


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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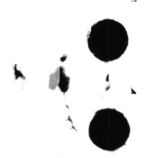
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
STATE DEPARTMENT FOR TRADE

FOR THE YEAR ENDED
30 JUNE 2018





MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES
STATE DEPARTMENT FOR TRADE

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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

MINISTRY INDUSTRY, TRADE AND COOPERATIVES
STATE DEPARTMENT FOR TRADE
Reports and Financial Statements
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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Ministry of Industry, Trade and Cooperatives was formed through Presidential Executive Order No. 1 of May 2016.

The Ministry is headed by the Cabinet Secretary Hon. Adan Mohammed, EGH who is responsible for the general policy and strategic direction of the Ministry.

The Ministry further consists of Three State Departments each administered by a Principal Secretary.

The State Departments under Ministry Industry, Trade and Cooperatives are outlined below:

- i. The State Department for Industrialization administered by MS. Betty Maina, CBS;
- ii. The State Department for Cooperatives administered by Ali Ismail, CBS; and,
- iii. The State Department for Trade administered by Dr. Chris Kiptoo, CBS

The accompanying financial statements constitute the financial statements for the State Department for Trade.

The vision, mission, core values and core function of the **State Department for Trade** under **Ministry Industry, Trade and Cooperatives** are:

1.1 Vision

To be a global leader in developing and promoting trade, investment and private sector development.

1.2 Mission

To facilitate trade and investment by championing an enabling environment for domestic and international trade to thrive.

1.3 Core Values

- a. **Integrity and Transparency:** The State Department shall be accountable and devoid of corrupt practices in service delivery.
- b. **Team work and productive partnership:** The State Department shall encourage team spirit, collaboration and consultation as a way of maximizing the synergy of working together. This includes fostering collaboration with Focal Points, stakeholders and partners in order to effectively play a central role coordinating Kenya's participation in Trade.
- c. **Innovativeness and Creativity:** The State Department shall be open and proactive in seeking better and more efficient methods of service delivery.

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- d. Professionalism, Commitment and Customer focus:** The State Department shall maintain high professionalism through continuous skills development, training and accountability to enhance customer satisfaction.
- e. Equity, Fairness and Inclusion:** The State Department shall mainstream gender, youth and special groups' issues in its programmes.
- f. Sustainability:** The State Department shall adopt global best standards for sustainable Trade practices that uphold ecological integrity, social justice, promote economic development, and respect local cultural values of the people of Kenya.

1.4 Core Functions

The core functions of the State Department for Trade include:

- a. Trade Policy;
- b. Buy Kenya Policy;
- c. Promotion of Retail and Wholesale Markets;
- d. Exports Policy;
- e. Promotion of Fair Trade Practices and consumer protection;
- f. Coordination of Regional Trade matters – COMESA, AGOA, IORA ,WTO & UNCTAD;
- g. Trade Negotiations and Advisory Services; and,
- h. Enforcement of International Trade Laws, Registrations and Agreements.

(b) Key Management

The State Department's day –to-day management is under the following key directors:

- i) General Administration, Planning and Support Services;
- ii) Department of Internal Trade;
- iii) Department of International Trade;
- iv) Department of Weights and Measures;
- v) Department of Trade Research and Policy; and,
- vi) Kenya Institute of Business Training.

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(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Cabinet Secretary, Ministry of Industry, Trade and Cooperatives	Hon. Adan Mohamed, EGH
2.	Principal Secretary, State Department for Trade	Dr. Chris Kiptoo, CBS
3.	Secretary Trade	Mrs Joyce Ogundo
4.	Director Administration	Mr. Samson Wangusi
5.	Director, Internal Trade	Mr. Jared Nyaundi
6.	Director, Weights and Measures	Mr. Michael Onyancha
7.	Director, Research and Trade Policy	Mr. Eric Ronge
8.	Ag. Director, Kenya Institute of Business Training	Ms. Catherine Waweru
9.	Director, Human Resource Management and Development	Mrs. Mary Kariuki
10.	Director, International Trade	Mr. Peter Njoroge
11.	Assistant Accountant General	Mrs. Mildred .E. Akoth
12.	Chief Finance Officer, Finance Unit	Mr. Ambrose Ogango
13.	Assistant Internal Auditor General II	Mrs. Rose Kanyuku

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Senior Management – State Department of Trade

 <p>Hon. Adan Mohammed Cabinet Secretary Industry, Trade and Cooperatives</p>	<p>Hon. Adan Mohamed is the Cabinet Secretary for Ministry of Industry, Trade and Co-operatives. Prior to this appointment, he was the Chief Administrative Officer for Barclays Africa, with responsibility for ten (10) Barclay’s Bank subsidiaries in Africa. In addition, he was responsible for Brand & Marketing, Corporate Communications and Citizenship across Barclays Africa businesses.</p> <p>Hon. Adan Mohamed is an MBA graduate from Harvard Business School and an alumni of the University of Nairobi, Kenya where he graduated with a First Class Honours degree in Commerce (Accounting option). He is also a Member of the Institute of Chartered Accountants in England and Wales (ICAEW).</p>
 <p>Dr. Chris Kiptoo, CBS Principal Secretary for Trade</p>	<p>Dr Chris Kiptoo is the Principal Secretary for the State Department of Trade in the Ministry of Industry, Trade and Co-operatives.</p> <p>Before his current appointment, Dr Kiptoo worked for three years at TradeMark East Africa’s (TMEA) as the Kenya Country Director. Dr Kiptoo is widely credited for having competently grown the Kenya Country Program at TMEA especially the Mombasa Port infrastructure capacity and efficiency improvement</p> <p>Dr Kiptoo holds several qualifications including a Doctor of Philosophy Degree (PhD) - International Macroeconomics Finance Specialization - from the University of Nairobi. He is also an Accredited Fellow of the Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI), in the field of macroeconomic management. He is also an Associate of Kenya Chartered Institute of Bankers (A.K.I.B).</p>
 <p>Joyce Ogundo Director Internal Trade</p>	<p>Joyce Ogundo is the Director for Internal Trade, a post she has held since October, 2009. She holds Master of Science in Entrepreneurship, from Jomo Kenyatta University of Agriculture and Technology. She is involved in interpretation of Trade policies to draw projects/ activities for promotion and development of trade. She has specifically focused on planning, developing and implementation of trade and investment development and promotion strategies and facilitated implementation of capacity development programmes for Micro, Small and Medium Enterprise sector.</p>

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Mr. Samason Wangusi,
 Director of
 Administration.

Mr. Wangusi was employed in 1991 as an Assistant Secretary in the then Ministry of Commerce and Industry. He has worked in various stations as a District Officer rising through the ranks to senior DOI in Nyeri District. He later transferred to the Central Government where he served as a Senior Assistant Secretary, Ministry of Immigration and Registration of Persons, Undersecretary and later Deputy Secretary in the Ministry of Special Programmes. Mr. Wangusi joined the State Department of Trade in October 2016 as Ag. Director of Administration. The officer has 26 years of experience in Public Service, highly trained both locally and overseas in matters pertaining to Public Administration. He holds a Bachelor's Degree in Arts from the University of Nairobi as well as a Master's Degree in Public Administration from Moi University.



Mary Wanjiru Kariuki,
 Director Human Resource
 Management and
 Development

Mary Wanjiru Kariuki is the Director Human Resource Management and Development. She holds a Masters degree from Esami/Maastricht, a Bachelor of Arts degree from University of Nairobi, post graduate Diploma in Personnel Management from Kenya Polytechnic and a Diploma in Psychological Counselling from Embul bul Counselling and Educational Centre.

She has attended several short Courses, Seminars and Workshops. Has over thirty [30] years experience in Human Resource having started as a Personnel Officer and has climbed the ladder to the current posting.



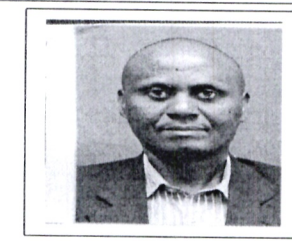

She was instrumental in the implementation of the District Personnel Office in Nyahururu under the District Focus. She has served in various stations and Ministries and among them, Defence, Police, Environment, Agriculture, Commerce and Tourism and Office of the President.



Mr. Michael
 Onyancha, Director
 Weights and measures

Mr. Michael Onyancha currently is, the Director of Weights and Measures Ministry of Industry, Trade and Cooperatives State Department of Trade. He joined Public Service in 1984 as Inspector Trainee in the Ministry of Commerce and Industry rising through ranks to the current position. He holds Bachelor of Education (Hons) Degree in (Mathematics) and Masters of Business Administration Degree from the University of Nairobi. Mr Onyancha is the Country Representative to the International Organization of Legal Metrology (OIML) and a Member of the International Legal Metrology Committee (CIML). He is a Board Member of East Africa Standard Committee and a member of the Institute of Trade Standard Administration, Kenya (ITSA).

