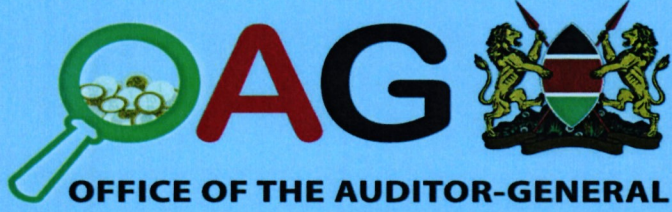


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THE AUDITOR-GENERAL

ON

**STATE DEPARTMENT FOR TRADE AND
ENTERPRISE DEVELOPMENT**

**FOR THE YEAR
ENDED 30 JUNE, 2020**



**MINISTRY OF INDUSTRIALIZATION, TRADE AND
ENTERPRISE DEVELOPMENT**


STATE DEPARTMENT FOR TRADE AND ENTERPRISE DEVELOPMENT

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2020

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Ministry of Industry, Trade and Enterprise Development was formed through Presidential Executive Order No. 1 of May 2020.

The Ministry is headed by the Cabinet Secretary Ms. Betty C Maina, CBS who is responsible for providing the general policy and strategic direction of the Ministry.

The Ministry is made up of Two State Departments namely: the State Department of Industrialization and the State Department of Trade and Enterprise Development. Each of the State Department is headed by a Principal Secretary responsible for implementation of the core mandate which includes policy, programmes and projects.

The following are the Principal Secretaries in charge of the two State Departments:

- i. Amb. Johnson Weru - State Department for Trade and Enterprise Development; and
- ii. Dr. Francis O Owino, PhD, CBS - State Department for Industrialization.

The accompanying financial statements constitute the financial statements for the State Department for Trade and Enterprise Development.

The following is the Vision, Mission, Core Values and Core Mandate of the **State Department for Trade and Enterprise Development**:

1.1 Vision

To be a leader in promoting trade and investment.

1.2 Mission

To facilitate trade, investment, private sector development and regional integration by championing an enabling environment for domestic and export 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:

- i. Trade Policy formulation, implementation and review;
- ii. Implementation of Buy Kenya Policy;
- iii. Promotion of wholesale and retail trade and markets;
- iv. Business Registration Services;
- v. Export Promotion (Trade Missions, Trade fairs, Exhibitions and Expos);
- vi. Promotion of Fair Trade practices (Trade remedies, enforcement of Intellectual property rights);
- vii. Coordination of bilateral trade matters (including inward and outward trade and investment missions);
- viii. Coordination of Regional Trade matters, COMESA, AGOA, Indian Ocean Ream Association for Regional Cooperation (IOR – ARC) and Inter Governmental Authority on Development (IGAD);
- ix. Co-ordination of matters concerning, WTO, UNCTAD, ITC and other International Trade Organizations (ITOs) including negotiations and implementation of the relevant trade related Decisions emanating from ITOs;
- x. Trade Negotiations and Advisory Services; and,
- xi. Enforcement of International Trade laws, Regulations and Agreement.

(b) Key Management

The State Department consists of five Technical Departments which implement the core mandate of Department and the General Administration Directorate which provides auxiliary services to the Technical Departments. The following are the directorates responsible for the implementation of the core mandate of the Department:

- 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,

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vi) Kenya Institute of Business Training

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Cabinet Secretary, Ministry of Industry, Trade and Enterprise Development	Hon. Betty C Maina, CBS
2.	Principal Secretary, State Department for Trade and Enterprise Development	Amb. Johnson Weru
3.	Secretary Trade	Dr. Bruno Linyiru
4.	Secretary Administration	Mr. Osman Warfa
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.	Director, Kenya Institute of Business Training	Ms. Joyce Ogundo
9.	Director, Human Resource Management and Development	Mrs. Jayne Asuma
10.	Director, International Trade	Mr. Peter Njoroge
11.	Deputy Accountant General	Ms. Mildred .E. Akoth
12.	Chief Finance Officer, Finance Unit	Mr. Ambrose Ogango
13.	Assistant Internal Auditor General	Mr. Francis Omondi Oyoo

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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. Amb. Johnson Weru (Chairman)
2. Osman Warfa (Alt. Chair)
3. Ambrose Ogango (Secretary)
4. Mildred Akoth
5. Joyce Ogundo
6. Michael Onyancha
7. Catherine Waweru
8. Jayne Asuma
9. Eric Ronge
10. Jared Nyaundi
11. Peter Njoroge
12. Beatrice Kahiu
13. Edward Olem
14. Abner Abaga

