

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**STATE DEPARTMENT FOR
INDUSTRIALIZATION**

FOR THE YEAR ENDED

30 JUNE, 2021

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 30 MAR 2022

DAY

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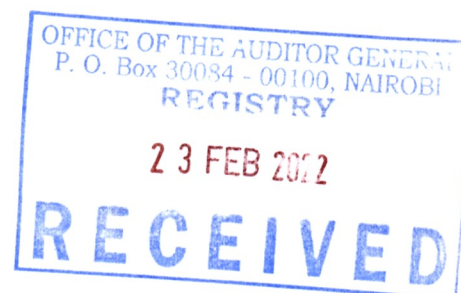
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MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION
Reports and Financial Statements
For the year ended June 30, 2021.



MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT

STATE DEPARTMENT FOR INDUSTRIALIZATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

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**1. KEY STATE DEPARTMENT OF INDUSTRIALIZATION INFORMATION AND
MANAGEMENT**

(a) Background information

The State Department for Industrialization is established under the Executive Order No. 1 of June 2018 (Revised in May 2020). It is placed under the Ministry of Industrialization, Trade and Enterprise Development. It has the overarching responsibility of Industrial policy planning; overseeing the growth, development and regulation of the Micro, Small and Medium Enterprises; Manufacturing and Industrial sectors. Under the Big Four Agenda 2018-2022, the State Department is implementing various interventions under the Manufacturing Pillar to raise Sector's share to GDP to 15 percent by supporting value addition to accelerate economic growth, create jobs and reduce poverty.

The mandate for the State Department for Industrialization includes:

- i. Industrial Policy and Planning;
- ii. SME Policy;
- iii. SME Financing Policy;
- iv. SME/Biashara Financing Policy;
- v. Buy Kenya Build Kenya Policy and Strategy;
- vi. To promote Standardization in Industry and Quality Control;
- vii. Promotion and Development of Micro and Small Enterprises;
- viii. To Promote and facilitate Domestic and Foreign Investments;
- ix. Promotion and Oversight of the Development of Special Economic Zones and Industrial Parks;
- x. Kenya Property Rights Policy (Patents, Trade Marks, Service Marks, and Innovations);
- xi. Promotion of value Addition and Agro-Processing;
- xii. Textile Sector Development;
- xiii. Leather Sector Development;
- xiv. Business Innovation and Incubation;

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- xv. Promotion and development of the Cottage Industry;
- xvi. Oversight and regulation of Scrap Metal Industry
- xvii. Promotion and Development of Medium Business Enterprises; and
- xviii. Industrial Training and Capacity Development.

AUTONOMOUS AND SEMI-AUTONOMOUS GOVERNMENT AGENCIES

During the period, the State Department for Industrialization had Thirteen (13) 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.) Industrial and Commercial Development Corporation (ICDC)
- iii.) Kenya Bureau of Standards (KEBS)
- iv.) IDB Capital Limited.

Semi-Autonomous Government Agencies:

- v.) Export Processing Zones Authority (EPZA)
- vi.) Kenya Industrial Estates (KIE)
- vii.) Kenya Industrial Property Institute (KIPI)
- viii.) Kenya Industrial Research and Development Institute (KIRDI)
- ix.) Kenya Investment Authority (Ken Invest)
- x.) Kenya National Accreditation Services (KENAS)
- xi.) Numerical Machining Complex (NMC)
- xii.) Scrap Metal Council (SMC)
- xiii.) Special Economic Zones Authority (SEZA).

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

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

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- 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.

(b) Key Management

The State Department for Industrialization, 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.

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**Ms. Betty C. Maina, EGH,
Cabinet Secretary**

Ms. Betty C. Maina, EGH is the Cabinet Secretary for the Ministry of Industrialization, Trade and Enterprise Development. She has more than 27 years' experience in organizational leadership and development.

She has served as the Principal Secretary in the Ministry of Environment and Forestry, State Department for Industrialization, and State Department of East African Affairs. She has also served as the Chief Executive of the Kenya Association of Manufacturers for 11 years.

She holds a Master of Science Degree in Development Administration and Planning from the University College of London, and an undergraduate degree in Land Economics from the University of Nairobi.



**Amb. Kirimi P. Kaberia,
CBS
Principal Secretary**

Amb. Kirimi P. Kaberia CBS, joined the State Department for Industrialisation in February 2021 as the Principal Secretary. He possesses rich experience in corporate governance, public policy practice and administration, having previously served as Principal Secretary for Mining and Principal Secretary in State Department for Sports Development, where he also served as the founding Administrator of the Sports, Arts and Social Development Fund. He has also served as the Principal Secretary in State Department for Defence and a member of the National Security Council. Amb. Kaberia has also served in a vast number of Boards in state corporations, companies and universities.

Amb Kaberia has wide experience in international relations, diplomacy and global trade negotiations, having served as the Ambassador Extraordinary and Plenipotentiary to Brazil, Colombia, Venezuela, Chile, and Argentina; Deputy Ambassador and Head of Chancery, Kenya Embassy in Madrid, Spain; Deputy Ambassador and Head of Chancery, Kenya Embassy in Paris, France, with accreditation to Portugal and the Holy See; and, Counsellor, Kenya Embassy in Washington DC.

Amb Kaberia holds a Master's Degree in International Law (LLM) as well as a Bachelor's Degree in Journalism and Communications. In recognition of his service to the Republic of Kenya, he was conferred with a Chief of Burning Spear award by His Excellency the President in 2016.



**Mr. Samson Wangusi,
Director of
Administration**

Mr. Samson Wangusi in the Director of Administration, State Department for Industrialization previously held the same position at State Department for Youth. He holds Masters Degree in Public Administrations from Moi University.

Cumulatively, he has more than thirty one years of experiences working both with National Government and the former Provincial Administration.

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 <p>Mr. Hezekiah Okeyo Industrialization Secretary</p>	<p>Mr. Hezekiah B. Okeyo holds a Master of Business Administration (MBA) in Strategic Management from the Eastern and Southern African Management Institute (ESAMI), Tanzania; Master of Science (MSc) in Environmental Science and Technology from IHE Delft, Netherlands, Bachelor of Science (BSc) from the University of Nairobi University.</p> <p>He has broad experience in industrial policy development and research analysis. He joined the Civil Service June 1990 under Industrial Development Officers Cadre and has risen through the ranks in the industrialization docket.</p>
 <p>Mr. Nobby Macharia Director of Industries</p>	<p>Mr. Nobby Macharia is the Director of Industries in charge of Agro – processing industries Directorate in the State Department for Industrialization. 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>
 <p>Mr. Stephen A. Odua Director of Industries</p>	<p>Mr. Stephen Odua is the Director of Industries in charge of Business Environment (BE) and Private Sector Development (PSD) in the State Department of Industrialization, Ministry of Industrialization, Trade and Enterprise Development. He is also the Project Coordinator of the Kenya Industry and Entrepreneurship Project (KIEP), a World Bank-sponsored Project, and an Alternate Director to the Board of Directors, Kenya Investment Authority.</p>
 <p>Ms. Nancy Muya Director of Industries</p>	<p>Ms. Nancy W. Muya is a Director of Industries in charge of the Enterprise Development Directorate. She holds BSc. (Maths/Chem) degree from Kenyatta University and is pursuing MSc (Entrepreneurship) degree at Jomo Kenyatta University of Agriculture and Technology.</p> <p>She has over 29 years of experience in civil service, offering her expertise in industrial development while in the Ministry. She has undergone several short-term training programmes during her work experience in industrial development, policy formulation, processing technologies, management, and leadership, locally and internationally.</p>
 <p>Mr. Julius Kithinji Kirima Director of Industries</p>	<p>Mr. Julius Kithinji Kirima, HSC is Director of Industries Heading Chemical & Mineral Industries Directorate in the State Department of Industrialization. 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 was 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</p>




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	<p>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>Mr. Joseph Mbeva Director of Industries</p>	<p>Mr. Joseph Mbeva is Director of Industries in charge of Industrialization Field services. holds 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>Mr. George Makateto Director of Industries</p>	<p>Mr. George Makateto is Director of Engineering and Construction Directorate the State Department of Industrialization.</p> <p>He joined civil service in the year 1993 at Tutor - drawing and design, building construction; rising through the ranks of lecturer, deputy director to become Director of Industries.</p>
 <p>Ms. Peris Adema Director KITI</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 Ag. Director of Industries</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 Industrialization 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. Judy Njeru, PhD</p>	<p>Dr. Judy Njeru, Director is the Director, Human Resources and Development. She holds a Doctor of Philosophy in Diplomacy and International relations, Masters of Arts in International Studies, Masters in Education Administration, Postgraduate Diploma in HRM, and Bachelor's Degree in Education.</p> <p>Other training includes; SLDP, Senior Management, Management of</p>