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 <p>Ms. Catherine Waweru, Ag. Director KIBT</p>	<p>Ms. Catherine Waweru joined the civil service as a lecturer in 1989 and worked in Ministry of Education as a quality Assurance and Standards Officer for over 10 years and in Ministry of Trade and Industry in various capacities. She is currently the Acting Director of KIBT. She Hold Master in Business Administration and Bachelors of Education. Currently She is pursuing a PHD degree in the University of Mount Kenya.</p>
 <p>Mr. Eric Ronge, Director Research and Trade Policy</p>	<p>Mr. Eric Ronge joined the State Department of Trade in February 2016 and in May 2016 was appointed the Founding Director of the Department of Research and Trade Policy Analysis. Prior to that, he worked in the Department of Intergovernmental Fiscal Affairs, National Treasury and in the Former Department of External Trade as the Director to which he was appointed in July 2007 from The Kenya Institute of Public Policy Research and Analysis. Mr. Ronge holds a Master's in economics and two degrees from the University of Nairobi. He also holds three other postgraduates qualifications from universities abroad in specialized areas of Economics. He has an MSc in Economics and Finance from Loughborough University, MA (DES) in International and Development Economics from University of Mamur and Professional Certificate in International Trade from University of Adelaide</p>
 <p>Mr Peter Njoroge, Director International Trade</p>	<p>Mr Peter Njoroge Joined Civil Service as an economist/Statistician II in 1991 and has worked in various Ministries and department in different capacities. He joined State Department for Trade in April, 2018 as the Director International Trade. Mr. Njoroge holds a Master's in Planning and Economic Policy Management from Makerere University and Bachelors degree of Planning from University of Nairobi.</p>
 <p>Mrs. Mildred Akoth, Assistant Accountant. General</p>	<p>Mrs. Mildred Akoth joined Civil service as a Clerical Officer in 1990 and has worked in various ministries and departments in different capacities. She joined the Department for Trade in June, 2018 as the Head of Accounting Unit. She is in charge of accounting and financial reporting as well as designing, implementing and monitoring internal controls relevant to the preparation and fair presentation of Financial Statements. Mrs Akoth holds a Masters in Finance and Bachelor's Degree in Commerce and She is a Certified Public Accountant and member of Institute of Certificate Public Accountants of Kenya (ICPAK).</p>

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Ambrose Ogango
Chief Finance Officer

Mr. Ambrose Ogango assumed the position of Chief Finance Officer in December 2015. He is in charge of monitoring the planning and execution of budgets so as to ensure efficient utilization of funds in implementing the programmes and sub-programmes within the state department. He holds a Masters of Arts (Economics) degree and a Bachelor's degree in Economics from Kenyatta University. He has wide experience in public sector having served as an economist and currently a finance officer across Government Ministries and constitutional Commissions.



Rose Kanyuku
Principal Internal Auditor

Rose Kanyuku is the Principal Internal Auditor in the State Department for Trade as head of Internal Audit in August, 2016. She is a member of the Institute of Internal Auditors. She is in charge of evaluating the effectiveness of Internal controls, reviewing compliance with stipulated laws, regulations policies and procedures. She has work in various Ministries including Ministry of Finance, Energy and Petroleum and Ministry of Cooperatives and Development. She holds a B.com degree from Osmania University and is a member of Institute of Internal Auditors – Kenya.

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(d) Fiduciary Oversight Arrangements

i. Budget Implementation Committee Activities

This committee is composed of the following members drawn from various departments:

1. Dr. Chris Kiptoo (Chairman)
2. Ambrose Ogango (Alt. Chair)
3. Margaret Ngangu (Secretary)
4. Samson Wangusi
5. Joyce Ogundo
6. Michael Onyancha
7. Stephen Kirui
8. Mary Kariuki
9. Eric Ronge
10. Jared Nyaundi
11. Gladys Kinyua
12. Willis Olwalo
13. Edward Olem

ii. 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:

- To review and consider the cash flow plans;
- To review the utilization of the cash limits and consider any changes as may be required;
- To review the utilization of the donor funds voted for the State Department;
- To advise the accounting officer on the challenges related to the budget implementation;
- To review and recommend the reallocation of payments;
- 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;
- To participate in sector working groups; and,
- To review budgets, supplementary estimates and performance of budget against actual for the State Department in consultation with the Heads of Department.

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Attendance of the budget committee members

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

Committee attendance for the year ended 30th June 2018									
S/No	Member	Budget committee meetings							Total Attendance
		9/10/17	15/3/18	6/4/18	4/5/18	24/5/18	31/5/18	26/6/18	
1	Dr. Chris Kiptoo	✓	X	X	✓	X	X	✓	3
2.	Ambrose Ogango	✓	✓	✓	✓	✓	✓	✓	7
3.	Mildred Akoth	X	X	X	X	X	X	✓	1
4.	Samson Wangusi	✓	X	✓	X	✓	✓	✓	5
5.	Joyce Ogundo	X	X	✓	X	✓	X	X	2
6.	Michael Onyancha	✓	X	X	X	X	X	X	1
7.	Catherine Waweru	X	X	✓	✓	✓	✓	✓	5
8.	Jared Nyaundi	X	✓	✓	✓	✓	✓	✓	6
9.	Ms.Mary Kariuki	✓	X	✓	✓	X	✓	✓	5
10.	Gladys Kinyua	✓	✓	X	✓	✓	✓	✓	6
11.	Eric Ronge	✓	✓	X	X	X	X	X	2
12.	Willis Olwalo	X	✓	✓	✓	✓	✓	✓	6
13.	Edward Olem	X	X	X	✓	X	✓	✓	3

✓ - Attended

X - Absent with apology

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iii. Human Resources Management Advisory Committee Activities

This committee is composed of the following members drawn from various sectors of the economy with broad business knowledge:

1. Dr. Chris Kiptoo (Chairman)
2. Samson P. Wangusi (Alt. Chair)
3. M.W. Kariuki, Ms (Secretary)
4. Joyce Ogundo (Member)
5. Michael Onyancha (Member)
6. Catherine Waweru (Member)
7. Eric Ronge (Member)
8. Gladys Kinyua (Member)
9. Mildred Akoth (Member)
10. Ambrose Ogango (Member)
11. Jared Nyaundi (Member)
12. Dennis Silas Mbichi Mboroki (Member)

This is the committee charged with the responsibilities of taking care of human resources needs.

Their duties include:

- Review of promotions of officers in Job Group A-P;
- Review of confirmations in appointment;
- Review of disciplinary matters;
- Review of re-designation of officers from one cadre to another; and,
- Confirmation of surcharge of officers found to have misused government resources.

Attendance of the human resource management advisory committee members

The following shows the number of human resource management advisory committee meetings held during the year and the attendance of individual members

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iv. Human Resources Management Advisory Committee Attendance

S/No	Committee attendance for the year ended 30 th June 2018	Human Resource Management Advisory committee meetings							Total Attendance
		2/8/17	6/9/17	17/10/17	7/12/17	9/1/18	15/3/18	7/6/18	
1.	Dr. Chris Kiptoo	x	x	✓	✓	x	x	x	2
2.	Joyce Ogundo [Mrs]	x	x	✓	x	x	x	x	1
3.	Samson P. Wangusi	x	x	✓	x	✓	✓	✓	4
4.	MW. Kariuki [Ms]	✓	✓	✓	✓	✓	x	✓	4
5.	Michael Onyancha	✓	✓	✓	✓	x	✓	✓	4
6.	Catherine waweru	✓	✓	✓	x	✓	✓	✓	4
7.	Eric Ronge	x	✓	x	✓	x	x	✓	3
8.	Mildred Akoth	x	x	x	x	x	x	✓	1
9.	Ambrose Ogango	x	x	✓	x	✓	✓	✓	4
10.	Jared Nyaundi	✓	x	x	✓	x	✓	✓	4
11.	Dennis Silas Mbichi Mboroki	✓	x	x	x	✓	x	✓	3
13.	Gladys Kinyua	✓	x	✓	x	x	✓	✓	4

✓ - Attended

X - Absent with apology

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(e) State Department of Trade Headquarters

P.O. Box 30430-00100
Teleposta Building
Kenyatta Avenue
Nairobi, KENYA

(f) Entity Contacts

Telephone: (254) 020-315001/2-4
E-mail: ps@trade.go.ke
Website: www.trade.go.ke

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. COMMENTARY BY THE CABINET SECRETARY



Adan Mohamed
Cabinet Secretary, Ministry of
Industry, Trade and Cooperatives

The mandate of the State Department for Trade in the Ministry of Industry, trade and Cooperatives includes: Trade policy; Buy Kenya Policy; Promotion of wholesale and Retail Markets; Export Promotion; Fair Trade Practices; Coordination of Regional Trade Matters- COMESA, AGOA, IORA, WTO UNCTAD; Trade Negotiations and Advisory Services; Enforcement of International Trade Laws and regulations and agreements.

During this year the State Department applied its budgetary allocation resources indicated to undertake its mandate. Among its key achievements were the preparation on National Trade Policy; Integrated National Export Development and Promotion Strategy.