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

- i. To review and consider the cash flow plans;
- ii. To review the utilization of the cash limits and consider any changes as may be required;
- iii. To review the utilization of the donor funds voted for the State Department;
- iv. To advise the accounting officer on the challenges related to the budget implementation;
- v. To review and recommend the reallocation of payments;
- vi. To review and approve the submission of the payment returns, payroll IPPDs, pending bills and A-I-A returns for the State Department and recommend actions to be taken;
- vii. To participate in sector working groups; and,
- viii. 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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ii. 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. Amb. Johnson Weru (Chairman)
2. Osman Warfa (Alt. Chair)
3. Jayne Asuma (Secretary)
4. Joyce Ogundo (Member)
5. Michael Onyancha (Member)
6. Dr Bruno Linyiru (Member)
7. Eric Ronge (Member)
8. Peter Njoroge (Member)
9. Mildred Akoth (Member)
10. Ambrose Ogango (Member)
11. Jared Nyaundi (Member)

The Human Resources Management Advisory Committee is charged with the responsibility of managing the affairs Human Resource in the State Department.

The mandate of the Committee includes the following:

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

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(e) State Department for Trade and Enterprise Development Headquarters

P.O.BOX 30430-00100
Teleposta Building
Kenyatta Avenue
Nairobi, KENYA
Telephone: (254) 020-315001/2-4
E-mail: ps@trade.go.ke
Website: www.trade.go.ke

(f) State Department for Trade and Enterprise Development Headquarters Bank

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

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

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FORWARD BY THE CABINET SECRETARY



The State Department of Trade and Enterprise Development (SDT) was established vide Executive Order No.1/2020 of May, 2020 on the organization of the Government of the Republic of Kenya.

State Department for Trade and Enterprise Development was constituted by bringing together the International Trade docket from the former Ministry of Foreign Affairs and International Trade and the Commerce Department in the former Ministry of East African Affairs, Commerce and Tourism. The Mandate of the SDT is to manage the development and promotion of Kenya's Domestic and International Trade. .

During this year the State Department and Enterprise Development applied its budgetary allocation resources indicated to undertake its mandate. Amongst its key achievements was the launch of the Integrated Export Development and Promotion Strategy, Sign of the code of practice for the retail sector, Launch of Action Plan on the fight against Illicit Trade, Implementation of the WTO Trade Facilitation Agreement and Incorporation of the Kenya Commodities Exchange (KOMEX) Company, among others.

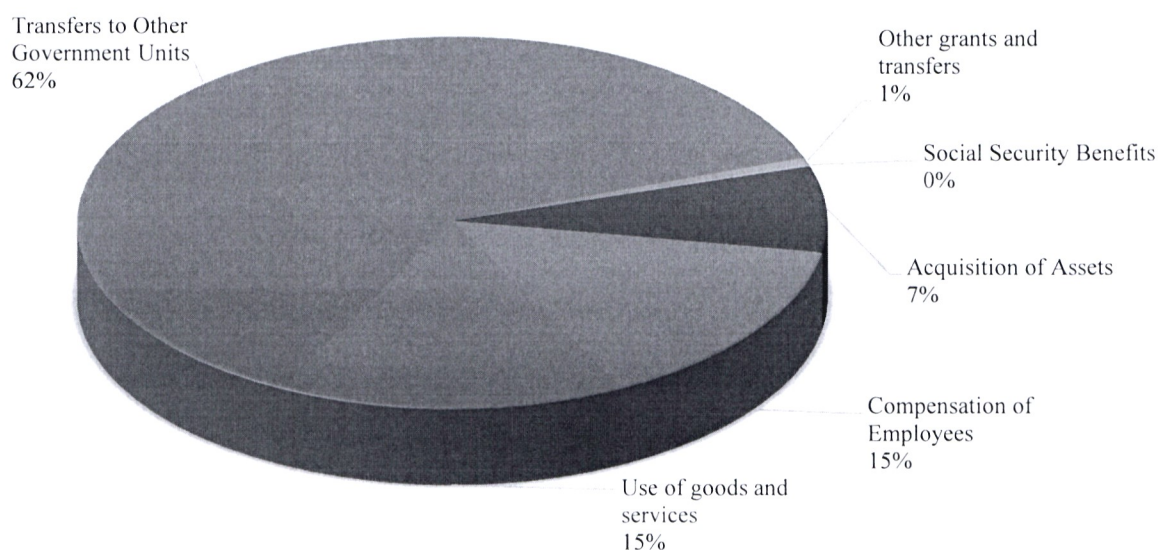
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BUDGET ALLOCATION

In the financial year 2019/2020, the State Department for Trade had a gross budget of **KShs. 2,796,983,944** which was made up of **KShs. 1,676,983,944** and **KShs. 1,120,000,000** for recurrent and development vote, respectively.

