

REPUBLIC OF KENYA



24 JUL 2018

OFFICE OF THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

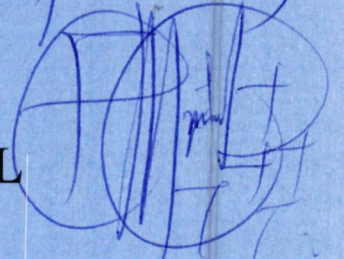
THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
OCCUPATIONAL SAFETY AND HEALTH
FUND**

**FOR THE YEAR
ENDED 30 JUNE 2017**

Paper laid on the
Table of the House
by the leader of the
Majority Party on
24th July 2018
(Afternoon)





**NATIONAL GOVERNMENT ENTITY
MINISTRY OF EAST AFRICAN COMMUNITY (EAC), LABOUR AND SOCIAL PROTECTION
DEPARTMENT FOR LABOUR–OCCUPATIONAL SAFETY AND HEALTH FUND.**

ANNUAL REPORT AND FINANCIAL STATEMENTS.

**FOR THE FINANCIAL YEAR ENDED,
JUNE 30, 2017**

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

Table of Content

Page

I.	KEY ENTITY INFORMATION AND MANAGEMENT.....	2
II.	STATEMENT OF MANAGEMENT RESPONSIBILITIES.....	10
III.	REPORT OF THE AUDITORS GENERAL ON THE MINISTRY OF LABOUR, SOCIAL SECURITY AND SERVICES	11
IV.	STATEMENT OF RECEIPTS AND PAYMENTS.....	12
V.	STATEMENT OF ASSETS	13
VI.	STATEMENT OF CASHFLOW.....	14
VII.	SUMMARY STATEMENT OF APPROPRIATION:	15
VIII.	SIGNIFICANT ACCOUNTING POLICIES.....	16
IX.	NOTES TO THE FINANCIAL STATEMENTS.....	18
X.	PROGRESSION FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	21

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

Vision: A globally competitive workforce and a decent environment.

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

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

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

(c) Key Management

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

NATIONAL COUNCIL OCCUPATIONAL FOR SAFETY AND HEALTH



Dr. Khadijah Kassachoon, CBS
**Principal Secretary, State
Department for Labour
Ministry of Labour and
Social Protection**

Dr. Khadijah Kassachoon, CBS, is the Principal Secretary, State Department for Labour, Ministry of Labour and Social Protection.

She is currently undertaking PhD in Business Management at the University of Nairobi. she has Masters in Business Administration, University of Nairobi – Majored in International Business- she holds a Bachelor of Veterinary Medicine from University of Nairobi.

Dr. Kassachoon worked at the Kenya Bureau of Standards (KEBS) as a manager and as a Chief Executive Officer, Kenya Accreditation Services (KENAS). She has also worked for UNIDO as Regional Coordinator for East Africa Community on Trade Capacity Building.

She joined the Civil Service in 2013 as Principal Secretary Ministry of Agriculture, Livestock and Fisheries, State Department of Livestock. Later in the year 2014 and 2016 transferred to Ministry of Health and Ministry of Labour and East Africa Affairs respectively in the same capacity.

Dr. Kassachoon is an expert in management systems and accreditation.

Council Members



Patrick Koinari Ole Tutui
Chairman

He is a government approved Safety and Health Advisor and was previously working with Kenya Ports Authority in the positions of Senior Electrical Superintendent, Senior Engineering Technician and Engineer Cadet through the years 1982 to 2002 where he left KPA as safety programmes coordinator.

He has a Higher National Diploma and Bsc in Electrical and Electronics Engineering



Samuel Thuita
Ag. Dir. DOSHS (Secretary)

He is acting Director and Secretary to NACOSH.

He has Bachelors degree in Chemistry and Biochemistry and Masters degree in Occupational Safety and Health. He has worked in the field of Occupational Safety and Health since 1979 as an Occupational Safety and Health Officer.



Charles O. Nyangute
Private Member

He is a holder of Business Administration Masters Degree from Brimingham University UK. Bachelor of Business Administration from Spicer Memorial College.

He has worked as a Trade Development Officer in the Ministry of Commerce. He has also worked as Industrial Development Officer in United Nations Industrial Development Organization (UNIDO). He has worked as Senior Management Programmes Manager in FKE and he is currently a managing partner of Devconsult Management Consultant.



Eng. David Onyango
FKE(Member)

He has a degree in Engineering and was nominated to NACOSH by FKE.