BUDGET ALLOCATION

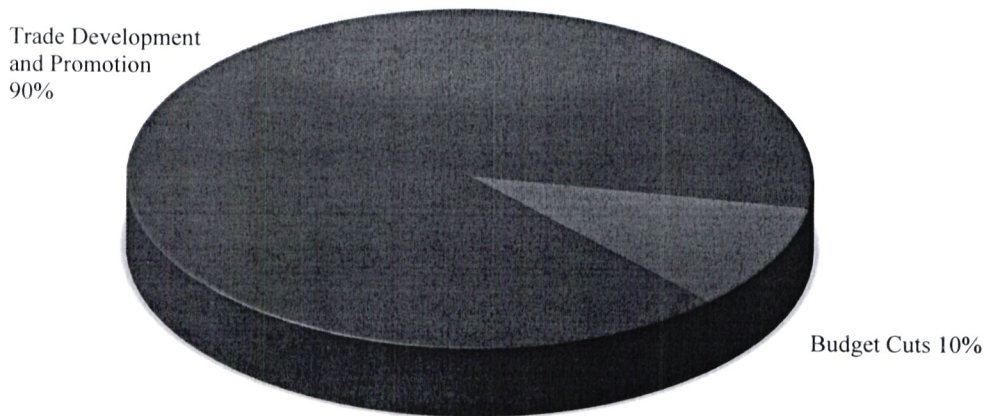
In the financial year 2017/2018 the State Department for Trade had a gross budget of **KShs. 2,266,019,566** which was made up of **KShs. 2,218,452,609** and **KShs. 47,566,957** for recurrent and development vote, respectively.

The State Department was to expend the gross budget of **KShs. 2,266,019,566** under the Trade and Development and Promotion programme. The objective of this programme is to promote trade, investments and broaden export base. This programme was allocated **Kshs 2,040,921,433** representing 90% of the budget as shown in chart below

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This programme was allocated **KShs 2,266,091,566** Kshs representing 100% of the budget.

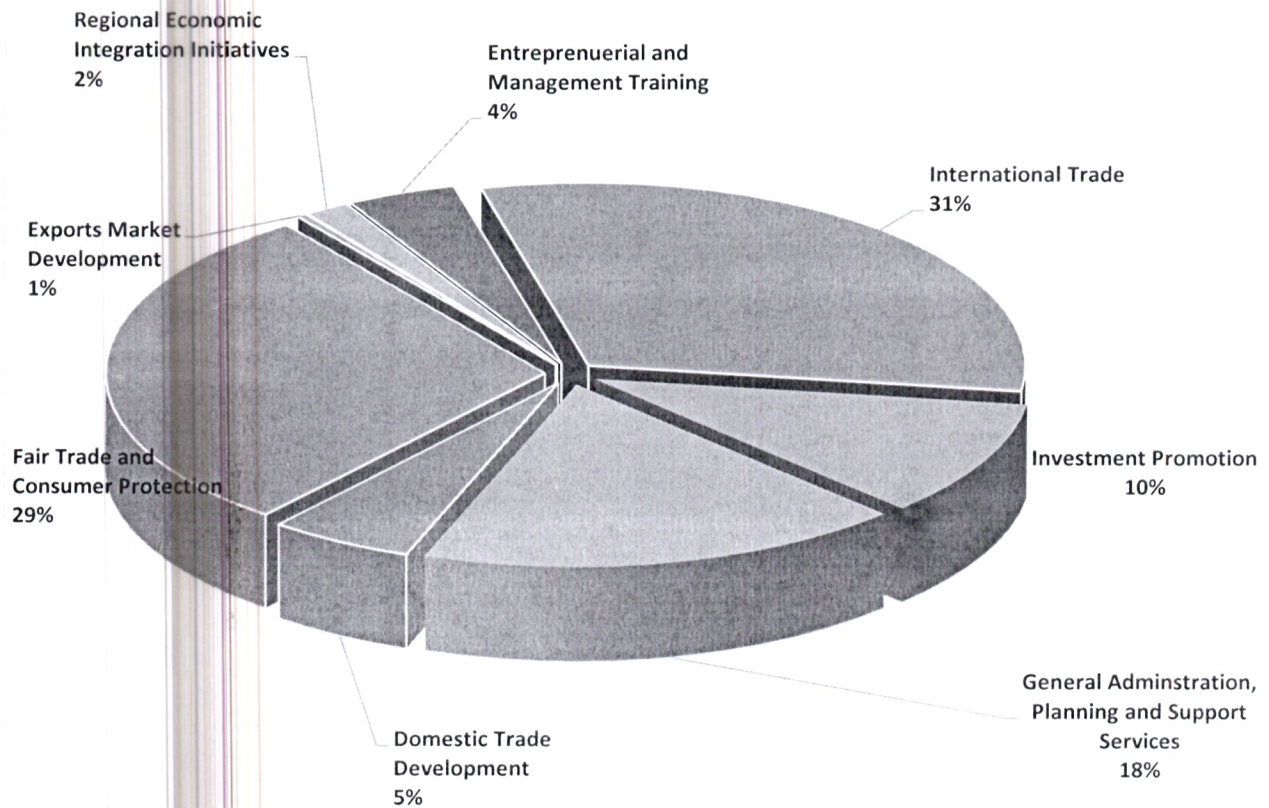
Chart 1: Budget Utilisation as Per Economic Items



The Sub-Programmes under this program were:

- a) Domestic Trade Development;
- b) Fair Trade and Consumer Protection ;
- c) Export Market Development;
- d) Regional Economic Integration Initiatives ;
- e) Entrepreneurial and Management Training ;
- f) International Trade ; and,
- g) Country Branding and marketing; and,
- h) General Administration, Planning and Support Services.

Chart 2: BUDGET UTILIZATION AS PER SUB-PROGRAMMES



It is noted that 31% of the State Department's budget was on International Trade Sub Programme, 18% on General Administration and General Planning, 5% under Domestic trade 29% on Fair Trade and Consumer Protection, 4% on Entrepreneurial Management Training, 2% on Regional Economic Integration Initiatives and 1% on Exports Market Development.

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Key Performance Highlights

Below is an overview of the financial performance for the year ended 30th June 2018 as reported in the detailed financial statements together with the commentary and comparative analysis against budget and prior year for the key items in the financial statements.

Financial Performance Summary

Actual Performance against Budget for Year to 30th June 2018

Financial Performance	Printed Estimates	Actual	Variance	%
	KShs	KShs	KShs	Utilisation Variance
Total Receipts	2,265,334,211	2,040,921,433	249,272,778	90%
Total Payments	2,266,019,566	2,042,506,924	223,512,642	90%
Surplus for the Year	(685,355)	(1,585,491)	25,760,136	

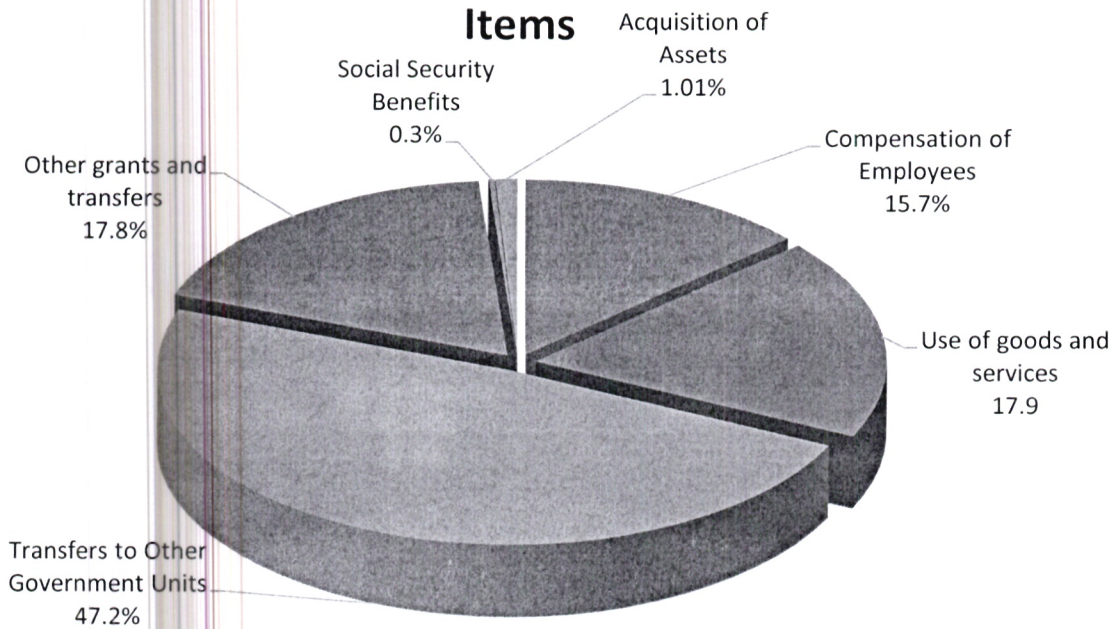
Actual receipts by the MDAs stood at 10% below budget while actual payments were 10% below budget. This is attributable to underutilisation of budget allocation for Use of Goods and Services and Acquisition of Assets due to inadequate exchequer.