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<p>Director, HRM&D</p>	<p>training function, Training needs Analysis, Personnel management Negotiation skills, Team building, and Disaster training.</p>
 <p>Mr. Jared Ichwara Director of Planning</p>	<p>Mr. Jared M. Ichwara 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 for UNDP-Somalia as a Research Officer, UNDP-Kenya as a Monitoring and Evaluation Specialist and as a consultant for UNFPA, UNICEF and UNWomen. He previously worked for the Kenya National Bureau of Statistics and the Monitoring and Evaluation Directorate at National Treasury and Planning.</p>
 <p>Mr. Nicholas Kamau Chief Finance Officer</p>	<p>Mr. Nicholas Kamau is the Senior Chief Finance Officer for the State Department. He is experienced in financial management having worked with various MDAs for the last 20 years in various capacities in financial management including being an auditor, accountant, and currently finance.</p> <p>He holds a master's degree in science in finance and investment, Bachelor's degree in finance, certified information systems, and CPA K. He is a member of ICPAK.</p>
 <p>Ms. Rose Baraza Deputy Accountant General Head of Accounting Unit</p>	<p>Ms. Rose Baraza is the Head of Accounting Unit at the State Department. She has worked with various Ministries Departments Agencies.</p> <p>She holds Master's degree in Finance, Bachelor of Commerce in Finance, Bachelor of Law and CPA K.</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 of Industrialization.
- 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.

NO.	NAME	POSITION	18/3/2021	2020	Total attendance
1	Mr. Stephen K. Mbuko	Chairperson	✓		1
2.	Ms. Jane W. Muthaura	Member	✓		1
3.	Ms. Rose M. Nyamweya	Member			0
4.	Mr. Simon S. Nabosa	Member	✓		1
5	Prof. Daniel K. Tarus	Member			0
6.	Ms. Lucy Kabaya	Member	✓		1

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
- ii. To review the utilization of the cash limits and consider any changes as may be required;

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- 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	18/8/2020	2021	Total attendance
1	Mr. Nicholas Kamau	Chairperson		✓	1
2.	Dr.Judy Njeru,PhD	Member		✓	1
3.	Mr.Hezekiel Okeyo	Member		✓	1
4.	Mr.Obiero Makori	Member		✓	1
5	Mr.Rashid Khator	Member		✓	1
6.	Mr.Jared Ichwara	Member			0

(e) State Department of Industrialization Headquarters

P.O. Box 30418-00100

NSSF Building, Block A, 17th Floor

Bishops Road, Capital Hill

NAIROBI, KENYA

State Department of Industrialization Contacts

Telephone: 020-2731531-9

E-mail: ps@industrialization.go.ke;

ps.moied@gmail.com

Website: www.industrization.go.ke

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(f) State Department of Industrialization 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

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112 - City Square 00200

NAIROBI, KENYA.

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2. FORWARD BY THE CABINET SECRETARY

The country has experienced unprecedented challenges occasioned by the COVID-19 pandemic which have led to significant disruptions to the global production value chains, movement of goods and services, closure and/or scale down of most businesses occasioning loss of jobs and incomes. The Kenyan people, SMEs and the domestic manufacturing have exhibited resilience and provided innovative solutions.

In an effort to address the disruptions that affected the global value chains, and transport sector, and in particular the partial lock-down, the Government, established the Business Emergency Response Centre (BERC) that ensured continuity in supply of goods and services. This was through creation of list of essential goods and services and providing the necessary permits to allow for movement of people, goods and services. In addition, other protocols covering market operations, industry operations, and restaurants, bars and sale of alcoholic products were developed.

During the period under review, the Ministry continued with the implementation of the Big Four (4) Agenda which is premised on addressing the pressing concerns facing Kenyans while creating the best environment for achieving accelerated socio-economic transformation, increased job creation and an improved quality of life for all Kenyans.

The Government Economic Transformation Agenda is anchored on four socio-economic pillars of:

1. Increasing manufacturing share of GDP from 8.4% to 15%.
2. Ensuring Food and Nutrition Security.
3. Providing 500,000 Affordable homes to the low-income segment.
4. Providing Universal Health Coverage.

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 2022; increase level of foreign direct investments to \$2 billion; and improve ease of doing business ranking from 80 in 2017 to 50 by 2022. 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 included: Cotton processing for Textiles and Apparels manufacturing; Agro processing; Construction materials; Leather and Leather Goods; Oil, mining and gas; Iron and Steel; Information Communication and Telecommunication equipment; Automotive Sector; and Pharmaceutical Sector. Alongside these drivers, the enablers include: improving market access; standards development and

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accreditation; improvement in business climate; development of industrial parks/Economic Zones; and Micro, Small and Medium Enterprises development.

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

- i. Promotion of Industrial Development and Investment (Industrial Development & Investments; and Promotion of Industrial Training)
- ii. Standards and Business Incubation (Standardization Metrology & Conformity Assessment; Industrial Research, Technology & Innovations; and Business Financing and Incubation for MSMEs)
- iii. General Administration, Planning and Support Services.

The key achievements for the FY 2020/2021 include:

- i. Special Economic Zones at Naivasha (Industrial Park) – development of basic infrastructure facilities including Construction of Business Centre to house one stop shop; Custom Gatehouses and Custom Warehouses; perimeter wall and landscaping; and Administration Block;
- ii. Special Economic Zone at Dongo Kundu, Mombasa – coordination of resettlement of project affected persons; development of basic infrastructure facilities including construction of business centre to house one stop shop; custom gatehouses and custom warehouses; perimeter wall; buffer zone and landscaping; and administration block;
- iii. Development of Athi River Textile hub - completion of construction of civil works for the Industrial Sheds;
- iv. Modernization of RIVATEX Machinery – modern machinery acquisition and installation;
- v. Modernization of NMC's Foundry Plant & Fabrication Workshop - Completion of modernization of foundry plant, fabrication plant and Galvanising plant;
- vi. Provision of Finances to SMEs and Large firms in Manufacturing sector through KIE and ICDC - Provide credit to MSMEs in manufacturing and agro-processing sector, incubation and Business Advisory Services;
- vii. Construction of Industrial Research, Laboratories (KIRDI Nairobi) - construction works, cladding and building services and management installations;
- viii. Infrastructure and civil works development (KITI) – completion of Central Stores, Women Hostels and Walkways;
- ix. Kenya Industry and Entrepreneurship Project (KIEP) - for increased innovation and productivity in select private sector firms through Upgrading of SMEs, Incubators and Accelerators and student training on coding and soft skills; and
- x. Development of Various SMES in Kenya (IDB Capital) – to provide industrial credit by SMEs through the line of credit from the Exim Bank of India.

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BUDGET ALLOCATION

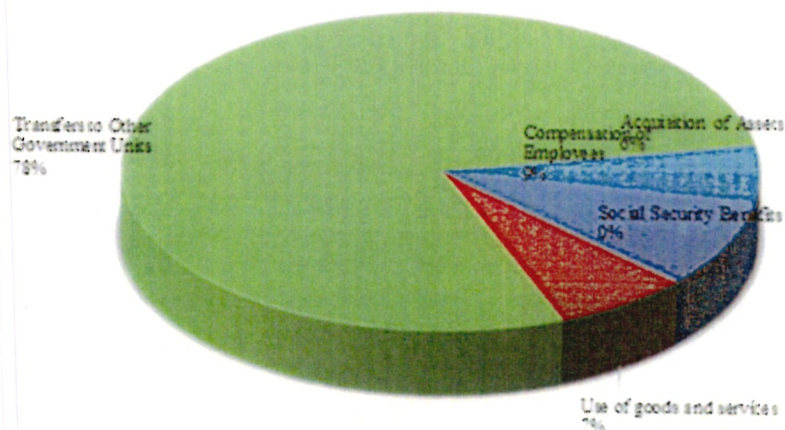
The Budget estimates for the FY 2020/21 were Kshs 6,626,795,985 consisting Recurrent Kshs 2,987,034,733 and Development Kshs 3,639,761,252. The State Department was to expend the gross budget of **Kshs. 4,569,898,172** under the following three programmes:

Programmes	Approved Budget Allocation	Actual Payments	Variance
	KShs		
General Administration Planning and Support Services	903,683,511	539,663,588	364,019,923
Industrial Development and Investments	3,051,364,612	1,954,843,606	1,096,521,006
Standards and Business Incubation	2,671,747,862	2,075,390,978	596,356,884
	6,626,795,985	4,569,898,172	2,056,897,813

Budget Utilisation (Payments)

The State Department spent **Kshs. 4,569,898,172** against an approved budget of **Kshs. 6,626,795,985** representing absorption of 69%. 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

The COVID-19 Pandemic has continued causing disruptions in the value chain in the Manufacturing Sector, leading to massive losses in revenue and jobs across all the subsectors, abrupt decline in the economic growth, and constriction of the economy. The Ministry through the Performance Contracting process has ensured continuous performance improvement mechanisms have been adopted to ensure the services are offered and put into place measures to ensure business continuity in the wake of Covid-19 pandemic.