Gamaliel O. Omondi
Min. of Health (Member)

He works with Ministry of Health and was nominated to NACOSH by the Ministry of Health.



Pius W. Makhonge
Private Member

He has a master degree in Occupational Safety and Health and a bachelor degree in Chemistry and Bio Chemistry. He was a former Director of DOSH and retired. He is currently an authorised Safety and Health Advisor, Fire Safety Auditor and Air Quality Monitor. He also consults in Occupational Safety and Health.



Susan Wambu Kihuga
(Private Member)

She an expert nurse at the International Rescue Committee. She has Masters in Occupational Health and Safety. She has been an Occupational Safety and Health Officer for the United Nations Missions since 2008.



James Welimo
Gov. Chemist (Member)

He works with Government Chemist Department. He has a Bachelor Degree in Science and Chemistry. He is currently engaged in the Forensics Toxicology in the Government Chemist Department.



James T. Gatungu
KNBS (Member)

He works for Kenya Bureau of statistics and has previously worked with the Ministry of Trade and Industry. He has Bsc in Statistics and Computer Science and a Master of Arts Degree.



Willis Okoth;
NACOSTI (Member)

Has a masters Degree in Cell and Molecular Biology and a Bsc in Bio Chemistry and Zoology. He was nominated to NACOSH by National Commission for Science, Technology and Innovation (NACOSTI)



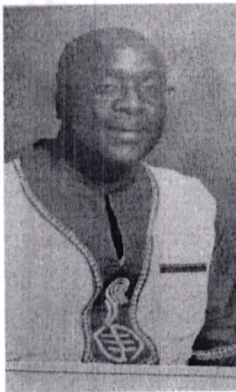
Mary Azegele
IRA (Member)

She is perusing a Doctorate in Business Leadership. She has a masters in Human Resource Management and a Bachelor of Science degree. She currently works at Insurance Regulatory Authority as a Senior Human Capital Development officer.



Christopher Kibet
KEBS (Member)

He works with Kenya Bureau of Standards. He was nominated to NACOSH by KEBS .



Zephania Ouma
NEMA (Member)

He was nominated by NEMA to NACOSH. He has a Bsc in Bio Chemistry and MSc in Waste Management and Contaminated Sites. He is currently working with NEMA Kenya.



Charles Mburu
JKUAT (Member)

He currently works with JKUAT. He is pursuing a Phd in Occupational Safety and Health. He was nominated to NACOSH by Institution of Higher Learning. He is also an approved Safety and Health Advisor.



Moses N. Kimani
AKI (Member)

He has a Bsc in Business Administration and he is currently working with Pioneer Insurance. He was nominated into the NACOSH by Association of Kenya Insurance.



Seth Panyako
COTU (Member)

He was nominated to NACOSH by COTU. He has worked as a Nursing Officer in various hospitals including Kenyatta National Hospital, Bomu., St Beatrice Memorial centre among others. He holds a bachelor degree in Nursing and he is currently the General Secretary of Kenya National Union of Nurses.

(e) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

- Audit and finance committee activities
- Parliamentary committee activities
- Development partner oversight activities
- Other oversight activities

(f) Entity Headquarters

**The Directorate of Occupational and Health Services is located at
Commercial Street, Safety House,
Industrial Area
P.O. Box 34120 - 00100, Nairobi, Kenya**

(g) Entity Contacts

Telephone: +254 (020) 2667722

Email: doshdept@labour.go.ke

Website: www.labour.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Industrial area

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

II. 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 in the Public-Sector Accounting Standards Board of Kenya from time to time.

The Principal Secretary in charge of the Ministry of East African Community (EAC), Labour and Social Protection Department for Labour is responsible for the preparation and presentation of the Occupational Safety and Health Fund financial statements, which give a true and fair view of the state of affairs of the Ministry for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Ministry; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary in charge of the Ministry of East African Community (EAC), Labour and Social Protection Department for Labour accepts responsibility for the Departmental Fund 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) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the Occupational Safety and Health Fund financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2017, and of the Fund's financial position as at that date. The Principal Secretary in charge of the Ministry of Labour, Social Security and Services further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the fund's financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary in charge of the Ministry of East African Community (EAC), Labour and Social Protection Department for Labour confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Principal Secretary confirms that the fund's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public-Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Occupational Safety and Health Fund financial statements were approved and signed by the

Principal Secretary on _____.