Budget Utilisation

The State Department spent **KShs 2,042,506,924** against an approved budget of **KShs. 2,266,019,566** representing absorption of **90%**. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the chart below:

	Approved Budget Allocation	Actual Payments	Variance
	KShs	KShs	KShs
Compensation of Employees	320,734,425	320,636,682	97,943
Use of goods and services	389,509,376	370,929,815	18,579,561
Transfers to Other Government Units	990,662,136	963,527,865	27,134,271
Other grants and transfers	531,337,864	361,610,320	169,727,544
Social Security Benefits	6,600,000	5,567,250	1,032,750
Acquisition of Assets	27,175,765	20,234,993	6,940,772
Total Payments	2,266,019,566	2,042,506,924	223,512,642

Chart 3: Budget Utilisation as Per Economic Items



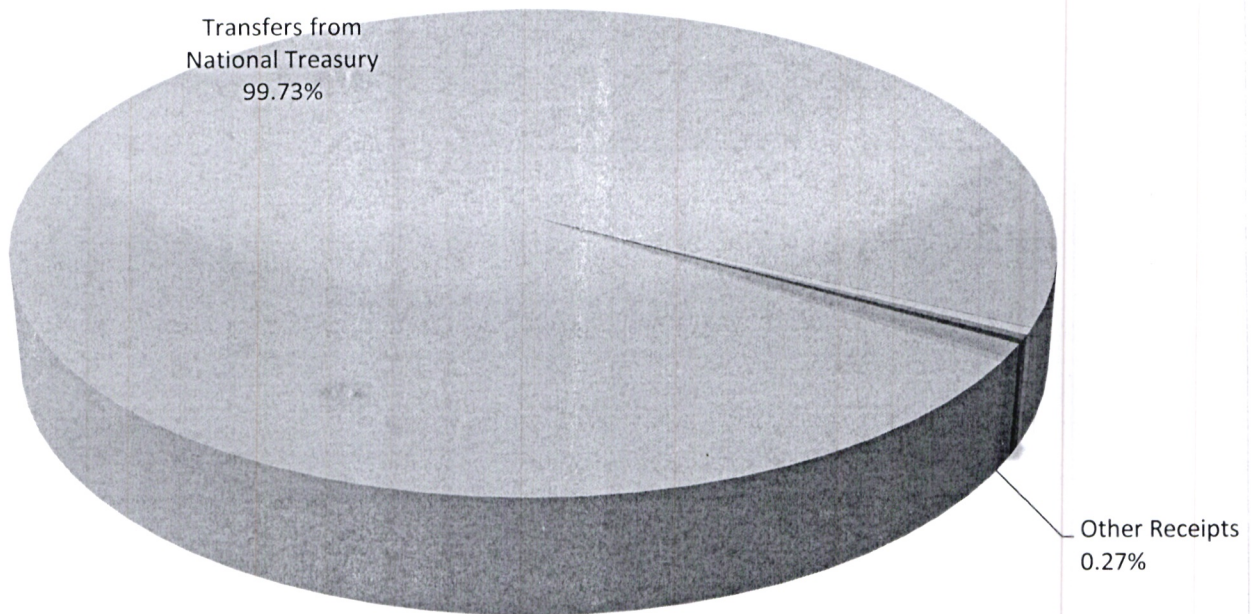
It is noted that 47.2% of the State Department's budget was used in Transfers to Other Government entities i.e. State Corporations, Semi-Autonomous Government Agencies (SAGAs) 17.9% of the budget was utilised on Use of Goods and Services, 15.7% on employee compensation, 17.8% on other grants and transfers, 1.01% on Acquisition of assets while 0.3% was utilised on Social Security Benefits.

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Receipts

The major source of funding for the State Department for Trade is exchequer releases that account for 99% of total receipt. During the year the Department received Ksh **2,033,155,388** and Appropriation in Aid (A.I.A) amounting to Ksh. **7,766,045** against a budget of Ksh. **2,266,019,566**.

CHART 4: TOTAL RECEIPTS



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Financial Assets Summary

The Departments Financial Assets as at 30th June 2018 was as shown here below;

Item Description	Amount
	KShs
Bank Balances	16,148,578
Cash Balances	154,844
Accounts Receivables - Outstanding Imprest & Salary Advances & clearance account	1,090,568
Total Financial Assets	17,393,990

Financial liability

Funds held for third parties as at 30th June was as shown here below;

Item Description	Amount
	KShs
Unutilised Funds for Regional Integration implementation Program (RIIP) Retention fees & Rent Tribunal Deposits	14,961,567
TOTAL	14,961,567

Cash Flows and Cash Position

The cash and bank balances held by the State Department for Trade as at 30th June 2018 was **KShs. 15,773,995**. The breakdown of the cash and bank balances is as summarized in the table below.

Cash and Bank Balances	Amount
	KShs
Bank Balances	16,148,578
Cash Balances	154,844
Total	16,303,422

Cash Flow Activities

The table below summarizes cash flows generated and used from various activities.

Cash Flow Activities	Year to 30th June 2018
	KShs
Net Cash Flows generated from Operating activities	2,967,588
Net Cash Flows used in Investing activities	(20,234,993)
Cash and Cash Equivalents at 30th June 2018	16,303,423

Key Achievements of the State Department in the FY 2017/18

The State department accomplished the following during FY 2017/2018:

- Developed Buy Kenya Build Kenya Strategy
- Developed E-Trade portal
- Establishment of Consumer Protection Policy
- Developed Guidelines for Kenya's Trade and Investment Missions;
- Developed Institutional Framework for the National Export Development and Promotion Strategy;
- Seizure and Destruction of Counterfeit goods worth 526 Million Shillings;
- Developed the National Export Development and National Strategy; and,
- Trained 316 Small Medium Enterprises under export Trade Training and Export awareness;

Challenges

The following challenges weighed heavily on the Ministry's effort to effectively deliver on its mandate;

- Budgetary constraints:** Inadequate funding coupled with budget cuts resulted in delays in competition of planned projects and programs. The pending projects will be included in the next year's budget to ensure their completion.
- Human Resource capacity gaps:** Under staffing of professional/technical levels hampered effective service delivery. The human resource department has now recruited more technical staff. However, there exists staff shortage in some support services departments whose scheme of the staff is not administered by the State Department.
- Inadequate Office Space:** There is acute challenge of office accommodation and equipment, where the State Department lack adequate office space to accommodate its officers. The department is in the process of getting more additional office space.
- Delay in enactment of Legislations:** Delays in enacting legislations adversely affect the operations and implementation of priority programmes eg Legal Metrology Bill Forwarded to Parliament,
- Unfavourable Business Environment:** Un-conducive licensing and regulations by several agencies including County Governments has led to high cost of doing business and un-competiveness.

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- vi. **Influx of sub-standard, counterfeits and contra-band goods:** The influx of substandard, counterfeit and contra-band products into the local market has reduced the market share for locally manufactured goods with Ksh. 526 million shillings worth of goods destroyed.
- vii. **Existence of Non-Tariff Barriers:** Continued imposition of NTBs by Partner States leads to loss of business and jobs.

Adan Mohammed, EGS
CABINET SECRETARY

MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES
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III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 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 Trade** is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (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 Trade accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that The State Department for Trade financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the State Department for Trade further confirms the completeness of the accounting records maintained for the State Department for Trade which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

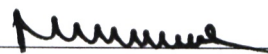
The Accounting Officer in charge of the State Department for Trade confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity'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 for Trade financial statements were approved and signed by the Accounting Officer on 28th September, 2018.



Principal Secretary
Dr. Chris Kiptoo



Assistant Accountant General
Mildred Akoth

ICPAK Member Number: 20112



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR TRADE (VOTE 1174) FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the State Department for Trade (Vote 1174) set out on pages 1 to 24, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development for the year then ended combined together with 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 State Department for Trade as at 30 June 2018 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012 of the Laws of Kenya.

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

Basis for Qualified Opinion

1. Outstanding Temporary Imprests

The statement of assets and liabilities as at 30 June 2018 reflects accounts receivables' balance of Kshs.1,090,028 which includes outstanding temporary imprests of Kshs.1,065,678 as disclosed in Note 10 to the financial statements. These imprests ought to have been surrendered or accounted for on or before 30 June 2018. However, review of the position as at November 2018 revealed that out of the figure of Kshs.1,065,678, imprests amounting to Kshs.505,824 had been surrendered or accounted for, leaving a balance of Kshs.559,854 outstanding in disregard to Regulation 93(5) of the Public Finance Management National Regulation, 2015 which states that a

holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station.

Further, the Integrated Financial Management System (IFMIS) generated imprest register and financial statements reflecting outstanding imprests of Kshs.26,839,052 and Kshs.1,065,678, respectively as at 30 June 2018. Even though the Department wrote to the National Treasury on 14 November 2018 for assistance on the matter, the resulting difference of Kshs.25,773,374 between two (2) sets of records has not been reconciled.

2. Cash and Cash Equivalents

Examination of the reconciliation statements for the month of June 2018 revealed existence of long outstanding items some dating back to the year 2016. It was also noted that trial balance availed for audit review reflects cash in bank (recurrent account) amount of Kshs.846,981,841 while trial balance attached to the financial statements indicates Kshs.806,817,726. This results to an unexplained variance of Kshs.40,164,115 which clearly casts doubt on whether the financial statements are accurate and complete.

3. Variances in financial statements

A review of balances in financial statements and trial balance and IFMIS financial statements revealed that some balances were not in agreement as shown below:

Details	Financial statements Kshs.	Trial balance/ General ledger- Kshs.	IFMIS financial statements- Kshs.	Remarks
Exchequer releases	2,033,155,388	5,475,749,569	2,033,155,388	Trial balance not in agreement with financial statements
Cash and bank balances	16,303,422	4,530,255,729	4,513,952,307	Balances in the three sets of documents not in agreement
Accounts receivable	1,090,028	12,320,050	11,230,022	IFMIS reports not in agreement with financial statements
Accounts payable	14,961,567	4,575,283,005	4,575,283,005	IFMIS reports not in agreement with financial statements

4. Unsupported of Expenditure

4.1. Scholarship and Other Educational Benefits

An expenditure amount of Kshs.28,040,000 was incurred on education allowances, scholarships and other educational benefits-secondary. Apparently, no schedules/ documents were availed to support the expenditure. Consequently, it is not possible to confirm the purpose and validity of the grants totalling Kshs.28,040,000.