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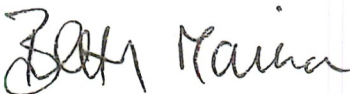
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Implementation challenges

The Manufacturing Sector pillar of the 'Big Four' Agenda faced a number of challenges, which include:

- i.) Covid-19 pandemic;
- ii.) Inadequate basic infrastructure facilities;
- iii.) Unavailability of industrial land;
- iv.) Counterfeit, Dumping and Substandard goods
- v.) High cost and quality of energy and high operational cost;
- vi.) Unfavourable business environment (investor-friendly environment and policies);
- vii.) Inadequate budgetary allocation;
- viii.) Limited access to financial services for industrial development;
- ix.) Climate Change and Waste Management; and
- x.) Limited access to markets.

Sign



**Betty C. Maina, EGH
CABINET SECRETARY**

**STATE DEPARTMENT FOR INDUSTRIALIZATION
MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE
DEVELOPMENT.**

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For the year ended 30, June 2021.

3. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

**STATEMENT OF PERFORMANCE AGAINST MDA'S PREDETERMINED
OBJECTIVES**

Introduction

In line with the Ministry's Vision, Mission, and Key Strategic Objectives, State Department for Industrialization 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 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 improve product competitiveness;
- ii. To improve business environment;
- iii. To increase manufacturing, sector contribution to GDP to 15%;
- 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 2020/2021

Programmes /Projects	Objectives	Expected outcomes/Output	Performance Indicator	Implementing Agency	Timeframe	Current Status Achievement Level
Development of Textile Hub at Athi River - Export Processing Zones Authority	To provide industrial warehouses/ shed and basic infrastructure facilities (internal roads, power, water, security fence, and sewerage) that are key in attracting and retaining investors in textiles value addition and creating more employment opportunities at the Export Processing Zones	Increased investments in EPZs from \$350 million to \$2 billion Increased level of exports from the Export Processing Zones (EPZs) firms Industrial sheds constructed Railway siding and infrastructure developed	Amount of investments attracted Exports level from the EPZs (in Kshs billion) Level of completion Level of completion	SDI EPZA SDI EPZA	1/7/2020 to 30/6/2021 1/7/2020 to 30/6/2021	117.2 billion 80.1 billion
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 employment levels Modernized machinery for: weaving, spinning, production and finishing sections.	Increase in production of fabrics Increase in employment levels Completion level	SDI RIVATEX	1/7/2014 to 30/06/2024 7/1/2020 to 6/30/2024	63% level of completion 3% level of completion
Cotton value addition 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, extension services and ginneries revived	No. of cotton bales sources locally for apparel processing	SDI RIVATEX	1/7/2015 to 30 th June 2023 1/7/2018 to 30/06/2024	92 % level of modernization 3,748 bales

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Programmes /Projects	Objectives	Expected outcomes/Output	Performance Indicator	Implementing Agency	Timeframe	Current Status Achievement Level
Development of Freeport & Industrial park at Dongo Kundu Mombasa – Special Economic Zones Authority	To provide basic infrastructure facilities	Basic infrastructure facilities provided	% completion of basic infrastructure (Construction of Business Centre to house one stop shop; custom gatehouses and warehouses; perimeter wall; buffer zone and landscaping; Administration Block)	SDI SEZA	1/7/2019 to 30/06/2025	6%
Development of Naivasha Industrial Park - Special Economic Zones Authority	To provide basic infrastructure facilities	Basic infrastructure facilities provided	% completion of basic infrastructure (Construction of Business Centre to house one stop shop; custom gatehouses and warehouses; perimeter wall; buffer zone and landscaping; Administration Block)	SDI SEZA	1/7/2019 to 30/06/2024	7%
Provision of Credit to Micro Small and Medium Enterprises (MSMEs) in Manufacturing sector – Kenya Industrial Estates	To increase access to affordable long term finance	Increased credit to MSMEs	Amount of credit disbursed to MSMEs	SDI KIE	1/7/2015 to 30/06/2024	712,152,957 Issued as industrial credit
Modernization of NMC's Foundry	To upgrade and modernize foundry plant for increased	Enhanced production of industrial spare parts &	Completion rate	SDI NMC	1/7/2015 to 30/06/2024	31% level of completion

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Programmes /Projects	Objectives	Expected outcomes/Output	Performance Indicator	Implementing Agency	Timeframe	Current Status Achievement Level
Plant at the Numerical Machining Complex (NMC)	production of steel products and machinery	machinery; R&D and reverse engineering capability				
		Foundry Casting produced.	Quantity of foundry castings made in tonnes	SDI NMC	1/7/2020 to 30/6/2021	98
Infrastructure and civil works development at Kenya Industrial Training Institute (KITI)	To provide a conducive environment for skills development	Power Transmission Parts manufactured	Number of Transmission parts manufactured.	SDI NMC	1/7/2020 to 30/6/2021	259,000
		KITI infrastructure upgraded and completed	% level of completion of infrastructure upgrading	SDI KITI	1/7/2016 to 30/06/2024	46% level of completion
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	No. of students trained on industrial and entrepreneurship skills	SDI KITI	1/7/2020 to 30/6/2021	3,354 trained
			% completion rate of KIRDI laboratories at South C, Nairobi	SDI KIRDI	1/7/2013 to 30/06/2024	76% level of completion
Attraction of Investments (domestic and foreign), investment promotion and one stop-shop centre establishment - Kenya Investment Authority	To attract investments	Increased level of Investments	Amount of investments attracted (Kshs Billion)	SDI KENIVEST	1/7/2020 to 30/6/2021	68.5

MINISTRY INDRI ZALUJAN, TANGGJE AND ENTERPRISE DEVELOPMENT
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Programmes /Projects	Objectives	Expected outcomes/Output	Performance Indicator	Implementing Agency	Timeframe	Current Status Achievement Level
Accreditation of conformity assessment bodies – Kenya Accreditation Service (KENAS)	To promote assessment and accreditation of Conformity Assessment Bodies (CABs)	Increased accreditation and assessment conformity	No. of New CABs Accredited No. of CABs Assessed on accreditation	SDI KENAS SDI KENAS	1/7/2020 to 30/6/2021 1/7/2020 to 30/6/2021	33 243
Development and enforcement of standards by the Kenya Bureau of Standards (KEBS)	To enable access to markets through use of standards	Increased development, compliance and certification by SMEs and large firms	No. of Standards developed No. of products certified under SMEs No. of products certified under large firms	SDI KEBS SDI KEBS SDI KEBS	1/7/2020 to 30/6/2021 1/7/2020 to 30/6/2021	769 4,995 13,108
Protection of innovations and intellectual property – Kenya Industrial Property Institute	To protect industrial and intellectual property rights	Increased property rights for industrial development and innovation	No. of National Trademarks Registered No. of patents, utility models and industrial designs processed	SDI KIPI SDI KIPI	1/7/2020 to 30/6/2021 1/7/2020 to 30/6/2021	4,173 779
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	1/7/2020 to 30/6/2021	Micro an Small Enterprises Policy reviewed and adopted by Cabinet for implementation

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The State Department for Industrialization is established under the Executive Order No. 1 of June 2018 (Revised in May 2020) with the mandate of: Industrialization Policy and Planning; Value Addition/Agro Processing; Quality Control including Industrial Standards; Investment Promotion Policy and Facilitation; Kenya Property Rights Policy (Patents, Trade Marks, Service Marks, and Innovation); Textile Sector Development; Leather Sector Development; Ease of Doing Business; Special Economic Zones and Industrial Parks; Industrial Training and Capacity Development; Enterprise Development and Innovation; SME Policy and Development; and SME Training.

The State Department undertook the following activities under the Corporate Social Responsibility for the year ended 30th June, 2021:

i). Sustainability strategy and profile -

The State Department spearheaded the facilitation of businesses and firms to continue with their operations amidst strict Covid-19 protocols. This was through the establishment of the Business Emergency Response Centre (BERC) that ensured continuity in supply of goods and services during the year. Operations Protocols covering trading markets operations, industry /firms operations, restaurants and hotels, bars and sale of alcoholic products were developed and rolled out.

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.