The State Department was to expend the gross budget of KShs. **2,796,983,944** under the following economic item as tabulated below against the actual Expenditure incurred based on the Total Receipts Available to the Department of KShs **2,731,117,070** ;

Budget Utilisation as Per Economic Items



S/NO	ECONOMIC ITEM	BUDGET (KSHS)	ACTUAL PAYMENTS (KSHS)	DIFFERENCE (KSHS)
1.	Compensation of Employees	398,100,000	388,668,603	9,431,397
2.	Use of goods and services	437,668,393	392,864,803	44,803,590
3.	Transfers to Other Government Units	1,629,600,000	1,624,938,247	4,661,753
4.	Other grants and transfers	29,000,000	11,335,704	17,664,296
5.	Social Security Benefits	4,697,146	4,697,145	1
6.	Acquisition of Assets	297,918,406	197,674,324	100,244,082
	TOTALS	2,796,983,944	2,620,178,826	176,805,118

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It is noted that 62% of the State Department's budget was used in Transfers to Other Government entities i.e. State Corporations, Semi-Autonomous Government Agencies (SAGAs) 15% of the budget was utilised on Use of Goods and Services, 15% on employee compensation, 7% was utilised on Acquisition of assets, while Social Security Benefit and Other Grants and Transfers represented less than 1% of the total budget.

Key Performance Highlights

Below is an overview of the financial performance for the year ended 30th June 2020 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 2020

Financial Performance	Printed Estimates	Actual	Variance	%
	KShs	KShs	KShs	Utilisation Variance
Total Receipts	2,796,983,944	2,731,117,070	65,866,874	98%
Total Payments	2,796,983,944	2,620,178,826	176,805,119	94%
Surplus for the Year	-	110,938,244	(110,938,244)	

Actual receipts by the MDAs stood at 2% below budget while actual payments were 6% below budget. This is Foreign Mission which is treated as receivable in Financial Statements since Expenditure returns were yet to be received.

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Budget Utilisation

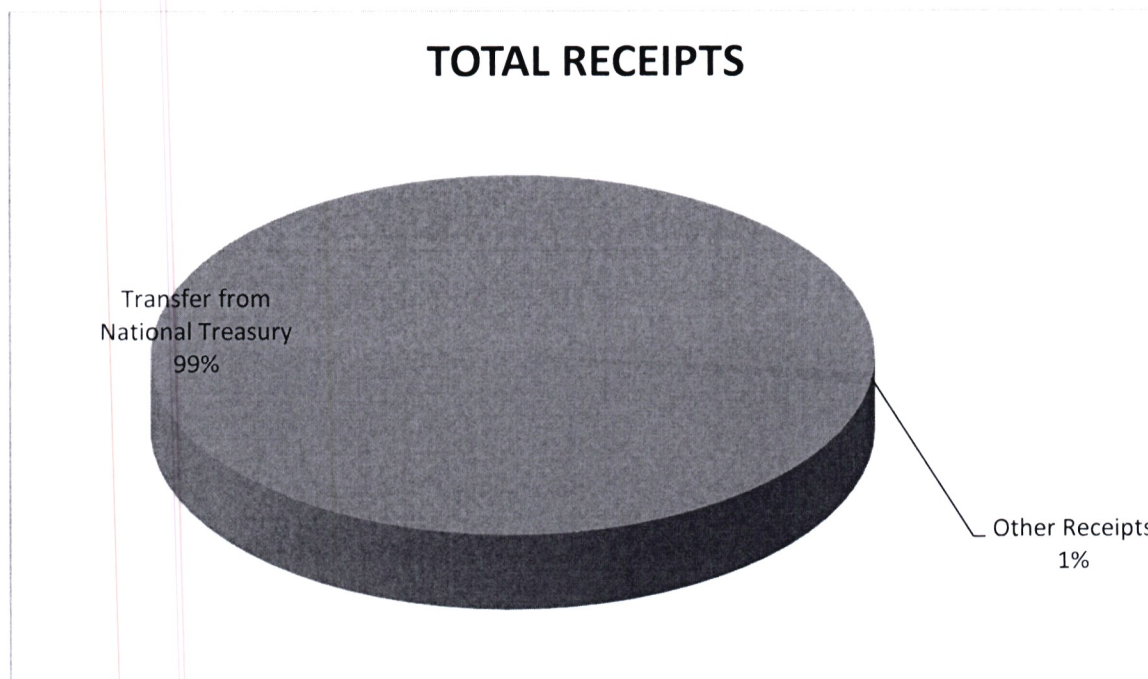
The State Department spent **Kshs 2,620,178,826** against an approved budget of **KShs. 2,796,983,944** representing absorption of **98%**. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the chart below:

	Approved Budget Allocation	Actual Payments	Variance
	KShs	KShs	KShs
Compensation of Employees	398,100,000	388,668,603	9,431,397
Use of goods and services	437,668,393	392,864,803	44,803,590
Transfers to Other Government Units	1,629,600,000	1,624,938,247	4,661,753
Other grants and transfers	29,000,000	11,335,704	17,664,296
Social Security Benefits	4,697,146	4,697,145	1
Acquisition of Assets	297,918,406	197,674,324	100,244,082
Total Payments	2,796,983,944	2,620,178,826	176,805,118

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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 Kshs **2,701,009,602 as Exchequer Issue from National Treasury and Appropriation in Aid (A.I.A)** amounting to Kshs **30,107,468** against a budget of **KShs. 2,758,983,944** and **KShs 38,000,000** Respectively.



Financial Assets Summary

The Departments Financial Assets as at 30th June 2020 was as shown here below;

Item Description	Amount
	KShs
Bank Balances	164,001,293
Cash Balances	334,271
Accounts Receivables - Outstanding Imprest & foreign Missions	20,380,584
Total Financial Assets	184,716,148

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Financial liability

Funds held for third parties as at 30th June 2020 was as shown here below;

Item Description	Amount
	KShs
Retention fees & Rent Tribunal Deposits	52,069,994
TOTAL	52,069,994

Cash Flows and Cash Position

The cash and bank balances held by the State Department for Trade as at 30th June 2020 was **KShs. 164,335,564**. The breakdown of the cash and bank balances is as summarized in the table below.

Cash and Bank Balances	Amount
	KShs
Bank Balances	164,001,293
Cash Balances	334,271
Total	164,335,564

Cash Flow Activities

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

Cash Flow Activities	Year to 30 th June 2020
	KShs
Net Cash Flows generated from Operating activities	339,222,269
Net Cash Flows used in Investing activities	(197,674,324)
Net increase in Cash and Cash Equivalents at 30th June 2020	141,547,945

Key Achievements of the State Department in the FY 2019/20

Domestic trade Development

- a) Business Membership Organizations (BMOs) were strengthened through sensitization and training of Kenya National Chamber of Commerce and Mitumba Association officials,
- b) The Draft Trade Bill has been developed and submitted to the Office of the Attorney General for processing,
- c) Developed tool and pre-tested it for profiling products with export potential in collaboration with the counties,
- d) Handing over of Joint Loan Board (JLB) Scheme forwarded to the Intergovernmental Relations Technical Committee for finalization; and

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- e) There was improved uptake of locally manufactured goods by MDAs.

Fair Trade and Consumer Protection

- a) 80 Weighing and Measuring equipment were verified and a verification report prepared,
- b) Kenya Trade Remedy Agency was operationalized. The KETRA Board has been gazetted, Human Resource instruments for Kenya Trade Remedies Agency (KETRA) developed,
- c) The draft legal metrology bill has been developed and submitted to the Attorney General's office for processing; and
- d) Amendment of the Consumer Protection Act no. 46 of 2012 Act is ongoing as scheduled.