Principal Secretary

Senior Assistant Accountant General

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON OCCUPATIONAL SAFETY AND HEALTH FUND FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Occupational Safety and Health Fund set out on pages 12 to 21, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Occupational Safety and Health Fund as at 30 June 2017, 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 do not comply with the Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the procedures carried out, I confirm that public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

1. Accuracy, Completeness and Presentation of Financial Statements

1.1 Unreconciled Cash and Bank Balances

The statement of assets reflects a bank balance of Kshs.18,358,902 while the cashbook shows a balance of Kshs.3,807,026 as at 30 June, 2017 resulting into an unexplained difference of Kshs.14,551,876. In the circumstances, the source and accuracy of the bank balance of Kshs.18,358,902 reflected in the statement of assets as at 30 June, 2017 could not be confirmed.

1.2 Presentation of Financial Statements

The financial statements submitted for audit as at 30 June 2017 were not in compliance with the format prescribed by the Public Sector Accounting Standards Board of Kenya as they lacked the following key details:

Report of the Auditor-General on the Financial Statements of Occupational Safety and Health Fund for the year ended 30 June 2017

- i) Forward by the Cabinet Secretary;
- ii) Summary statements of appropriation: development and recurrent combined;
- iii) Summary statement of provisionings;
- iv) Significant accounting policies;
- v) Colored photos of key personnel and top management; and
- vi) Progress on follow up of auditor recommendations for the previous year.
- vii) The financial statements have not been signed by the Accounting Officer as required to confirm ownership.

No reason has been given for the non-compliance.

In view of the foregoing, the accuracy, completeness and presentation of the financial statements for the year ended 30 June 2017 cannot be ascertained.

2. Incomplete Fixed Asset Register

During the year under review, the Fund acquired motor vehicles worth Kshs.17,766,198 as shown in the statement of receipts and payments and Note 7 respectively. However, the Fund did not maintain a summary of fixed assets register for property, plant and equipment with necessary details such as; description of the asset, location, serial number, date purchased, source, cost price, additions, depreciation and disposals as required. Documents made available for audit scrutiny indicated that only an inventory listing of assets in the various offices was maintained.

In the circumstances, it has not been possible to confirm the existence, ownership, accuracy, custody, security and valuation of the property, plant and equipment balance of Kshs.17,766,198 as at 30 June 2017.

3. Unsupported and Unaccounted Transfers

The statement of receipts and payments indicates transfer of AIA to Ministry of Labour and Social Security of Kshs.5,300,000 and Field Allocations of Kshs.3,300,000. However, Note 5 to the financial statements does not give any details of the AIA Transfers back to the parent Ministry. Further, Note 6 and Note 13 on Field Transfers has no mention of the field allocations as cross-referenced.

Consequently, the amount of Kshs.8,600,000 is not supported nor accounted for as at 30 June 2017.

4. Registration of Work Places

As previously reported the Fund did not have updated data on the registered work places which forms the basis for levy collection. The number of registered work places did not change from the 15,248 reported in 2015/2016 financial year.

Again as previously reported, the Fund was expected to collect Kshs.76,240,000 from the 15,248 registered work places based on the annual fee of Kshs.5,000 per work

place. However, only Kshs.55,538,355 was collected resulting in a shortfall of Kshs.20,701,645 or 27%.

The Fund has not explained the resultant shortfall in the amount collected totalling to Kshs.20,701,645 or failure to recognize the amount as a contingent asset in the financial statements as at 30 June 2017.

5. Shoddy Construction of Research Institute Office Complex

As previously reported, the construction of the Fund's Research Institute Office Complex project which was commissioned in February 2010 at an estimated cost of Kshs.480,000,000 was still incomplete as at 30 June 2017.

During the audit inspection carried out in November 2017 it was noted that no activities were ongoing at the site and no further payments were made.

No plausible reason has been given for the eight (8) years delay in completion of the project whose primary objective was to enable the Fund embrace changing dynamics in work environment relating to health and safety of workers.

Under the circumstances, value for money has not been obtained for the Kshs.343,458,956 or 71.55% of the contract price paid to various contractors as at 30 June 2017.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, are of most significance in the audit of the financial statements. Except for the matters discussed in the Basis for Adverse Opinion and Other Matter sections of my report, I have determined that there were no Key Audit Matters to communicate in my report.