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In terms of implementing the Capital Projects, the Government signed a loan agreement with Government of Japan through JICA to support the development of Dongo Kundu Special Economic Zones, while the International Finance Corporation (IFC) has committed to support the Master Planning and Feasibility Study for Kisumu SEZ. In addition, the Department has signed financing agreement with the World Bank to support the implementation of the Kenya Industry Entrepreneurship Project which aims at supporting innovation and productivity improvement for select firms/SMEs.

ii). Environmental Performance

The State Department undertakes the reviewing and screening of Environment Impact Assessments and Strategic Environmental Assessment for all industrial projects both at 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 5,000 trees in the FY 2020/2021. The areas where planting of trees was carried out include: 31 County Industrial Development offices, Kenya Industrial Training Institute Nakuru, Nyambene Forest and public schools.

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;
- iv.) Facilitated leave management for all the employees including leave commutation, bereavement leave where possible; and
- v.) Undertook fumigation of offices as a measure to contain spread of Covid-19 virus in offices.

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;

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- iii.) Awarded Kshs 45 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.

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, Council of Governors among others.

Engagement areas for these association included: 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 guidelines in the wake of continued Covid-19 pandemic among other areas.

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5. 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 Industrialization is responsible for the preparation and presentation of the State Department of Industrialization's financial statements, which give a true and fair view of the state of affairs of the State Department of Industrialization for and as at the end of the financial year (period) ended on June 30, 2021. 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 of Industrialization; (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 of Industrialization; (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 Industrialization accepts responsibility for the State Department of Industrialization'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 of Industrialization's* financial statements give a true and fair view of the state of State Department of Industrialization's transactions during the financial year ended June 30, 2021, and of the State Department of Industrialization's financial position as at that date. The Accounting Officer in charge of the State Department for

**MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
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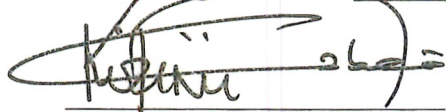
For the year ended 30, June 2021.

Industrialization further confirms the completeness of the accounting records maintained for the *State Department of Industrialization*, which have been relied upon in the preparation of the State Department of Industrialization'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 Industrialization confirms that the State Department of Industrialization has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the State Department of Industrialization'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 of Industrialization's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

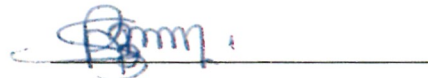
Approval of the financial statements

The State Department of Industrialization's financial statements were approved and signed by the Accounting Officer on _____ 2021.



Principal Secretary

Name: Amb. Kirimi P. Kaberia, CBS



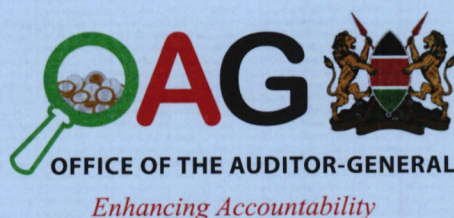
Principal Accounts Controller

Name: Ms. Rose Baraza

ICPAK Member Number: 5586

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR INDUSTRIALIZATION FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution 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 Industrialization set out on pages 1 to 30, which comprise of the statement of financial

Report of the Auditor-General on State Department for Industrialization for the year ended 30 June, 2021

assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation-recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects 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 Industrialization as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Motor Vehicles without Title Documents

Annex 4, the summary of fixed assets register reflects a total historical cumulative cost of assets of Kshs.390,303,201. However, the balance excludes 78 vehicles (36 vehicles at the headquarters and 42 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 vehicles, 75 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 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 vehicles.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

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.

2. Pending Bills

As previously reported, Notes 17.1 and 17.3 to the financial statements reflects pending bills amounting to Kshs.120,698,294 comprised of Kshs.22,753,616 for the State Department, Kshs.77,487,181 for Kenya Industrial Training Institute (KITI) and Kshs.20,457,497 due to other entities respectively, that were not settled in the year under review but were carried forward to the 2021/2022 financial year. 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 to that year's budget provision.

Other Information

The Management is responsible for the other information, which comprises State Department information and overall performance, statement of performance against the State Department's predetermined objectives, corporate social responsibility statement/sustainability reporting and statement of State Department Management responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Exchequer Releases Received After Year End

The statement of receipts and payments reflects Exchequer releases amounting to Kshs.4,409,619,069, as disclosed in Note 1 to the financial statements. Included in this figure is Kshs.528,363,136 relating to Exchequer released by The National Treasury to the State Department from 2 July, to 7 July, 2021 as summarized below;

Date Funds Received in the Bank Account	Vote	Amount (Kshs.)
2 July,2021	Recurrent	23,013,783
7 July,2021	Recurrent	59,050,695
7 July,2021	Development	446,298,658
Total		528,363,136

The delayed Exchequer releases may have affected the State Department's ability to implement its planned programmes, thus negatively impacting on service delivery to the public.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Report on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Failure to Provide Internal Audit Reports

During the audit, 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 Financial Management Regulations, 2015.

Further, the Management did not provide the Audit Committee minutes for audit review, contrary to Sections 166(2) and 179(1) of the Public Finance Management 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 was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the State Department's ability to continue sustaining 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.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the State Department for Industrialization policies and procedures may deteriorate.

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


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

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the 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 control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 March, 2022

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION

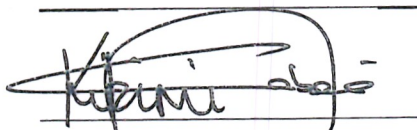
Annual Report and Financial Statements
For the year ended 30, June 2021.

7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH
JUNE 2021

	Note	2020- 2021 Kshs	2019- 2020 Kshs
RECEIPTS			
Transfers from National Treasury	1	4,409,619,069	9,174,623,868
Proceeds from Sale of Assets	2	26,434,832	26,962,245
Proceeds from foreign borrowings	3	98,563,699	-
TOTAL REVENUES		4,534,617,600	9,201,586,113
PAYMENTS			
Compensation of Employees	4	406,543,629	439,622,751
Use of goods and services	5	322,081,060	383,694,728
Transfers to Other Government Units	6	3,578,466,740	8,115,915,254
Social Security Benefits	7	3,500,392	175,365
Acquisition of Assets	8	259,306,144	130,498,443
TOTAL PAYMENTS		4,569,897,965	9,069,906,541
SURPLUS/DEFICIT		(35,280,365)	131,679,572

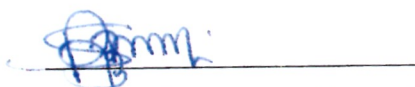
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department of Industrialization financial statements were approved on

_____ 2021 and signed by:



Principal Secretary

Name: Amb. Kirimi P. Kaberia, CBS



Principal Accounts Controller

Name: Ms. Rose Baraza

ICPAK Member Number: 5586

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION

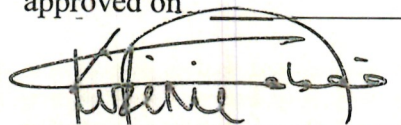
Annual Report and Financial Statements

For the year ended 30, June 2021.

8. STATEMENT OF ASSETS AND LIABILITIES AS STATEMENT OF ASSETS
AND LIABILITIES AS AT 30TH JUNE 2021

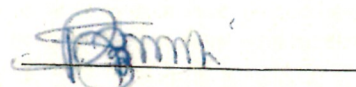
	Note	2020- 2021 Kshs	2019- 2020 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9A	117,145,511	168,798,873
Cash Balances	9B	49	23,849
Total Cash And Cash Equivalents		117,145,559	168,822,721
Accounts Receivables - Outstanding Imprest and Clearance Accounts	10	333,783	315,131
TOTAL FINANCIAL ASSETS		117,479,342	169,137,852
LESS: FINANCIAL LIABILITIES			
Accounts Payables - Deposits	11	20,457,497	31,830,892
NET FINANCIAL ASSETS		97,021,845	137,306,959
REPRESENTED BY			
Fund balance b/fwd	12	137,306,959	63,003,088
Prior year adjustments	13	(5,004,749)	(57,375,701)
Surplus/Defict for the year		(35,280,365)	131,679,572
NET FINANCIAL POSSITION		97,021,845	137,306,959

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department of Industrialization financial statements were approved on _____ 2021 and signed by



Principal Secretary

Name: Amb. Kirimi P. Kaberia, CBS



Principal Accounts Controller

Name: Ms. Rose Baraza

ICPAK Member Number: 5586

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION

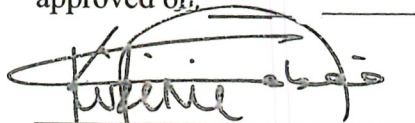
Annual Report and Financial Statements

For the year ended 30, June 2021.

