>The Management submitted the responses but the Committee did not meet under the year of Audit due to budget constraints</p>	<p><b>The Accounting Officer Appeared before National Assembly Public Accounts Committee (PAC) on 13<sup>th</sup> April 2023 for examination of the report of the Auditor General on accounts of for the National Government for FY ended 30<sup>th</sup> June 2021. recommendations of the PAC are awaited, thus not resolved</b></p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
	Regulations 166(2) and 179(1) of the Public Finance Management (National Government) Regulations, 2015, which requires the Audit Committee to carry out annual review of independence, performance, and competency of the internal audit unit and comment on their effectiveness in the annual report and also ensure that the Audit Committee meets at least once in every three months respectively.	The Audit Committee met in the financial year 2021/2022 reviewed and approved all audit reports issued by the internal audit unit.	

**Approval of the financial statements**

The State Department for Industry's financial statements were approved and signed by the Accounting Officer on \_\_\_\_\_ 2023.



Dr. Juma Mukhwana, PhD, HSC  
Principal Secretary



CPA Ernest Lukayu  
Head of Accounting Unit  
ICPAK Member Number.4150



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**ANNEXES**

**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE-Attached**

**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

No Pending Staff Payables as 30<sup>th</sup> June 2023

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**ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

**Deposit Analysis -SDI**

	BAL. B/F	ADDITIONS	PAYMENT	BAL. C/F
Investment Park	1,000,000.00			1,000,000.00
2nd Manufacturing Expo	675,000.00			675,000.00
Unspent Aie	4,217.00			4,217.00
Salary Deduction	273,267.65			273,267.65
Transfer From Old Cbk	454,245.75			454,245.75
Africa Industrialization	2,365,686.00			2,365,686.00
Regional Intergration & Imp. Programe	844,666.00	10,000,000.00	10,837,068.00	7,598.00
Nairobi Int. Trade Fair	8,000.00			8,000.00
Aia /Sale Tenders	4,000.00	1,695,350.00		1,699,350.00
2nd Commonwealth Sme Trade Summit	594,500.00			594,500.00
Afforestation And Greening Project	180,000.00			180,000.00
Directors Fees	480,000.00			480,000.00
Retention Money	449,735.70	1,000,000.00		1,449,735.70
Tender Deposit		36,400.00		36,400.00
Contributions Towards Ps Office		148,000.00		148,000.00
County Aggregated Industrial Parks		6,383,200.00	5,541,900.00	841,300.00
<b>Totals</b>	<b>7,333,318.10</b>	<b>19,262,950.00</b>	<b>16,378,968.00</b>	<b>10,217,300.10</b>

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<b>KITI DEPOSIT BALANCE</b>					
S/		Bal B/f	Paid out during the year	Additions for the	Bal c/d
NO		Fy2022/2023	FY 2022/2023	Year Fy 2022/2023	Fy 2023/2024
	Description	Kshs	Kshs	Kshs	Kshs
		<b>12,025,516.00</b>	-		
1	Deposits (Fees)	-	-	1,666,320.00	
2	Deposits (Fees)	-	-	1,795,880.00	
3	Deposits (Fees)	-	-	1,694,245.00	
4	Deposits (Fees)	-	-	1,831,485.00	
5	Deposits (Fees)	-	-	1,305,200.00	
6	Deposits (Fees)	-	-	5,322,212.00	
7	Deposits (Fees)	-	-	2,514,930.00	
8	Deposits (Fees)	-	-	2,270,000.00	
9	Deposits (Fees)	-	-	1,627,790.00	
10	Deposits (Fees)	-	-	1,505,355.00	
11	Deposits (Fees)	-	-	2,160,580.00	
12	Deposits (Fees)	-	-	1,545,050.00	
13	Deposits (Fees)	-	-	1,234,150.00	
14	Deposits (Fees)	-	-	1,318,900.00	
15	Retention (Malsha)			8,961,495.00	
16	Deposit (Malsha)	-	-	12,763,412.00	
17	Director KITI		746,730.00		
18	Seminars (Meremers)		345,000.00		

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19	Seminars (Cozie)		156,400.00		
20	Material (Raflag)		293,740.00		
21	Director KITI (Medical)		240,000.00		
22	Director KITI (Medical)		240,000.00		
23	Activity (SPORTS)	-	876,200.00		
24	Activity (KETISA)	-	243,000.00		
25	Director KITI	-	350,000.00		
26	Activity	-	432,500.00		
27	Activity	-	56,000.00		
28	Director KITI	-	149,890.00		
29	Insurance (Sunlam)	-	166,335.00		
30	Activity	-	140,500.00		
31	Director KITI	-	493,394.00		
32	KNEC	-	517,350.00		
33	KNEC	-	2,861,990.00		
34	Seminar (Rawaka)	-	218,640.00		
35	Activity (Sports)	-	345,745.00		
36	Assement	-	1,082,200.00		
37	Activity (Sports)	-	797,300.00		
38	Seminars	-	400,000.00		
39	NITA	-	176,205.00		
40	Director KITI	-	298,259.00		
41	Material (Ngorora)	-	59,495.00		