Other Matter

1.0 Budget and Budgetary Performance

1.1 Revenue

The actual receipts amounted to Kshs.61,658,355 against the budgeted amount of Kshs.6,000,000 resulting in excess collection of Kshs.55,538,355 or 926% as tabulated below:

Revenue Head	Budget Kshs.	Actual Kshs.	Excess/(shortfall) Kshs.	Excess/(Shortfall) %
Levy collections	0	55,538,355	55,538,355	100
Government grants & subsidies	6,000,000	6,000,000	0	0
Total	6,000,000	61,538,355	55,538,355	926

The excess collection was occasioned by failure to budget for levy collection where Kshs.55,538,355 was collected against a nil budget.

No reasons were provided for the failure to budget for levy collection which is the main source of revenue for the Fund and despite collection of Kshs.60,727,189 in 2015/2016 financial year.

1.2 Expenditure

The Fund had budgeted to spend Kshs.91,180,000 in 2016/2017 but spent Kshs.97,466,958 and as a result overspent by Kshs.6,286,958 or 7% as tabulated below:

Expenditure	Budget Kshs.	Actual Kshs.	Over/(Under) Kshs.	Over/(under) %
Training facilitation allowance	6,811,500	3,922,750	(2,888,750)	(42)
Use of goods & services	57,951,500	59,278,976	1,327,476	2.3
Transfers of AIA to MLSS	0	5,500,000	5,500,000	100
Field allocation	0	3,300,000	3,300,000	100
Acquisition of assets	15,000,000	17,766,198	2,766,198	18
Bank charges	0	18,034	18,034	100
Boards & conferences	11,417,000	7,681,000	(3,736,000)	(33)
Total	91,180,000	97,466,958	6,286,958	7

However, the required explanations for items of expenditures with over or under 10% were not provided in the Notes to the financial statements as required.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair representation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control such as management determines is necessary to enable the preparations of financial statements that are free from material misstatement, whether due to fraud or error.

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

management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 of Kenya. 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 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.

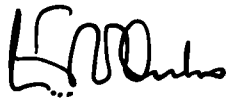
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- 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 of the Fund's activities to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

28 June 2018

III. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2016-2017 Kshs.	2015-2016 Kshs.
RECEIPTS			
Collected levy	1	55,538,355	60,727,189
Grant from MLSS	2	6,000,000	6,444,500
TOTAL REVENUES		61,538,355	67,171,689
PAYMENTS			
Training / Facilitation allowance	3	3,922,750	-6,151,548
Use of goods and services	4	59,278,976	-27,345,350
Transfer of AIA to MLSS	5	5,500,000	-6,005,000
Field allocations	13	3,300,000	-
Refund of Overpayment			374,000
Acquisition of Assets	7	17,766,198	-
Bank charges	8	18,034	-17,250
Boards and Conferences	12	7,681,000	-
Other Expenses			362,300
TOTAL PAYMENTS		-97,466,958	-40,255,448
SURPLUS/DEFICIT		-35,928,603	26,916,241

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Occupational Safety and Health Fund financial statements were approved on _____ and signed by:

Principal Secretary

Senior Assistant Accountant General

FINANCIAL POSITION AS AT 30TH JUNE 2017

STATEMENT OF ASSETS

	Note	2016-2017 Kshs.	2015-2016 Kshs.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10	18,358,902	60,732,005
Cash Balances			
Outstanding Imprests			
Advances			
TOTAL FINANCIAL ASSETS		18,358,902	60,732,005
REPRESENTED BY			
Fund balance b/fwd	11	60,732,005	33,815,764
Surplus/Deficit for the year		-35,928,603	26,916,241
NET FINANCIAL POSITION		24,803,402	60,732,005

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Occupational Safety and Health Fund financial statements were approved on _____ and signed by:

Principal Secretary

Senior Assistant Accountant General

IV. STATEMENT OF CASHFLOW

	Note	2016 - 2017 Kshs.	2015 - 2016 Kshs.
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Levy received	1	55,538,355	60,727,189
Transfers from MLSS	2	6,000,000	6,444,500
Payments for operating expenses			
Training/facilitation allowance	3	3,922,750	-6,151,548
Use of goods and services	4	59,278,976	-27,345,350
Transfer of AIA to MLSS	5	5,500,000	6,005,000
Refund of overpayment	6	-	-374,000
Bank Charges	8	18,034	-17,250
Other Expenses	9	-	-362,300
Boards and Conferences	12	7,681,000	-
Field Allocations	13	3,300,000	-
Net cash flow from operating activities		-79,700,760	-40,255,448
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	-17,766,198	-
Net cash flows from Investing Activities			
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENT		-35,928,603	26,916,241
Cash and cash equivalent at BEGINNING of the year		60,732,005	33,815,764
Cash and cash equivalent at END of the year		24,803,402	60,732,005