9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2021


	Note	2020- 2021 Kshs	2019- 2020 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Transfers from National Treasury	1	4,409,619,069	9,174,623,868
		4,409,619,069	9,174,623,868
Payments for operating expenses			
Compensation of Employees	3	406,543,629	439,622,751
Use of goods and services	4	322,081,060	383,694,728
Transfers to Other Government Units	5	3,578,466,740	8,115,915,254
Social Security Benefits	6	3,500,392	175,365
		4,310,591,821	8,939,408,098
Adjusted for:			
Prior Year Adjustments	13	(5,004,749)	(57,375,701)
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	14	(18,652)	30,214,512
Increase/(Decrease) in Accounts Payable: (deposits and retention)	15	(11,373,396)	24,394,321
		82,630,451	232,448,902
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	26,434,832	26,962,245
Proceeds from foreign borrowings	3	98,563,699	-
Acquisition of Assets	7	(259,306,144)	(130,498,443)
Net cash flows from Investing Activities		(134,307,614)	(103,536,198)
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT			
		(51,677,162)	128,912,704
Cash and cash equivalent at BEGINNING of the year		168,822,721	39,910,016
Cash and cash equivalent at END of the year		117,145,559	168,822,721

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department of Industrialization financial statements were approved on _____ 2021 and signed by:



Principal Secretary

Name: Amb. Kiri P. Kaberia, CBS



Principal Accounts Controller

Name: Ms. Rose Baraza

ICPAK Member Number: 5586

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION
Annual Report and Financial Statements
For the year ended 30, June 2021.

10. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

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 Difference to Final Budget f=d/c %
RECEIPTS						
Exchequer releases	3,756,385,008	1,049,010,978	4,805,395,985	4,409,619,070	395,776,915	92%
Proceeds from Foreign Borrowings	1,015,000,000	-	1,015,000,000	98,563,698.80	916,436,301	10%
Proceeds from Sale of Assets	11,500,000	16,500,000	28,000,000	26,434,832	1,565,168	94%
Other Receipts	417,975,000	360,425,000	778,400,000	-	778,400,000	0%
Total Receipts	5,200,860,008	1,425,935,978	6,626,795,985	4,534,617,601	2,092,178,384	68%
Payments						
Compensation of Employees	197,573,690	211,025,000	408,598,690	406,543,629	2,055,061	99%
Use of goods and services	162,039,931	160,036,536	322,076,467	322,081,060	(4,593)	100%
Transfers to Other Government Units	4,224,525,884	1,052,590,000	5,277,115,884	3,578,466,740	1,698,649,144	68%
Social Security Benefits	1,768,960	1,768,960	3,537,919	3,500,392	37,527	99%
Acquisition of Assets	614,951,543	515,482	615,467,025	259,306,144	356,160,881	42%
Grand Total	5,200,860,008	1,425,935,978	6,626,795,985	4,569,897,965	2,056,898,020	69%
Surplus/Deficit				(35,280,364)	35,280,364	

Notes:

- Underutilisation in Proceeds from domestic borrowings of 80% was a result late submission of AIAs.
- Under Utilisation 90 % in Other Receipts was as a result of late submission of AIAs
- Underutilisation in transfers to other government entities of 22% was as a result late requests' from SAGAs
- Underutilisation in Acquisition of Assets of 48% was as a result of long procurement process

The changes between the original and final budget are as a result of increase in funding by Exchequer of KShs 1,425,935,978 and thus reallocation of the budget was necessary. The State Department of Industrialization financial statements were approved on

2021 and signed by:


Principal Secretary


Principal Accounts Controller

Name: Amb. Kirimi P. Kaberia, CBS

Name: Ms. Rose Baraza

ICPAK Member Number: 5586

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION
Annual Report and Financial Statements
For the year ended 30, June 2021.

11. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=d-c	% of Utilisation Difference to Final Budget f=d/c %
RECEIPTS						
Exchequer releases	1,131,623,756	1,049,010,978	2,180,634,733	2,180,624,736	9,997	100%
Proceeds from Sale of Assets	11,500,000	16,500,000	28,000,000	26,434,832	1,565,168	94%
Other Receipts	417,975,000	360,425,000	778,400,000	-	778,400,000	0%
Total Receipts	1,561,098,756	1,425,935,978	2,987,034,733	2,207,059,568	779,975,165	74%
PAYMENTS						
Compensation of Employees	197,573,690	211,025,000	408,598,690	406,543,629	2,055,061	99%
Use of goods and services	162,039,931	160,036,536	322,076,467	322,081,060	(4,593)	100%
Transfers to Other Government Units	1,199,200,693	1,052,590,000	2,251,790,693	1,473,279,193	778,511,500	65%
Social Security Benefits	1,768,960	1,768,960	3,537,919	3,500,392	37,527	99%
Acquisition of Assets	515,482	515,482	1,030,964	1,030,654	310	100%
Grand Total	1,561,098,756	1,425,935,978	2,987,034,733	2,206,434,928	780,599,805	74%
Surplus/Deficit				624,640	(624,640)	

Notes:

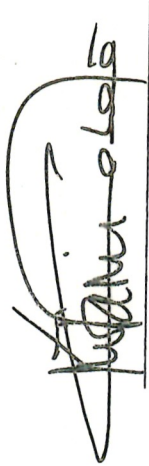
- i. Under Utilisation of 0% in Other Receipts was as a result of late submission of AIAs
- ii. Underutilisation in transfers to other government entities of 65% was as a result late requests' from SAGAs

The changes between the original and final budget are as a result of reduction in funding by Exchequer of KShs 1,425,935,978 and thus reallocation of the budget was necessary

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.7.23. The totals of actual on comparable basis under the recurrent and development statement should equal to the total on actual on comparable basis under the Combined Summary Statement of Appropriation.)

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION
Annual Report and Financial Statements
For the year ended 30, June 2021.

The State Department of Industrialization financial statements were approved on _____ 2021 and
signed by:



Principal Secretary

Name: Amb. Kirimi P. Kaberia, CBS



Principal Accounts Controller

Name: Ms. Rose Baraza

ICPAK Member Number: 5586

**MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION
Annual Report and Financial Statements
For the year ended 30, June 2021.**

12. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

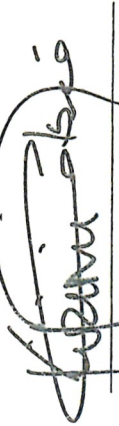
Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Exchequer releases	2,624,761,252	-	2,624,761,252	2,228,994,334	395,766,918	85%
Proceeds from Foreign Borrowings	1,015,000,000	-	1,015,000,000	98,563,698.80	916,436,301	10%
Total Receipts	3,639,761,252	-	3,639,761,252	2,327,558,033	1,312,203,219	64%
Payments						
Transfers to Other Government Units	3,025,325,191	-	3,025,325,191	2,105,187,547	920,137,644	70%
Acquisition of Assets	614,436,061	-	614,436,061	258,275,490	356,160,571	42%
Grand Total	3,639,761,252	-	3,639,761,252	2,363,463,037	1,276,298,215	65%
Surplus/Deficit				(35,905,004)	35,905,004	

Notes:

- Underutilisation in Proceeds from foreign borrowings of 10% was a result late submission of AIAs.
- Under Utilisation of 85% in exchequer releases was as a result of lack of funding by the National Treasury
- Underutilisation in transfers to other government entities of 70% was as a result late requests' from SAGAs
- Underutilisation in Acquisition of Assets of 42% was as a result of long procurement process.

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23. The totals of actual on comparable basis under the recurrent and development statement should equal to the total on actual on comparable basis under the Combined Summary Statement of Appropriation.)

The State Department of Industrialization financial statements were approved on _____ 2021 and signed by:



Principal Secretary

Name: Amb. Kirimi P. Kaberia, CBS



Principal Accounts Controller

Name: Ms. Rose Baraza

ICPAK Member Number: 5586

Annual Report and Financial Statements
For the year ended 30, June 2021.

13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
301000000	301010000	General Administration Planning	903,683,511	539,663,381	364,184,523
302000000		Industrial Development and Promotion of Industrial Development	903,683,511	539,663,381	364,184,523
	302010000	Promotion of Industrial Development	3,051,364,612	1,954,843,606	1,102,122,847
	302030000	Promotion of Industrial Training	2,800,522,072	1,697,111,832	1,102,645,052
303000000		Standards and Business Incubation	250,842,541	257,731,774	-522,204
	303010000	Standardization, Metrology and Business financing & incubation for	2,671,747,862	2,075,390,978	596,356,884
	303020000	Promotion of Industrial Products	249,610,000	122,048,500	127,561,500
	303030000	Industrial Research, Development and	1,443,402,040	1,000,618,502	442,783,538
	303040000		976,000	964,154	11,846
		Grand Total	977,759,822	951,759,822	26,000,000
			6,626,795,985	4,569,897,965	2,062,664,254

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the State Department of Industrialization's budgets which are programme based. Ensure that this document is completed to enable consolidation by the National Treasury)

The State Department of Industrialization financial statements were approved on _____ 2021 and signed by:



Principal Secretary

Name: Amb. Kirimi P. Kaberia, CBS



Principal Accounts Controller

Name: Ms. Rose Baraza

ICPAK Member Number: 5586

**MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION**

*Annual Report and Financial Statements
For the year ended 30, June 2021.*

14. 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 of Industrialization

The financial statements are for the State Department of Industrialization. The financial statements encompass the reporting as specified under section 81 of the PFM Act 2012 and also 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.

**MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION**

Annual Report and Financial Statements

For the year ended 30, June 2021.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Significant Accounting Policies

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

a) Recognition of Receipts

The State Department of Industrialization recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the State Department of Industrialization.

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 of Industrialization)

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 of Industrialization.

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 of Industrialization 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. A similar recognition criteria is applied for loans received in the form of a direct payment.

**MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION**

Annual Report and Financial Statements

For the year ended 30, June 2021.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

During the year ended 30th June 2021, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

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 of Industrialization recognises all payments when the event occurs, and the related cash has been paid out by the State Department of Industrialization.

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.

**MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION**

Annual Report and Financial Statements

For the year ended 30, June 2021.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of Industrialization and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

5. In-kind contributions

In-kind contributions are donations that are made to the State Department of Industrialization 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 of Industrialization 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 highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

**MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION**

Annual Report and Financial Statements

For the year ended 30, June 2021.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 30th June 2021, this amounted to Kshs 20,457,497 compared to Kshs 31,830,892 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. 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.

**MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION**

Annual Report and Financial Statements

For the year ended 30, June 2021.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of Industrialization 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 2020 for the period 1st July 2020 to 30th June 2021 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 of Industrialization 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.

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 30th June 2021.

**MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR INDUSTRIALIZATION**

Annual Report and Financial Statements

For the year ended 30, June 2021.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of Industrialization 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 of Industrialization; 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 Industrialization does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. and *Annex 7* of this financial statement is a register of the contingent liabilities in the year..

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15. NOTES TO THE FINANCIAL STATEMENTS

1 Exchequer Releases

Description	2020- 2021 Kshs	2019- 2020 Kshs
Total Exchequer Releases for quarter 1	1,687,637,179	2,512,740,700
Total Exchequer Releases for quarter 2	491,560,763	868,673,023
Total Exchequer Releases for quarter 3	649,828,099	4,805,610,559
Total Exchequer Releases for quarter 4	1,580,593,028	987,599,586
TOTAL	4,409,619,069	9,174,623,868

(During the year the ministry was to receive KShs 6,626,795,985, however, it received 4,409,619,069 falling short by KShs 2,217,176,916).

2 Proceeds from Sale of Assets

These represent receipts that are obtained from selling assets owned by the State Department

Description	2020- 2021 Kshs	2019- 2020 Kshs
Receipts from the Sale of Inventories, Stocks and Commodities	26,434,832	26,962,245
TOTAL	26,434,832	26,962,245

3 Proceeds from Domestic Borrowings

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

Description	2020- 2021 Kshs	2019- 2020 Kshs
Foreign Borrowing-Direct Payments	98,563,699	-
TOTAL	98,563,699	-

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.

Description	2020- 2021 Kshs	2019- 2020 Kshs
Basic salaries of permanent employees	246,970,039	250,212,220
Personal allowances paid as part of salary	159,573,590	189,223,885
Personal allowances paid as reimbursements	-	186,646
TOTAL	406,543,629	439,622,751

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5 Use of Goods and Services

These comprise the total value of goods and services consumed.

	2020- 2021	2019- 2020
	Kshs	Kshs
Utilities, supplies and services	33,655,703	33,855,912
Communication, supplies and services	1,414,566	2,844,387
Domestic travel and subsistence	6,873,097	29,034,947
Foreign travel and subsistence	1,054,600	9,325,497
Printing, advertising and information supplies & services	1,079,701	3,583,068
Rentals of produced assets	118,010,682	118,525,055
Training expenses	15,194,382	25,066,837
Hospitality supplies and services	2,198,204	10,192,246
Specialised materials and services	93,124,848	79,613,175
Office and general supplies and services	10,543,905	10,501,048
Other operating expenses	26,179,112	45,728,588
Routine maintenance – vehicles and other transport equipment	6,699,104	4,242,093
Routine maintenance – other assets	1,673,693	4,570,705
Fuel Oil and Lubricants	4,379,462	6,611,170
TOTAL	322,081,060	383,694,728

6 Grants and Transfers to other Government Entities

Description	2020- 2021	2019- 2020
	Kshs	Kshs
(SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)	1,473,279,193	1,884,095,000
See attached list	2,105,187,547	6,231,820,254
TOTAL	3,578,466,740	8,115,915,254

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		2020- 2021
	Kshs	Kshs	
Transfers to SAGAs and SCs			
Kenya Investment Authority	226,510,000	-	226,510,000
Scrape Metal Council	11,638,500	-	11,638,500
Numeric Machining Complex Limited	144,060,000	59,148,916	203,208,916
Export Processing Zones Authority	89,460,000	147,872,292	237,332,292
Special Economic Zone Authority	20,370,000	569,052,947	589,422,947
Kenya Industrial Estates Limited	279,540,000	712,152,956	991,692,956
Kenya Industrial Research and Development Institution	591,290,693	360,469,129	951,759,822
RIVATEX	-	256,491,307	256,491,307
Kenya Accreditation Services	110,410,000	-	110,410,000
TOTAL	1,473,279,193	2,105,187,547	3,578,466,740

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

	2020- 2021	2019- 2020
	Kshs	Kshs
Government pension and retirement benefits	3,500,392	175,365
TOTAL	3,500,392	175,365

(Social Security benefits relate to medical and life assurance for staff deployed in highly volatile areas by the State Department)

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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

	2020- 2021	2019- 2020
	Kshs	Kshs
Refurbishment of Buildings	532,041	2,638,642
Purchase of Vehicles and Other Transport Equipment	45,000,000	-
Purchase of Office Furniture and General Equipment	498,613	489,167
Construction and Civil Works	25,000,000	
Research, Studies, Project Preparation, Design & Supervision	188,275,490	127,370,634
TOTAL	259,306,144	130,498,443

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9A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	2020- 2021		2019- 2020	
			Kshs		Kshs	
Central Bank of Kenya, 87038023,KShs	Ksh	Reccurent	529,662		4,385,672	
Central Bank of Kenya, 87056980,KShs	Ksh	Development	107,860		378,851	
Central Bank of Kenya, 87134823,KShs	Ksh	Deposit	6,215,613		15,747,723	
Central Bank of Kenya, 30861002,KShs	Ksh	Project	96,050,492		132,203,457	
kenya commercial Bank-1112977716 KITI,Kshs	Ksh	Deposit	14,241,884		16,083,169	
Total			117,145,511		168,798,873	

9B: cash in hand

	2020- 2021		2019- 2020	
	Kshs		Kshs	
Cash in Hand – Held in domestic currency	49		23,849	
TOTAL	49		23,849	

Cash in hand should also be analysed as follows:

	2020- 2021		2019- 2020	
	Kshs		Kshs	
	49		23,849	
TOTAL	49		23,849	

(Board of survey certificates Attached)

10: Accounts Receivable

Description	2020- 2021		2019- 2020	
	Kshs		Kshs	
Government Imprests	-		240,226	
District suspense	333,783		74,904	
TOTAL	333,783		315,131	

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.

	2020- 2021		2019- 2020	
	Kshs		Kshs	
Deposits	6,215,613		15,747,723	
Deposits-KITI	14,241,884		16,083,169	
TOTAL	20,457,497		31,830,892	

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12. Fund Balance Brought Forward

	2020- 2021	2019- 2020
	Kshs	Kshs
Bank accounts	168,798,873	39,774,514
Cash in hand	23,849	135,503
Receivables - Outstanding Imprests	315,131	30,529,643
Payables - Deposits	(31,830,892)	(7,436,572)
TOTAL	137,306,959	63,003,088

These are the fund balances that were brought forward from FY 2019/20. 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	Adjustments	Adjusted Balance b/f
	FY 2020/2021 as per		FY 2020/2021
	Financial statements		
	Kshs	Kshs	Kshs
Bank account Balances	168,798,873	(4,764,523)	164,034,350
Cash in hand	23,849	-	23,849
Receivables	315,131	(240,226)	-
Accounts Payables	(31,830,892)	-	(31,830,892)
	137,306,959	(5,004,749)	132,227,306

****** (The adjusted balances are not carried down on the face of the financial statement. They relate to Bank balances swept to the exchequer/receivables surrendered during the year.