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42	Seminars	-	705,000.00		
43	Seminars	-	705,000.00		
44	Activity	-	300,000.00		
45	Activity (Mahdaly)	-	148,900.00		
46	Activity (Nachibwete)	-	28,000.00		
47	Material (Reikay)	-	68,180.00		
48	Material (Philocheck)	-	196,900.00		
49	Material (Cozie)	-	72,610.00		
50	Activity (Wagets)	-	24,000.00		
51	Material (Raflag)	-	197,265.00		
52	Seminars	-	174,000.00		
53	Material (Trajeli)	-	295,000.00		
54	Material (Evalan)	-	308,460.00		
55	Seminars (Emrome)	-	200,000.00		
56	Material Ngumuka)	-	138,985.00		
57	Director KITI (Students ID)	-	149,640.00		
58	Director KITI (Registration)	-	149,746.00		
59	Material (Asmao)	-	241,650.00		
60	Director KITI (Internal Certificate)	-	282,500.00		
61	Medical	-	240,000.00		
62	Director KITI (Caution)	-	148,700.00		
63	Director KITI (Internal Certificate)	-	149,300.00		
64	Activity (Sports)	-	762,400.00		

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65	Activity (Sports)	-	812,600.00		
66	Activity (Sports)	-	140,500.00		
67	Seminars	-	400,000.00		
68	Director KITI (Internal Certificate)	-	148,575.00		
69	Director KITI (Registration)	-	148,320.00		
70	Director KITI (Students ID)	-	149,442.00		
71	Activity	-	300,000.00		
72	KNEC	-	64,800.00		
73	Semianrs (The Bens)	-	91,000.00		
74	Internal Certificate (Government Printers)	-	278,400.00		
75	Material (Serelim)	-	51,385.00		
76	Material (Luwan)	-	277,168.00		
77	Material (Mak Mar)	-	60,500.00		
78	Material (Joylene)	-	176,550.00		
79	KNEC	-	2,273,260.00		
80	Seminars	-	286,477.00		
81	Director KITI (Caution)	-	149,875.00		
82	Director KITI (Medical)	-	149,900.00		
83	Material (Mammeny)	-	224,050.00		
84	Material (Experts Hardware)	-	85,440.00		
85	Material (Afrinet)	-	94,000.00		
86	Material (WYCC)	-	136,050.00		
87	Material (Modern Mobility)	-	101,875.00		

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88	Director KITI (Internal Certificate)	-	149,500.00		
89	Director KITI (Trade Test)	-	149,524.00		
90	Actiivty (Sporst)	-	234,575.00		
91	Assement	-	693,400.00		
92	Trade Test	-	178,263.00		
93	Activity (KETISA)	-	200,000.00		
94	Seminars	-	151,260.00		
95	Director KITI (Registration)	-	356,500.00		
96	Insurance (AAA)	-	69,750.00		
97	Seminars	-	330,000.00		
98	Seminars	-	286,477.00		
99	Material (WYCC)	-	389,970.00		
100	Seminars	-	227,230.00		
101	Director KITI (Caution)	-	149,650.00		
102	Material (Dalushe)	-	39,030.00		
103	Seminars	-	257,340.00		
104	Director KITI (Seminars)	-	149,908.00		
105	Material (WYCC)	-	329,250.00		
106	Material (Cozie)	-	103,280.00		
107	Material (Elidaac)	-	92,593.00		
108	KNEC	-	589,500.00		
109	KNEC	-	3,024,950.00		
110	Seminars (Zakhad)	-	251,750.00		

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111	Director KITI	-	133,600.00		
112	Activity	-	112,980.00		
113	Seminars	-	356,577.00		
114	Director KITI (Students ID)	-	148,052.00		
115	Activity	-	148,900.00		
116	Seminars (Sudy Movers)	-	812,720.00		
117	Director KITI (Registration)	-	327,900.00		
118	Director KITI	-	149,114.00		
119	Seminars (Tightsight)	-	478,440.00		
120	Seminars (Voufar)	-	559,090.00		
121	Seminars (Rabin)	-	624,600.00		
122	Seminars (Tightsight)	-	371,700.00		
123	Seminars (Tightsight)	-	317,520.00		
124	Seminars (Sudy Movers)	-	293,400.00		
125	Material (Mammeny)	-	165,890.00		
126	Material (Syntext)	-	251,040.00		
127	Director KITI	-	149,050.00		
128	Material (Peca)	-	59,200.00		
129	Seminars (Lintar)	-	247,645.00		
130	Seminars (Mahdaly)	-	229,110.00		
131	Seminars (Larivent)	-	206,470.00		
132	Seminars (Nakuru Norch)	-	249,110.00		
133	Seminars (Rawaka)	-	276,080.00		