4.2. Authority to Incur Expenditure (AIEs) to Foreign Missions

As reported in 2016/2017, the statement of receipts and payments reflects use of goods and services figure of Kshs.370,929,815 as at 30 June 2018. An examination of sample financial transactions obtained from the general ledger and cashbooks revealed that the Department disbursed Kshs.85,484,187 to foreign missions. However, the entire amount was expensed instead of being reported as accounts receivables until they are accounted for by the missions.

Besides, examination of a sample of transactions recorded in the general ledger revealed that part of the AIEs to foreign missions amounting to Kshs.52,467,412 were allocated to use of goods and services.

The Department is therefore in breach of the Public Finance Management National Regulations, 2015. Consequently, the propriety of expenditure totalling Kshs.85,484,187 expensed during the year under review could not be confirmed.

5. Pending Bills

Records maintained by the State Department for Trade and note 15.1 to the financial statements reflects bills totalling Kshs.43,205,958 that were not settled during the year 2017/2018 but were instead carried forward to 2018/2019. The Department has cited liquidity problems due to inadequate exchequer as the main reason for these pending bills.

However, out of the Kshs.43,205,958, bills amounting to Kshs.28,261,329 were not supported with the relevant documents such as invoices, local purchase orders, date, nature of goods supplied/services offered and delivery notes.

In the circumstances, it has not been possible to ascertain the correctness, legality and validity of the pending bills balance of Kshs.28,261,329.

6. Prior Year Adjustments

Note 13 to the financial statements indicates an amount of Kshs.1,242,988 which is referred to as prior year adjustments. The amount includes adjustment on receivables of Kshs.1,126,953. The management has however not provided analysis of the prior year adjustments and supporting documents.

Consequently, the accuracy of the balances reflected in the financial statements cannot be ascertained.

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. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Budgetary Control and Performance

The statement of receipts and payments for the year ended 30 June 2018 and as disclosed in Note 4 to the financial statements reflects expenditure totalling Kshs.370,929,815 under goods and services. The amount includes Kshs.39,800,242 incurred in respect of routine maintenance - other assets in comparison to an approved budget of Kshs.2,325,310, resulting in an over-expenditure of Kshs.37,474,932 or 1612%. Although The National Treasury vide letter referenced ES 1174/17/01/(3) dated 25 August 2017, approved re-allocations of Kshs.44,500,000 to cater for office partitioning and refurbishment, it is not clear why these re-allocations were not regularized during the financial year 2017/2018 supplementary estimates.

Further, the financial statements for the year ended 30 June 2018 include a summary of appropriation in respect of development account which reflects exchequer releases of Kshs.39,863,100 against actual expenditure of Kshs.42,598,727 thus resulting in an excess expenditure of Kshs.2,735,627.

The management has explained that excess expenditure was due to the State Department having an opening balance of Kshs.2,142,555 in the bank. However, the amount was omitted from the current year's financial statements because it was not captured in the recurrent budget.

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 matters described in the Basis for Qualified Opinion 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

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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, except for the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Internal Controls

1.1 Information Technology (IT) Service Continuity

The State Department did not have a formal, documented and tested disaster recovery plan/emergency procedure in place in terms of information technology and therefore in the event of an emergency, the personnel involved might not be aware of what is expected of them.

1.2 Audit Committee

There is an internal audit department headed by the Senior Assistant Internal Auditor General who is supposed to report directly to the Audit Committee. Although the Cabinet Secretary of Ministry of Industry, Trade and Cooperatives appointed the chairperson and members of Audit Committee in September 2017 for a term of three years, it has not been commissioned.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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 its assessment of the effectiveness of internal control.

In preparing the financial statements, management is responsible for assessing the 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 either intend to have the State Department cease operations or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to 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 in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

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

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

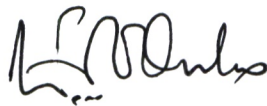
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the State Department's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Department to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the 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.



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

Nairobi

18 January 2019

MINISTRY INDUSTRY, TRADE AND COOPERATIVES
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V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018	2016-2017
		Kshs	Kshs
RECEIPTS			
Exchequer releases	1	2,033,155,388	3,442,460,000
Other Receipts	2	7,766,045	7,834,705
TOTAL RECEIPTS		2,040,921,433	3,450,294,705
PAYMENTS			
Compensation of Employees	3	320,636,682	195,024,599
Use of goods and services	4	370,929,815	1,187,753,238
Transfers to Other Government Units	5	963,527,865	1,358,061,718
Other grants and transfers	6	361,610,320	646,898,653
Social Security Benefits	7	5,567,250	
Acquisition of Assets	8	20,234,993	57,296,134
TOTAL PAYMENTS		2,040,506,924	3,445,034,342
SURPLUS/DEFICIT		(1,585,491)	5,260,363

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th September, 2018 and signed by:



Principal Secretary
 Dr. Chris Kiptoo, CBS



Principal Accounts Controller
 Mildred Akoth
 ICPAK Member Number: 20112

MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES
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VI. STATEMENT OF ASSETS AND LIABILITIES

	Note	2017-2018	2016-2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9A	16,148,578	33,421,407
Cash Balances	9B	154,844	149,420
Total Cash and cash equivalent		16,303,422	33,570,827
Accounts receivables – Outstanding Imprests	10	1,090,568	1,131,477
TOTAL FINANCIAL ASSETS		17,393,990	34,702,304
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	11	14,961,567	29,441,942
NET FINANCIAL ASSETS		2,432,423	5,260,362
REPRESENTED BY			
Fund balance b/fwd	12	5,260,362	
Prior year adjustment		(1,242,448)	
Surplus/Deficit for the year		(1,585,491)	5,260,363
NET FINANCIAL POSSITION		2,432,423	5,260,362

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th September, 2018 and signed by:

Principal Secretary
Dr. Chris Kiptoo, CBS

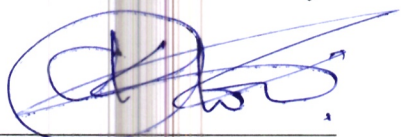
Principal Accounts Controller
Mildred .E. Akoth
ICPAK Member Number: 20112

MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES
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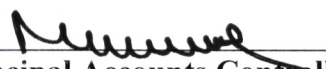
VII. STATEMENT OF CASH FLOWS

		2017-2018	2016-2017
		Kshs	Kshs
Receipts for operating income			
Exchequer Releases	1	2,033,155,388	3,442,460,000
Other Revenues	2	7,766,045	7,834,705
Payments for operating expenses			
Compensation of Employees	3	320,636,682	195,024,599
Use of goods and services	4	370,929,815	1,187,753,238
Transfers to Other Government Units	5	963,527,865	1,358,061,718
Other grants and transfers	6	361,610,320	646,898,653
Social Security Benefits	7	5,567,250	
Adjusted for:			
Changes in receivables		40,909	(1,131,477)
Changes in payables		(14,480,375)	29,441,942
Adjustments during the year		(1,242,448)	-
Net cash flow from operating activities		2,967,588	90,866,962
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	(20,234,993)	(57,296,134)
Net cash flows from Investing Activities		(20,234,993)	(57,296,134)
NET INCREASE IN CASH AND CASH EQUIVALENT		(17,796,832)	33,570,828
Cash and cash equivalent at BEGINNING of the year		33,570,827	-
Cash and cash equivalent at END of the year		16,303,423	33,570,828

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th September, 2018 and signed by:



Principal Secretary
 Dr. Chris Kiptoo, CBS



Principal Accounts Controller
 Mildred .E. Akoth
 ICPAK Member Number: 20112

MINISTRY INDUSTRY, TRADE AND COOPERATIVES
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VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	2,720,896,961	(480,422,750)	2,240,474,211	2,033,155,394	207,318,871	91%
Other Receipts	24,860,000	-	24,860,000	7,766,045	17,093,955	31%
TOTAL RECEIPTS	2,745,756,961	(480,422,750)	2,265,334,211	2,040,921,433	224,412,778	90%
PAYMENTS						
Compensation of Employees	141,867,951	178,866,474	320,734,425	320,636,682	97,743	100%
Use of goods and services	400,081,499	(10,572,123)	389,509,376	370,929,815	18,579,561	95%
Transfers to Other Government Units	417,831,068	572,831,068	990,662,136	963,527,865	27,134,271	97%
Other grants and transfers	354,688,932	176,648,932	531,337,864	361,610,320	169,727,544	68%
Social Security Benefits	-	6,600,000	6,600,000	5,567,250	1,032,750	84%
Acquisition of Assets	161,438,686	(134,262,921)	27,175,765	20,234,993	6,940,772	74%
TOTAL PAYMENTS	1,475,908,136	790,111,430	2,266,019,566	2,042,506,924	223,512,642	90%
Surplus/ Deficit	1,269,848,825	(1,270,534,180)	(685,355)	(1,585,491)	25,760,136	

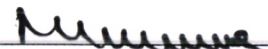
Reasons for variance

- i. The Changes between the original and final budget are as a result of reduction in funding by exchequer of KShs 480,422,750 and thus reallocation of the budget was necessary.
- ii. The under expenditure on Acquisition of Assets was due to inadequate Exchequer.