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

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14.(Increase)/ Decrease in Receivable

Description of the error	2020- 2021 KShs	2019- 2020 KShs
Opening Accounts Receivables as at 1 st July 2020	315,131	30,529,643
Closing Accounts Receivables as at 30 th June 2021	333,783	315,131
Change in Accounts Receivables	(18,652)	30,214,512

15. Increase/ (Decrease) in Accounts Payable

Description of the error	2020-2021 KShs	2019-2020 KShs
Opening Accounts Payables as at 1 st July 2020	31,830,892	7,436,572
Closing Accounts payables as at 30 th June 2021	20,457,497	31,830,892
Change in Accounts payables	(11,373,396)	24,394,321

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 of Industrialization*)

- 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:

	2020-2021 Kshs	2019-2020 Kshs
Key Management Compensation	-	-
<u>Transfers to related parties</u>		
Transfers to SCs and SAGAs	3,578,466,740	8,115,915,254
Transfers to Development Project	122,157,715	252,492,639
Total Transfers to related parties	3,700,624,455	8,368,407,893
<u>Transfers from related parties</u>		
Transfers from the Exchequer	4,409,619,069	9,174,623,868
Total Transfers from related parties	4,409,619,069	9,174,623,868

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Other Important Disclosures

17.1: Pending Accounts Payable (See Annex 1)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Construction-KITI Civil works	39,806,815.35	7,774,349	25,000,000	22,581,164.35
Supply of goods	40,175,940	27,219,413	38,691,666	28,703,687
				26,202,330
Total-KITI	79,982,755	34,993,762	63,691,666	77,487,181.35
Supply of goods-SDI	20,126,677		2,732,200	17,394,477
Supply of services-SDI	5,753,039.65		393,901	5,359,138.65
Total-SDI	25,879,716.65		3,126,101	22,753,615.65

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 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to third parties	31,830,892	-	(11,373,395)	20,457,497
Total	31,830,892	-	(11,373,395)	20,457,497

17.4 External Assistance

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as loans and grants	102,500,265	177,492,638
Total	102,500,265	177,492,638

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b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2020/2021	FY 2019/2020
Description		Kshs	Kshs
Undrawn external assistance - loans		4,438,899	86,870.35
Total		4,438,899	86,870.35

c).Classes of providers of external assistance

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
International assistance organization	102,500,265	177,492,638
Total	102,500,265	177,492,638

Provide details of the reasons for external assistance e.g. Economic development or welfare objective, Emergency relief, Trading activities

d. Purpose and use of external assistance

	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Compensation of Employees	17,750,000	17,800,000
Use of goods and services	108,924,181	96,461,072
Transfers to Other Government Units	31,600,000	-
Acquisition of Assets	-	6,028,109
TOTAL	158,274,181	120,289,181

N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used.

17.5 Contingent Liabilities

No contingent liabilities existed during the year.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
1463	Unsupported Acquisition of Assets			
	As reflected in the statement of receipts and payments, the Department made payments totaling Kshs. 130,498,443 under acquisition of assets. However, five payment vouchers for payments totaling Kshs. 6,808,960 were not provided for audit review. Consequently, it has not been possible to confirm the accuracy and validity of Kshs. 6,808,960 included in the reported expenditure on acquisition of assets.	It is true that payment vouchers for payments totaling Kshs. 6,808,960 were not availed for audit review on time. This was due to a mix-up in our filing system and by the time the vouchers were retrieved, the verification exercise had already been concluded. The vouchers have however been availed to the officers from the Office of Auditor General and have been verified.	Resolved	
1464	Unsupported Payments for Foreign and Domestic Travels			

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	<p>The statement of receipts and payments reflects use of goods and services expenditure of Kshs. 383,694,728 which, as disclosed in Note 4 to the financial statements, includes Kshs. 29,034,947 and Kshs. 9,325,497 relating to domestic and foreign travel and subsistence respectively. The State Department paid an amount of Kshs. 3,200,025 to three (3) tour and travel firms for local and foreign travels. However, supporting documents including copies of air tickets and boarding passes, copies of motor vehicle work tickets and imprest surrender vouchers were not provided for audit review. Consequently, the accuracy and validity of the expenditure of Kshs. 3,200,025 could not be confirmed.</p>	<p>It is true that Kshs.3,200,025 was paid to three (3) tour and travel firms for local and foreign travel who are pre-qualified travel agents for air ticketing (Merchants). On the issue of surrender of imprest and the supporting documents, I want to inform the committee that these documents are available and was provided to the officers from the office of the Auditor General for verification.</p>	<p>Resolved</p>	
<p>1465</p>	<p>Unsupported and Wrong Classification of Foreign and Domestic Travel Costs</p>			

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	<p>Included in the transfers to other Government units' balance of Kshs. 8,115,915,254 is Kshs. 3,907,211 paid to a tour and travel firm on 13 December, 2019 vide payment voucher No.285 for invoices dated between 2016 and 2018. Most of the payments related to foreign travel by the former Cabinet Minister and his assistants. However, there was no evidence that the firm was subjected to competitive bidding and approval for budget re-allocation was not provided. Further, clearance by the Head of Public Service and the surrender of imprests issued to the officers for the travel were not availed for audit review. In the circumstances, it has not been possible to confirm the accuracy, validity, value for money and correct classification of the Kshs. 3,907,211 paid to the tour and travel firm.</p>	<p>It is true, we paid Ksh. 3,907,211 to the tour and travel firm which was one of the pre-qualified travel agent for air ticketing (merchants). This was a historical pending bill incurred in the financial year 2016/2017 and was part of the observation in the management letter for year ended 30th June 2019. On the issue of surrender of imprest and the supporting documents, these documents are available and was provided to the officers from the office of the Auditor General for verification.</p>		
1466	Unresolved Prior Year Audit Matters			

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	As disclosed under the progress on follow up of prior years' audit recommendations section of the financial statements, matters raised in the previous financial years, remained unresolved as at 30 June, 2020.	All the matters raised during the financial year 2018/2019 were cleared by the external audit office thus do not appear in the final audit report of the financial year 2019/2020. The previous outstanding matter for the financial year 2017/2018(Transfer to other government Units and other grants and Transfers) was resolved in The Public Accounts Committee Report adopted by the house on 24th June, 2021 paragraph 1144 (3) on the Committee observation and findings	Resolved
1467	Pending Bills		
	Notes 16.1 and 16.2 to the financial statements reflects pending bills amounting to Kshs.120,814,328 comprised of Kshs.25,083,850 for the State Department, Kshs.79,982,755 for Kenya Industrial Training Institute (KITI) and Kshs.15,747,723 due to other entities respectively, that were not settled in the year under review but were carried forward to the 2020/2021 financial year. 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 to that year's budget Provision.	The Pending bills were as a result of lack of exchequer from The National Treasury, some of the pending bills were cleared during the financial year 2020/2021.	Not Resolved

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1468	Budgetary Performance and Control			
	<p>As reflected in the summary statement of appropriation - recurrent and development combined, the State Department had a budgeted revenue of Kshs.11,178,346,155 but received Kshs.9,201,586,113 resulting to under-collection of Kshs.1,976,760,042 or 18%. Similarly, the State Department's actual expenditure for the year amounted to Kshs.9,069,906,541 against budgeted expenditure of Kshs.11,178,346,155 resulting in an overall under absorption of Kshs.2,108,439,614 or 19% of the budgeted amount. Management attributed the under expenditure to delayed Exchequer releases. The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>As a State Department, we rely on Treasury for release of exchequer to be able to implement government programs and offer services to the public. It is true that during the year under review, the State Department had an under absorption of Kshs. 1,006,068,979 or 15% of the approved budget. This was however due to lack of exchequer from the National Treasury.</p>	Not Resolved	
1469	Delay in Exchequer Releases			
	<p>The Department received Exchequer releases amounting to Kshs. 445,748,433 from The National Treasury in the month of June and July 2020 .The delay may have negatively affected timely implementation of the programmes of the State Department and provision of services to the public.</p>	<p>It is true,we received the exchequers from The National Treasury late but the requisition was done on time.</p>	Not Resolved	

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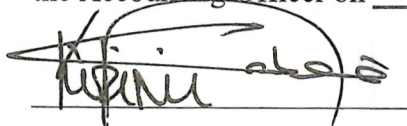
For the year ended 30, June 2021.

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your State Department of Industrialization responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

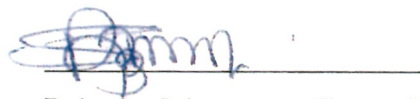
Approval of the financial statements

The State Department of Industrialization’s financial statements were approved and signed by the Accounting Officer on _____ 2021.