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134	Seminars (Onchees)	-	240,900.00		
135	Seminars (Evantum)	-	257,200.00		
136	Seminars (Edmerline)	-	263,100.00		
137	Seminars (Lintar)	-	235,425.00		
138	Seminars (Onchees)	-	226,900.00		
139	Seminars (Gwekes)	-	293,495.00		
140	Seminars (Leemax)	-	199,775.00		
141	Seminars (Dawaatis)	-	275,840.00		
142	Seminars (Meremers)	-	183,700.00		
143	Seminars (Evantum)	-	372,500.00		
144	Seminars (Edmerline)	-	231,700.00		
145	Seminars (Nelimax)	-	134,980.00		
146	Seminars (Lintar)	-	258,400.00		
147	Seminars (Evantum)	-	240,500.00		
148	Seminars (Mwapen)	-	213,000.00		
149	Seminars (Gwekes)	-	206,800.00		
150	Seminars (Edmerline)	-	264,300.00		
151	Seminars (Nelimax)	-	127,600.00		
152	Seminars (Onchees)	-	154,300.00		
153	Seminars (Veto Power)	-	280,300.00		
154	Seminars (Evantum)	-	320,000.00		
155	Seminars (Gwekes)	-	171,100.00		
156	Seminars (Onchees)	-	216,610.00		

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157	Seminars (Veto Power)	-	216,725.00		
158	Seminars (Mahdaly)	-	227,250.00		
159	Seminars (Edmerline)	-	279,500.00		
160	Seminars (Onchees)	-	216,600.00		
161	Seminars (Nelimax)	-	231,480.00		
162	Seminars (Lintar)	-	234,200.00		
163	Seminars (Dawaatis)	-	119,160.00		
164	Seminars (Meremers)	-	90,000.00		
165	Material (Modern Mobility)	-	132,515.00		
166	Director KITI	-	599,405.00		
167	Director KITI (Seminars)	-	550,000.00		
168	Material (Waget)	-	319,950.00		
169	Activity (SPORTS)	-	780,030.00		
166	Director KITI (Medical)	-	150,000.00		
	<b>TOTAL</b>		<b>12,025,516.00</b>	<b>48,560,404.00</b>	<b>49,517,004.00</b>
				<b>12,982,116.00</b>	

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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost b/f	Additions during the year	Disposals during the year	Historical Cost e/f
	(Kshs)	(Kshs)	(Kshs)	(Kshs)
Buildings and structures	585,952,382	341,399,037	-	927,351,418
Other Equipments	45,000,000	-	-	45,000,000
Office equipment, furniture and fittings	4,674,945	47,550	-	4,722,496
<b>Total</b>	<b>635,627,327</b>	<b>341,446,587</b>	<b>-</b>	<b>977,073,914</b>

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 9 on acquisition of assets during the year. Ensure this section is complete and covers all the State Department for Industry's assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasury)

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**ANNEX 5 – LIST OF PROJECTS IMPLEMENTED BY THE STATE DEPARTMENT FOR INDUSTRY**

<b>Ref</b>	<b>Project Name</b>	<b>Principal activity of the project</b>	<b>Accounting Officer</b>	<b>Project consolidated in these Financial Statements(yes/no)</b>
1	Kenya Industry and Entrepreneurship Project (KIEP)	To increase innovation and productivity in selected private firms	Dr. Juma Mukhwana, PhD	Yes

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**ANNEX 6 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE STATE**  
**DEPARTMENT FOR INDUSTRY**

Description	Recurrent Development		2021- 2022
	Kshs	Kshs	Kshs
<b>Transfers to SAGAs and SCs</b>			-
Kenya Investment Authority	184,432,500	10,000,000	194,432,500
Scrape Metal Council	11,050,000	-	11,050,000
Numeric Machining Complex Limited	128,122,500	38,000,000	166,122,500
Export Processing Zones Authority	67,095,000	102,500,000	169,595,000
Special Economic Zone Authority	15,277,500	-	15,277,500
Kenya Industrial Estates Limited	204,742,500	255,230,000	459,972,500
Kenya Industrial Research and Development Institution	426,372,500	125,000,000	551,372,500
RIVATEX	47,030,000	161,200,000	208,230,000
Kenya Accreditation Services	250,239,998	-	250,239,998
Kenya Research Development Institute	154,357,500	-	154,357,500
AIA	221,899,811	-	221,899,811
<b>TOTAL</b>	<b>1,710,619,809</b>	<b>691,930,000</b>	<b>2,402,549,809</b>

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**ANNEX 7 – CONTINGENT LIABILITIES REGISTER-**

**No Contingent Liabilities during the Year.**

**ANNEX 8: REPORTING OF CLIMATE RELEVANT EXPENDITURES**

**None**

**ANNEX 9: DISASTER EXPENDITURE REPORTING TEMPLATE**

**None**

**MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY**  
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**ANNEX 10- REPORTS GENERATED FROM IFMIS**

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements. Attached

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes
- xi. GOK IFMIS Budget Execution by Programmes and Sub-programmes