The entity financial statements were approved on 28th September, 2018 and signed by:



Principal Secretary
Dr. Chris Kiptoo, CBS



Principal Accounts Controller
Mildred .E. Akoth
ICPAK Member Number: 20112

MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES
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IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	2,393,396,961	(200,489,707)	2,192,907,254	1,993,292,288	199,614,966	91%
Other Receipts	24,860,000	-	24,860,000	7,766,045	17,093,955	31%
TOTAL RECEIPTS	2,418,256,961	(200,498,707)	2,217,767,254	2,001,058,333	216,708,921	90%
PAYMENTS						
Compensation of Employees	141,867,951	178,866,474	320,734,425	320,636,682	97,743	100%
Use of goods and services	355,081,499	2,763,754	357,345,253	340,261,524	17,583,730	95%
Transfers to Other Government Units	417,831,068	572,831,068	990,662,136	963,527,865	27,134,271	97%
Other grants and transfers	354,688,932	176,648,932	531,337,864	361,610,320	169,727,544	68%
Social Security Benefits	-	6,600,000	6,600,000	5,567,250	1,032,75	84%
Acquisition of Assets	21,438,686	(10,165,755)	11,272,931	8,304,557	2,968,374	74%
TOTAL PAYMENTS	1,290,908,136	927,544,473	2,218,452,609	1,999,908,197	218,544,412	90%
Surplus/Deficit	1,127,348,825	(1,128,034,180)	(685,355)	1,150,136	(1,835,491)	

Notes

- I. The Changes between the original and final budget are as a result of reduction in funding by exchequer of KShs 200,498,707 and thus reallocation of the budget was necessary.
 - II. The under expenditure on Acquisition of Assets was due to inadequate exchequer.
- The State Department for Trade financial statements were approved on 28th September, 2018 and Signed by:



Principal Secretary
Dr. Chris Kiptoo, CBS



Principal Accounts Controller
Mildred .E. Akoth
ICPAK Member Number: 20112

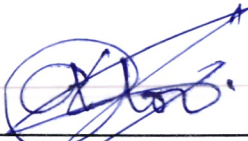
MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES
 STATE DEPARTMENT FOR TRADE
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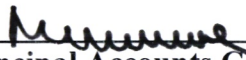
X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	327,500,000	(279,933,043)	47,566,957	39,863,106	7,703,851	84%
TOTAL RECEIPTS	327,500,000	(279,933,043)	47,566,957	39,863,106	7,703,851	84%
PAYMENTS						
Use of goods and services	45,000,000	(13,335,877)	31,664,123	30,668,291	1,979,137	97%
Acquisition of Assets	140,000,000	(124,097,166)	15,902,834	11,930,436	3,972,398	75%
TOTAL PAYMENTS	185,000,000	(137,433,043)	47,566,957	42,598,727	5,899,535	90%
Surplus/Deficit	142,500,000	(142,500,000)	-	(2,735,621)	2,735,621	

- i. The Changes between the original and final budget are as a result of reduction in funding by exchequer of KShs 279,933,043 and thus reallocation of the budget was necessary.

The State Department for Trade financial statements were approved on 28th September, 2018 and Signed by:


 Principal Secretary
 Dr. Chris Kiptoo, CBS


 Principal Accounts Controller
 Mildred .E. Akoth
 ICPAK Member Number: 20112

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XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2017/2018		2017/2018	Date, 2017/2018	
	Kshs	Kshs	Kshs	Kshs	Kshs
	KShs	KShs	KShs	KShs	KShs
Domestic Trade	167,636,514	(72,440,082)	95,196,432	90,516,953	4,676,479
Fair Trade and Consumer protection	426,193,121	89,909,747	516,102,868	495,274,596	30,828,271
Export Market Development	364,860,000	0	364,860,000	360,000,000	4,860,000
Regional Economic Integration Initiatives	104,118,992	(75,001,017)	29,117,975	28,401,247	716,728
Entrepreneurial and Management Training	185,101,653	(104,070,124)	81,031,529	68,119,727	11,821,469
International Trade	885,597,387	(182,516,161)	703,081,226	529,745,090	171,336,136
Investment Promotion	180,100,000	0	180,100,000	175,100,000	5,000,000
General Administration, Planning and Support Services	373,063,488	(78,533,957)	296,529,531	305,346,310	(10,816,779)
TOTAL	2,686,671,155	(420,651,594)	2,266,019,561	2,042,506,924	223,512,642

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XII. 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 Entity

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

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.

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

• 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 entity)

SIGNIFICANT ACCOUNTING POLICIES

- **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 entity.

- **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 entity 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.

During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

- **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 recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

- **Compensation of Employees**

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

- **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.

- **Interest on Borrowing**

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

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SIGNIFICANT ACCOUNTING POLICIES

• **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.

• **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 entity 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 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 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. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

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 2018, this amounted to Kshs 14,961,567 compared to Kshs 29,441,942 in prior period as indicated on note 9A.

There were no other restrictions on cash during the year.

SIGNIFICANT ACCOUNTING POLICIES

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 and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

10. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Entity 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. Comparative Figures

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

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XIII. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHEQUER RELEASES

Description	20 17-20 18	2016-2017
	Kshs	Kshs
Total Exchequer Releases for quarter 1	262,499,073	1,184,100,000
Total Exchequer Releases for quarter 2	403,123,015	579,960,000
Total Exchequer Releases for quarter 3	423,522,400	275,800,000
Total Exchequer Releases for quarter 4	944,010,900	1,402,600
Total	2,033,155,388	3,442,460,000

During the year the State Department was to receive KShs 2,240,474,211, However, it received 2,033,155,388 falling short by KShs 207,318,823

2 OTHER REVENUES

Description	2017-2018	2016-2017
	Kshs	Kshs
Receipts from Administrative Fees and Charges - Collected as AIA	7,766,045	7,834,705
Total	7,766,045	7,834,705

3 COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic salaries of permanent employees	193,604,356	121,464,268
Personal allowances paid as part of salary	126,766,750	73,560,331
Personal allowances paid as reimbursements	265,576	-
Total	320,636,682	195,024,599

NB: There was change in number of employees during the year.

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4 USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Utilities, supplies and services	13,856,244	28,419,181
Communication, supplies and services	5,548,336	16,941,669
Domestic travel and subsistence	52,504,569	151,715,238
Foreign travel and subsistence	26,124,531	137,165,949
Printing, advertising and information supplies & services	2,381,454	112,333,434
Rentals of produced assets	135,037,748	281,814,332
Training expenses	3,809,175	10,870,620
Hospitality supplies and services	12,124,691	274,960,970
Insurance costs	3,024,000	3,945,336
Specialized materials and services	9,395,889	7,192,404
Office and general supplies and services	4,895,541	82,200,405
Other operating expenses	38,007,972	11,491,302
Routine maintenance – vehicles and other transport equipment	7,639,238	50,563,575
Routine maintenance – other assets	39,800,242	9,939,609
Fuel oil and Lubricants	14,650,864	6,149,896
Exchange Rate Losses	2,129,320	2,049,318
Total	370,929,815	1,187,753,238

5 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities		
See attached list		
SAGAS	963,527,865	1,358,061,718
TOTAL	963,527,865	1,358,061,718

The above transfers were made to the following self-reporting entities in the year:

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Description	Recurrent	Development	Total	2016-2017
Transfers to SAGAs	Kshs	Kshs	Kshs	Kshs
Export Promotional Council	360,000,000	-	360,000,000	492,000,000
Brand Board Kenya	175,100,000	-	175,100,000	613,000,000
Anti-Counterfeit Agency	395,433,500	-	395,433,500	225,402,000
Kenya Consumer Protection Agency	32,994,365	-	32,994,365	27,659,718
TOTAL	963,527,865	-	963,527,865	1,358,061,718

NB: We have confirmed these amounts with the recipient entities and attached these confirmations to these financial statements.

MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 OTHER GRANTS AND TRANSFERS

Explanation	2017-2018	2016-2017
	Kshs	Kshs
Membership dues and subscriptions to international organizations	333,570,320	646,898,653
Scholarships and other educational benefits	28,040,000	0
Total	361,610,320	646,898,653

7 SOCIAL SECURITY BENEFITS

Explanation	2017-2018	2016-2017
	Kshs	Kshs
Government pension and retirement benefits	5,567,250	0-
Total	5,567,250	0-

Notes:

The social Security Benefit was as a result of Gratuity Payment to;

- i. Principal Secretary State Department for Trade; Kshs. 2,692,238 and PAYE of Kshs. 1,153,815 amounting to KShs. 3,846,051
- ii. Chairman Business Rent Tribunal; Kshs. 1,204,840 and PAYE of Kshs 516,360 amounting to KShs. 1,721,199

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 ACQUISITION OF ASSETS

Non-Financial Assets	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings	6,242,016	
Refurbishment of Buildings	320,160	
Purchase of Vehicles and Other Transport Equipment		7,104,618
Overhaul of Vehicles and Other Transport Equipment	153,990	
Purchase of Furniture and Institutional Equipment	248,437	953,760
Purchase of Office Furniture and General Equipment	2,669,182	2,474,090
Purchase of Specialized Plant, Equipment and Machinery	4,912,788	7,415,471
Research, Studies, Project Preparation, Design & Supervision	5,688,420	39,348,195
Total	20,234,993	57,296,134

9A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency)	2017-2018	2016-2017
				Kshs	Kshs
<i>Central Bank of Kenya, 1000303085 Kshs</i>	KSh	Recurrent		399,761	456,600
<i>Central Bank of Kenya, 1000303093Kshs</i>	KSh	Development		787,250	3,522,865
<i>Central Bank of Kenya, 1000303107 Kshs</i>	KSh	Deposit		14,961,567	29,441,942
<i>Central Bank of Kenya, 1000303115 Kshs</i>	Kshs	CBK		-	-
Total				16,148,578	33,421,407

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9B: CASH IN HAND

	2017-2018	2016-2017
	Kshs	Kshs
Cash in Hand – Held in domestic currency	154,844	149,420
Cash in Hand – Held in foreign currency	-	-
Total	154,844	149,420

Cash in hand should also be analyzed as follows:

	2017-2018	2016-2017
	Kshs	Kshs
Location 1(cash Office)	154,844	149,420
Total	154,844	149,420

10: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

<i>Description</i>	2017-2018	2016-2017
	Kshs	Kshs
Government Imprest	1,066,218	1,131,477
Salary advances	24,350	-
Total	1,090,568	1,131,477

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Below is detailed listing of the outstanding imprests

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
Peterson Kamau				300.00
Francis Mutibo		56,400.00	54,400.00	2,000.00
Nelson Musolo				4,300.00
Kibet Kiprop		14,700.00	NIL	14,700.00
Julia Mwangi		15,000.00	NIL	15,000.00
Michael Ndungu		17,000.00	NIL	17,000.00
Pauline Wandabwa		17,200.00	NIL	17,200.00
Michael Onyancha		23,718.00	NIL	23,178.00
Samuel Kipsuit		25,200.00	NIL	25,200.00
Kelvin Wanjala		29,400.00	NIL	29,400.00
Sam Kerio		30,500.00	NIL	30,500.00
Japheth Kabiti		37,800.00	Nil	37,800.00
Beatrice Gikuru		46,600.00	NIL	46,600.00
Julius Ndubi		51,500.00	NIL	51,500.00
Erastus Mwenda		58,800.00	NIL	58,800.00
Mary Kinuthia		66,00.00	NIL	66,000.00
Michael Mandu		68,000.00	NIL	68,000.00
Job Ogollah		71,800.00	NIL	71,800.00
Simon Tilla		78,400.00	NIL	78,400.00
Peter Kilungya		78,400.00	NIL	78,400.00
Joseah Rotich		229,600.00	NIL	229,600.00
Meshack Koima		100,000.00	NIL	100,000.00
Salary Advance				
Geraldine Mutua		24,350	NIL	24,350
Total				1,090,568.00

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11. ACCOUNTS PAYABLE

Description	2017-2018	2016-2017
	Kshs	Kshs
Deposits	14,961,567	29,441,942
Total	14,961,567	29,441,942

Deposits are inclusive of RIIP funds used for COMESA activities, Rent Tribunal and Retention fee to consultants.

12. FUND BALANCE BROUGHT FORWARD

Description	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	33,421,407	-
Cash in hand	149,420	-
Accounts Receivables	1,131,477	-
Accounts Payables	(29,441,942)	-
Total	5,260,362	-

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13. RELATED PARTY DISCLOSURES

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

The following comprise of related parties to the State Department For Trade.

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

Related party transactions:

Description	2017-2018	2016-2017
	Kshs	Kshs
Key Management Compensation	-	-
Transfers to SCs and SAGAs	963,527,865	1,358,061,718
Total Transfers from related parties	963,527,865	1,358,061,718

MINISTRY INDUSTRY, TRADE AND COOPERATIVES

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14. OTHER IMPORTANT DISCLOSURES

14.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	2017 -2018	2016-2017
	Kshs	Kshs
Supply of goods	43,206,498	40,990,792
TOTAL	43,206,498	40,990,792

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15. 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)
3	Unsupported Expenditure foreign missions	The evidence of expenditure wasn't availed because it had not been received by Ministry of Foreign affairs but will be availed once Received	Samuel Otieno (S.A) & Barrack Maseno (ACC 1)	Not Resolved	Within 2018-2019 financial year
4	Outstanding Imprest of 1,131,477 not Accounted for or Recovered.	The outstanding imprest of 1,131,477 had not been accounted for or recovered as at 30 th June 2017 but has since been recovered and accounted in full.	Samuel Otieno (S.A) & Barrack Maseno (ACC 1)	Not Resolved	Within 2018-2019 financial year
5	The department hasn't maintained a comprehensive fixed asset register	The list did not reflect the location and condition of Assets as we were still in the process of compiling a fixed Asset Register in liaison with Ministry of Tourism however the list is now ready and submitted	Samuel Otieno (S.A) & Barrack Maseno (ACC 1)	Not Resolved	Within 2018-2019 financial year
6	Expenditure related to RIIP amounting to 3,247,604 was not supported with reports and expenditure returns were not availed for audit.	Report for the activities undertaken in RIIP is now ready and submitted. The under expenditure however was due to the funds being received late	Samuel Otieno (S.A) & Barrack Maseno (ACC 1)	Resolved	

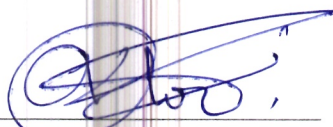
MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES

STATE DEPARTMENT FOR TRADE


Reports and Financial Statements

For the year ended June 30, 2018

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)
8	Budget Performance There was 72% shortfall in collection of AIA and 5% in Exchequer issues. There was also 5% under Expenditure of Expenditure	There was under collection of AIA by Ksh 19,925,295 (72%). Of this, 54% relate to AIA due to SAGAS which they collect and account for directly. The difference related to SDT Headquarters and its Departments. The underfunding of core-technical departments (KIBT and W&M), thus limiting their ability to carry out training satisfaction of Equipment respectively from where AIA is raised.	Samuel Otieno (S.A) & Barrack Maseno (ACC 1)	Resolved	



Principal Secretary
Dr. Chris Kiptoo, CBS



Assistant Accountant General
Mildred E. Akoth
ICPAK Member Number: 20112

MINISTRY INDUSTRY, TRADE AND COOPERATIVES
STATE DEPARTMENT FOR TRADE

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XIV. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Outstanding Balance June 2018	Comments
Sub-Total		
Supply of goods		
1. Francis Mungai Enterprises	149,918.40	Not paid due to inadequate exchequer
2. Kwambius Investments	151,610.00	Not paid due to inadequate exchequer
3. Francis Mungai Enterprises	153,398.00	Not paid due to inadequate exchequer
4. Francis Mungai Enterprises	154,512.00	Not paid due to inadequate exchequer
5. Membranes System Limited	471,000.00	Not paid due to inadequate exchequer
6. Grande General Supplies	486,800.00	Not paid due to inadequate exchequer
7. Bitmax Supplies	26,400.00	Not paid due to inadequate exchequer
8. Lisoden Supplies	49,200.00	Not paid due to inadequate exchequer
9. Rotage Investment	55,050.00	Not paid due to inadequate exchequer
10. Precise Designs and Supplies	69,600.00	Not paid due to inadequate exchequer
11. Rainners General Supplies	92,500.00	Not paid due to inadequate exchequer
12. Francis Mungai Enterprises	93,181.25	Not paid due to inadequate exchequer
13. Kuste Traders	165,000.00	Not paid due to inadequate exchequer
14. Jac Ventures	198,600.00	Not paid due to inadequate exchequer
15. Jab Investments	296,500.00	Not paid due to inadequate exchequer
16. Metropolitan Agencies	379,490.00	Not paid due to inadequate exchequer
17. Kuste Traders	401,000.00	Not paid due to inadequate exchequer
18. Reana Entreprises	725,000.00	Not paid due to inadequate exchequer
19. Bitmax Supplies	11,000.00	Not paid due to inadequate exchequer
20. Benderik Enterprises	113,060.00	Not paid due to inadequate exchequer
21. Eutychia General Supplies	130,000.00	Not paid due to inadequate exchequer
22. Steflo Enterprises	258,850.00	Not paid due to inadequate exchequer
23. Francis Mungai Enterprises	292,227.20	Not paid due to inadequate exchequer
24. Ediface Entreprises	313,200.00	Not paid due to inadequate exchequer
25. Ediface Entreprises	417,500.00	Not paid due to inadequate exchequer
26. MFI Documents Solutions	566,590.00	Not paid due to inadequate exchequer
27. Floreki Enterprises	68,950.00	Not paid due to inadequate exchequer
28. Double Link Enterrprises	77,880.00	Not paid due to inadequate exchequer
29. WITS System Technologies	108,100.00	Not paid due to inadequate exchequer
30. Eutychia General Supplies	135,000.00	Not paid due to inadequate exchequer
31. Alison and Davies Group LTD	295,800.00	Not paid due to inadequate exchequer
32. Raphveox Supplies	412,000.00	Not paid due to inadequate exchequer
33. Matson General Enterprises	519,600.00	Not paid due to inadequate exchequer
34. Gatcom Services	29,750.00	Not paid due to inadequate exchequer
35. Navictowa Marketting Enterprises	39,000.00	Not paid due to inadequate exchequer
36. Johnalic Enterprises	43,700.00	Not paid due to inadequate exchequer