Principal Secretary

Name: Amb. Kirimi P. Kaberia, CBS



Principal Accounts Controller

Name: Ms. Rose Baraza

ICPAK Member Number: 5586

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ANNEXES

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
	A	B	c	d=a-c		
Supply of goods						
1. Minimix Agencies	285,228	30/6/2021	-	285,228	-	No exchequer
2. Hublink Agencies	425,000	15/6/2020	-	425,000	425,000	No exchequer
3. Fraima Investment	415,800	15/6/2020	-	415,800	415,800	No exchequer
4. Highlandsfall Investments	440,000	15/6/2020	-	440,000	440,000	No exchequer
5. Trendmart General Supplies	412,500	15/6/2020	-	412,500	412,500	No exchequer
6. Deboma agencies	499,000	7/1/2020	-	499,000	499,000	No exchequer
7. Afrokent Office Equipment	1,545,000	15/6/2020	-	1,545,000	1,545,000	No exchequer
8. Emart Services	1,311,500	15/6/2020	-	1,311,500	1,311,500	No exchequer
9. Robi agencies	506,500	10/6/2020	-	506,500	506,500	No exchequer
10. Trojan general supplies	375,000	15/6/2020	-	375,000	375,000	No exchequer
11. Truesence logistics	425,000	11/6/2020	-	425,000	425,000	No exchequer

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
12. Minimix agencies	589,950	12/06/2020	-	589,950	589,950	No exchequer
13. Lamdak ltd	492,000	15/06/2020	-	492,000	492,000	No exchequer
14. Emart enterprise	530,000	9/6/2020	-	530,000	530,000	No exchequer
15. Jaycode	555,000	15/6/2020	-	555,000	555,000	No exchequer
16. Arindo enterprise	540,000	15/6/2020	-	540,000	540,000	No exchequer
17. Ramumbi business solution	375,000	15/6/2020	-	375,000	375,000	No exchequer
18. Sansermolo	360,000	12/6/2020	-	360,000	360,000	No exchequer
19. Spatred Kenya ltd	1,065,000	15/6/2020	-	1,065,000	1,065,000	No exchequer
20. MFI documents solutions	1,644,648	15/6/2020	-	1,644,648	1,644,648	No exchequer
21. Milakot	480,000	9/6/2020	-	480,000	480,000	No exchequer
22. Afrokent Office Equip	927,000	5/6/2020	-	927,000	927,000	No exchequer
23. EMART	747,200	20/6/2020	-	747,200	747,200	No exchequer
24. Jenmea enterprises	495,000	15/6/2020	-	495,000	495,000	No exchequer
25. MFI document solutions	548,216	9/6/2020	-	548,216	548,216	No exchequer
26. MUSART agencies	480,000	11/6/2020	-	480,000	480,000	No exchequer
27. Unikem Enterprises	500,000	12/6/2020	-	500,000	500,000	No exchequer
28. Minimix agencies	424,935	30/6/2020	-	424,935	424,935	No exchequer

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<i>Supplier of Goods or Services</i>	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
29. Face investment	95,000	9/6/2020	95,000	-	95,000	No exchequer
30. Rosebe enterprise	125,000	15/6/2020	125,000	-	125,000	No exchequer
31. Face investment	180,000	15/6/2020	180,000	-	180,000	No exchequer
32. Patreda Global enterprises	202,500	15/6/2020	202,500	-	202,500	No exchequer
33. Eloiti enterprises	202,500	12/6/2020	202,500	-	202,500	No exchequer
34. Kaigi enterprises	240,000	15/6/2020	240,000	-	240,000	No exchequer
35. Wellington enterprises	295,000	15/6/2020	295,000	-	295,000	No exchequer
36. Doro Supplies	300,000	9/6/2020	300,000	-	300,000	No exchequer
37. Baselink group ltd	316,200	5/6/2020	316,200	-	316,200	No exchequer
38. Friends and Fowz ltd	351,000	20/6/2020	351,000	-	351,000	No exchequer
39. Dowaka global agencies	425,000	15/6/2020	425,000	-	425,000	No exchequer
40.						No exchequer
Sub-Total	20,126,677		2,732,200	17,394,477	19,841,449	No exchequer
Supply of services						No exchequer
41. Simba corporation	372,148.65	25/6/2021	-	372,148.65		No exchequer
42. Pago airways travel service ltd	137,690	4/6/2021	-	137,690		No exchequer
43. Elite times Ventures	1,525,120	24/11/2020	-	1,525,120	1,525,120	No exchequer

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
44. Kenya safari lodge	348,000	2/12/2019	-	348,000	348,000	No exchequer
45. Kisumu hotel	250,000	3/1/2020	-	250,000	250,000	No exchequer
46. Samo agencies	642,000	10/6/2020	-	642,000	642,000	No exchequer
47. Samo agencies	495,000	9/6/2020	-	495,000	495,000	No exchequer
48. Nation media	263,320	17/3/2020	-	263,320	263,320	No exchequer
49. KITI	530,000	29/1/2020	-	530,000	530,000	No exchequer
50. Burchs resort	332,500	5/3/2020	-	332,500	332,500	No exchequer
51. Chief mechanical and transport	41,360	28/6/2019	-	41,360	41,360	No exchequer
52. Kitui multipurpose development centre	180,000	14/2/2020	-	180,000	180,000	No exchequer
53. Jehova Jire hotel	242,000	6/2/2020	-	242,000	242,000	No exchequer
54. Elite times Ventures	37,980	3/1/2020	37,980	-	37,980	No exchequer
55. Pharrel travels ltd	42,392	10/6/2020	42,392	-	42,392	No exchequer
56. Pago airways travel service ltd	45,430	9/6/2020	45,430	-	45,430	No exchequer
57. Pharrel travels ltd	51,800	17/3/2020	51,800	-	51,800	No exchequer
58. Elite times Ventures	61,360	29/1/2020	61,360	-	61,360	No exchequer
59. Pharrel travels ltd	154,939	5/3/2020	154,939	-	154,939	No exchequer
Sub-Total	5,753,039.65		393,901	5,359,138.65	5,243,201	

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<i>Supplier of Goods or Services</i>	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Grand Total	25,879,716.65		3,126,101	22,753,615.65	25,084,650	

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES-Attached

No Pending staff Payables as 30th June 2021

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES-Attached

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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES-Attached

ANALYSIS OF THE DEPOSIT CASH BOOK AS AT 30TH JUNE 2021	
INVESTMENT PARK	1,000,000.00
2ND MANUFACTURING EXPO	675,000.00
UNSPENT A.I.E	4,217.00
SALARY DEDUCTION	273,267.65
TRANSFER FROM OLD CASH BOOK	454,245.75
AFRICA INDUSTRIALIZATION DAY	-37,874.00
REGIONAL INTEGRATION & IMPLEMENTATION PROGRAMME (R.I.I.P)	2,329,348.00
NAIROBI INTERNATIONAL TRADE FAIR	8,000.00
A . I . A	2,000.00
2ND COMMONWEALTH SMALL & MEDIUM ENTERPRISE TRADE SUMMIT	594,500.00
AFFORESTATION & GREENING PROJECT	180,000.00
DIRECTORS FEES	480,000.00
RETENTION MONEY	252,908.35
KITI-DEPOSIT	14,241,884
TOTAL CASH AND BANK BALANCE	20,457,496.75

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f	Additions during the year (K.shs)	Disposals during the year (K.shs)	Historical Cost c/f
	(K.shs)			(K.shs)
Buildings and structures	130,009,276	214,306,144	-	344,315,420
Other Equipments	-	45,000,000	-	45,000,000
Office equipment, furniture and fittings	489,167	498,613	-	987,780
Total	130,498,443	259,804,758	-	390,303,201

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 8 on acquisition of assets during the year. Ensure this section is complete and covers all the State Department of Industrialization'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 OF INDUSTRIALIZATION (State Department of Industrialization)

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these Financial Statements (yes/no)
1	Kenya Industry and Entrepreneurship Project (KIEP)	To increase innovation and productivity in selected private firms	Amb. Kirimi P. Kaberia, CBS	Yes

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

Description	Recurrent Development		2020-2021 Kshs
	Kshs	Kshs	
Transfers to SAGAs and SCs			-
Kenya Investment Authority	226,510,000	-	226,510,000
Scrape Metal Council	11,638,500	-	11,638,500
Numeric Machining Complex Limited	144,060,000	59,148,916	203,208,916
Export Processing Zones Authority	89,460,000	147,872,292	237,332,292
Special Economic Zone Authority	20,370,000	569,052,947	589,422,947
Kenya Industrial Estates Limited	279,540,000	712,152,956	991,692,956
Kenya Industrial Research and Development Institution	591,290,693	360,469,129	951,759,822
RIVATEX	-	256,491,307	256,491,307
Kenya Accreditation Services	110,410,000	-	110,410,000
TOTAL	1,473,279,193	2,105,187,547	3,578,466,740

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ANNEX 7 – CONTINGENT LIABILITIES REGISTER-

No Contingent Liabilities during the Year.

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ANNEX 8- REPORTS GENERATED FROM IFMIS

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

- 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