The Occupational Safety and Health Fund financial statements were approved on

_____ and signed by:

Principal Secretary

Senior Assistant Accountant General

V. SUMMARY STATEMENT OF APPROPRIATION:

Code	Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilisation Difference to Final Budget
		a	b	c=a+b	d	e=d-c	f=d/c %
21	Training/ Facilitation allowance	3,922,750	-	3,922,750	3,922,750		
22	Use of goods and services	59,278,976	-	59,278,976	59,278,976		
23	Transfer of AIA to MLSS	5,500,000	-	5,500,000	5,500,000		
24	Boards and Conferences	7,681,000	-	7,681,000	7,681,000		
25	Acquisition of Assets	17,766,198	-	17,766,198	17,766,198		
26	Field Allocations	3,300,000	-	3,000,000	3,000,000		
Grand Total		97,448,924	-	97,448,924	97,448,924		

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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public-Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity and all values are rounded to the ones thousand (Kshs). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the entity.

2. Recognition of Receipts and Payment

- a. Recognition of Receipts
- b. Recognition of payments

The entity recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the entity. In addition, the entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

3. In-kind contributions

In-kind contributions are donations that are made to the entity 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 entity includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The entity's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the entity's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

6. Comparative figures

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

7. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

VI. NOTES TO THE FINANCIAL STATEMENTS

1 COLLECTED LEVY

	2016- 2017	2015 - 2016
	Kshs.	Kshs.
OHS FUND	55,538,355	60,727,189
Total	55,538,355	60,727,189

2 TRANSFERS FROM MLSS

Description	2016- 2017	2015 - 2016
	Kshs.	Kshs.
Transfers from MLSSS-GRANTS	6,000,000	6,444,500
Total	6,000,000	6,444,500

3 TRAINING/ FACILITATION ALLOWANCE

	2016- 2017	2015 - 2016
	Kshs.	Kshs.
Hire of training halls	1,746,520	1,388,000
Transport/ launches for workers	1,264,420	1,269,548
Trainers honoraria	911,810	3,494,000
Total	3,922,750	6,151,548

4 USE OF GOODS AND SERVICES

	2016- 2017	2015 - 2016
	Kshs.	Kshs.
Supplies and services	26,688,602	7,171,121
Conference facilities	4,596,924	2,785,314
Domestic travel and subsistence	18,403,800	8,844,280
Printing, advertising and information supplies & services	3,665,600	5,287,715
Hospitality supplies and service	-	62,680
Office and general supplies and services	4,924,050	3,194,240
Total	59,278,976	27,345,350

5 TRANSFER OF AIA TO MLSS

Description	2016- 2017	2015 - 2016
	Kshs.	Kshs.
AIA Transfer	5,500,000	6,005,000
Total	5,500,000	6,005,000

6 REFUND OF OVERPAYMENT

	2016- 2017	2015 - 2016
	Kshs.	Kshs.
Refund	-	374,000
Total	-	374,000

7 ACQUISITION OF ASSETS

Non-Financial Assets	2016- 2017	2015 - 2016
	Kshs.	KShs.
Motor vehicles	17,766,198	-
Total	17,766,198	

8 BANK CHARGES

	2016- 2017	2015 - 2016
	Kshs.	Kshs.
Total	18,034	17,250

9 OTHER EXPENSES

	2016- 2017	2015 - 2016
	Kshs.	Kshs.
Meal allowance	-	362,300
Total	-	362,300

10 BANK ACCOUNTS

Name of Bank, Account No. & currency	2016- 2017	2015 - 2016
	Kshs.	Kshs.
KCB -1130057321	18,358,902	60,732,005
Total	18,358,902	60,732,005

11 FUND ACCOUNT

	2016- 2017	2015 - 2016
	Kshs.	Kshs.
Fund balance b/fwd	60,732,005	33,815,764
Surplus/Deficit for the year	-35,928,603	26,916,241
Total	24,803,402	60,732,005

12 BOARDS AND CONFERENCES

Name of Bank, Account No. & currency	2016- 2017	2015 - 2016
	Kshs.	Kshs.
Boards	7,681,000	-
Total	7,681,000	-

13 FIELD ALLOCATIONS

Name of Bank, Account No. & currency	2016- 2017	2015 - 2016
	Kshs.	Kshs.
Allocation	3,300,000	-
Total	3,300,000	-

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Presentation of financial statements		Director-DOSHS	Resolved	Resolved
2					