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Supplier of Goods or Services	Outstanding Balance June 2018	Comments
37. Joflosta Investments Ltd	54,750.00	Not paid due to inadequate exchequer
38. Elite Board General Supplies	80,000.00	Not paid due to inadequate exchequer
39. WITS System Technologies	97,000.00	Not paid due to inadequate exchequer
40. Gatcom Services	108,000.00	Not paid due to inadequate exchequer
41. Sululer Innovation Enterprises	135,450.00	Not paid due to inadequate exchequer
42. Eltons Design limited	145,900.00	Not paid due to inadequate exchequer
43. Elcom Industries	230,000.00	Not paid due to inadequate exchequer
44. Vicam Kenya Limited	21,330.00	Not paid due to inadequate exchequer
45. Wikanel Ventures	636,932.00	Not paid due to inadequate exchequer
46. Elcom Industries	1,305,000.00	Not paid due to inadequate exchequer
47. Sashiba Limited	1,663,520.00	Not paid due to inadequate exchequer
48. Cedow Company Investment	289,900.00	Not paid due to inadequate exchequer
49. Eutychia General Supplies	252,500.00	Not paid due to inadequate exchequer
50. Eutychia General Supplies	234,300.00	Not paid due to inadequate exchequer
51. Matson General Enterprises	390,000.00	Not paid due to inadequate exchequer
52. Dao Investments	3,000.00	Not paid due to inadequate exchequer
53. Francis Mungai Enterprises	36,000.00	Not paid due to inadequate exchequer
54. Dao Investments	82,600.00	Not paid due to inadequate exchequer
55. Ellands Agencies	137,260.00	Not paid due to inadequate exchequer
56. World Hope Services	9,740.00	Not paid due to inadequate exchequer
57. Decision Analyst	14,000.00	Not paid due to inadequate exchequer
58. Glomag Investment	68,500.00	Not paid due to inadequate exchequer
59. Kenmac General Supplies	108,000.00	Not paid due to inadequate exchequer
60. Dakebri Enterprises	133,968.00	Not paid due to inadequate exchequer
61. Bewada Enterprises	468,000.00	Not paid due to inadequate exchequer
62. Online Technologies	489,500.00	Not paid due to inadequate exchequer
63. Bewada Enterprises	615,000.00	Not paid due to inadequate exchequer
Supply of services		
64. Mocam Security Services	55,680.00	Not paid due to inadequate exchequer
65. Mocam Securities	68,000.00	Not paid due to inadequate exchequer
66. Double Century Ventures	130,000.00	Not paid due to inadequate exchequer
67. Mocam Security Services	148,480.00	Not paid due to inadequate exchequer
68. Mocam Security Services	185,600.00	Not paid due to inadequate exchequer
69. Mocam Security Services	185,600.00	Not paid due to inadequate exchequer
70. Mocam Security Services	222,720.00	Not paid due to inadequate exchequer
71. Jepco Services and Renovators	237,478.00	Not paid due to inadequate exchequer
72. Jepco Services and Renovators	251,886.81	Not paid due to inadequate exchequer
73. Mocam Security Services	278,400.00	Not paid due to inadequate exchequer
74. Scarbex Services	366,400.00	Not paid due to inadequate exchequer
75. Teleposta Pension Scheme	4,042,785.60	Not paid due to inadequate exchequer

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Supplier of Goods or Services	Outstanding Balance June 2018	Comments
76. Mocam Security Services	16,240.00	Not paid due to inadequate exchequer
77. Tulips Collage	65,000.00	Not paid due to inadequate exchequer
78. Government Printers	174,000.00	Not paid due to inadequate exchequer
79. Havin Entreprises	77,200.00	Not paid due to inadequate exchequer
80. Lake Naivasaha Resort	268,000.00	Not paid due to inadequate exchequer
81. Integrated Development Consultants	847,836.00	Not paid due to inadequate exchequer
82. Stockwell Properties	126,000.00	Not paid due to inadequate exchequer
83. Air Fare Travel Agency	140,060.00	Not paid due to inadequate exchequer
84. Shian Tours and Travel	191,060.00	Not paid due to inadequate exchequer
85. Bewada Enterprises	245,600.00	Not paid due to inadequate exchequer
86. Decision Three Sixty Five	301,600.00	Not paid due to inadequate exchequer
87. Mocam Security Services	371,200.00	Not paid due to inadequate exchequer
88. Intercontinental Hotel Nairobi	390,000.00	Not paid due to inadequate exchequer
89. Shian Tours and Travel	431,000.00	Not paid due to inadequate exchequer
90. Intercontinental Hotel	769,800.00	Not paid due to inadequate exchequer
91. Sarova Whitesands	1,040,134.00	Not paid due to inadequate exchequer
92. Nairobi Water & Sewerage Co	128,021.00	Not paid due to inadequate exchequer
93. African Touch Safaris	75,710.00	Not paid due to inadequate exchequer
94. Jeilo Collection	105,000.00	Not paid due to inadequate exchequer
95. Decision Three Sixty Five	176,255.00	Not paid due to inadequate exchequer
96. World Trade Organization	12,563,220.00	Not paid due to inadequate exchequer
97. Nairobi Net	74,997.00	Not paid due to inadequate exchequer
98. African Touch Safaris	97,300.00	Not paid due to inadequate exchequer
99. Jepco Services and Renovators	107,700.00	Not paid due to inadequate exchequer
100. Stockwell Properties	121,000.00	Not paid due to inadequate exchequer
101. Nairobi Net	124,955.00	Not paid due to inadequate exchequer
102. Sun Africa Hotels	136,800.00	Not paid due to inadequate exchequer
103. Nifri Solutions	145,000.00	Not paid due to inadequate exchequer
104. Nairobi Net	149,994.96	Not paid due to inadequate exchequer
105. Mocam Security	185,600.00	Not paid due to inadequate exchequer
106. Mocam Security	371,200.00	Not paid due to inadequate exchequer
107. Toyota Kenya	29,800.00	Not paid due to inadequate exchequer
108. Jepco Services and Renovators	30,300.00	Not paid due to inadequate exchequer
109. Jepco Services and Renovators	45,450.00	Not paid due to inadequate exchequer
110. Jepco Services and Renovators	106,050.00	Not paid due to inadequate exchequer
111. Kenya Power and Lighting Company	300,000.00	Not paid due to inadequate exchequer
112. Toyota Kenya Limited	18,500.00	Not paid due to inadequate exchequer
113. Tulips Commercial Collage	132,500.00	Not paid due to inadequate exchequer
114. Gelian Investment Limited	220,800.00	Not paid due to inadequate exchequer
115. National Oil Corporation	170,928.00	Not paid due to inadequate exchequer
116. Dr. Margaret Chemengich	200,000.00	Not paid due to inadequate exchequer

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Supplier of Goods or Services	Outstanding Balance June 2018	Comments
Grand Total	43,206,498	

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XV. ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/2017	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2017/2018
Refurbishment of Buildings	-	320,160		
Buildings and structures	-	6,242,016		
Transport equipment	7,104,618	-		
Overhaul of Vehicles and other Transport Equipment	-	153,990		
Office equipment, furniture and fittings	2,474,090	2,669,181		
Household Furniture and Institutional Equipment	953,760	248,437		
Specialized Plant, Machinery and Equipment	7,415,471	4,912,788		
Research, Feasibility Studies, Projects Preparation	-	5,688,420		
Intangible assets	39,348,195	-		
Total	57,296,134	20,234,992		

Refurbishment of building was done at Teleposta Towers, 21st Floor due to shortage of office space.

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XVI. ANNEX 3 – LIST OF PROJECTS IMPLEMENTED BY THE STATE DEPARTMENT FOR TRADE

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)
1	Commodity Exchange	Structured market for trading of standardized commodities on electronic platform	Anthony Njeru	YES
2.	KIBT Parklands Complex	Provision of office space and Training Facilities to Small and Medium Enterprises	Catherine Waweru	YES
3.	E- Trade Portal	To provide Trade Related Information and Data to the business community and investors	Jared Nyaundi	Yes

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XVII. ANNEX 4 – LIST OF SAGAs AND PUBLIC FUNDS UNDER THE STATE DEPARTMENT FOR TRADE

Ref	SAGA	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Export Promotional Council	Promoting of exports and market Diversification	Peter Biwott	360,00,000	YES
2	Brand Board Kenya	Promoting the National Brand	Floice Muleabana	175,100,000	YES
3	Anti-Counterfeit Kenya	Elimination of Counterfeit goods	Elema Halake	395,433,500	YES
4	Kenya Consumer Protection Advisory Committee	Providing Advisory Services to the Cabinet Secretary on Consumer Protection	Elias Mburu	32,994,365	YES

XVIII. ANNEX 5- REPORTS GENERATED FROM IFMIS

The following financial Reports Generated from IFMIS are 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