Regional Economic Integration Initiatives

- a) The capitalization exercise was initiated to attract investment for KOMEX Limited. A few potential investors have committed to invest a total of Kshs.600 Million,
- b) Office space for KOMEX secured at Parklands KIBT Building,
- c) The State Department reviewed existing Legal and Regulatory framework affecting Commodity Exchange Ecosystem. Proposals for laws to be amended were submitted to the Office of the Attorney General for consideration as part of the Miscellaneous Amendment Bill,
- d) The State Department also coordinated the development and processing of the Commodities Market Regulations and Warehouse Receipt Regulations,
- e) Commodities Market Regulations was Gazetted while the Warehouse Receipt Regulations is awaiting approval by the responsible Cabinet Secretaries,
- f) Proposals for the transformation of the Warehouse Receipt Council into a Warehouse Regulatory and Development Authority (NWRDA) were developed and submitted to the Ministry responsible for Agriculture,
- g) Inter-agency arrangement that will ensure proper coordination of quality certification of commodities to be traded in commodity exchange established; and
- h) The Ministry coordinated assessment of sixteen (16) NCPB and KNTC warehouses for use by National Commodity Exchange. The Ministry responsible for Agriculture will source for funds for upgrading and equipping necessary infrastructure and equipment.

International Trade

- a) Category B & C measures were identified and notified to the World Trade Organization Committee on Trade Facilitation Agreement in August 2019,
- b) Coordination of Kenya's participation in the AfCFTA and TFTA Phase II negotiations to include negotiations on Intellectual Property Rights, Investment and Competition throughout the contract period,

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- c) The State Department initiated bilateral engagements with the US under the Kenya-US Trade and Investment Working Group to maximize on AGOA utilization,
- d) Coordinated the National Monitoring Committee that resolved Non-Tariff Barriers (NTBs) to facilitate free flow of goods and services across the borders,
- e) 400 Producers/exporters sensitized on available opportunities and market requirements (buyer and regulatory) for AfCFTA, AGOA, EPA, TFTA and other bilateral markets,
- f) The State Department formed Sectoral Working Groups (SWG) of INEDPS to coordinate implementation of the Strategy; and
- g) Hosted a successful Source21 COMESA High Level Business Summit and International Trade Fair.

Entrepreneurship and Management Training.

- a) The State Department undertook business counseling for 1175 MSMEs out of 2000 MSMEs that were set to be trained representing 59% achievement,
- b) In the FY 19/20 the State Department recruited and trained 1145 MSMEs out of a target of 2,000 MSMEs representing 57.3% achievement with a variance of 855 (42.8%) which is attributed to inadequate resources due to austerity measures; and
- c) Partitioning and fitting of the office wing of the KIBT Building Complex is 98% complete. Partitioning works on the residential wing are at 90%. Works on the amphitheater and KOMEX offices is on-going.

General Administration, Planning and Support.

- i. Service Delivery Charter reviewed awaiting publication and launch,
- ii. National Cohesion and Values Report developed and submitted to the Directorate of National Cohesion and Values. National Cohesion and Values commitments implemented,
- iii. M&E carried out and 4 quarterly, 1 mid-year and 1 annual reports developed,
- iv. 1 Program Based Budget (PBB) Report developed,
- v. 1 Procurement Plan developed and signed; and
- vi. Staff appraisal currently on-going and the report will be submitted to PSC once complete.

Emerging Issues

The country's domestic and export trade performance continues to face several emerging issues that affects full exploitation of market opportunities in the domestically and globally.

i. Dumping and influx of cheap subsidized goods

Globalisation (liberalisation) and the ensuing inflow of cheap goods is posing a great challenge to the survival of the local industry. Due to inadequate trade remedy mechanisms, among other factors locally produced goods and services are unable to compete effectively.

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ii. Increasing tendencies of protectionism

Countries have tended to adopt trade restricting policies that shield their market from international competition. This is more common with developed countries who continue to impose high SPS and TBT standards to prevent goods from developing Countries like Kenya accessing their markets.

iii. Membership to multiple regional trading arrangements

Kenya is a member of the EAC Customs Union, COMESA Free Trade Area, and IGAD among others. The CET, Rules of Origin (RoO) and border measures such as axle-load and transport insurance requirements in these blocks are not uniform. This poses a challenge to the business community in complying with these different RoO and border measures.

v. Increase in counterfeit, substandard, and contraband goods

The country continues to be exposed to the threat of counterfeit, substandard, contrabands and dumped goods. Most of these illicit goods are imported merchandize, thereby posing a major threat to trade in locally produced goods. In addition, most of the counterfeit goods are sub-standard and therefore often pose a danger to human, animals and the environment.

iv. The Covid-19 Pandemic

The pandemic has seriously affected normal life and in particular the diverse business activities in the country. To mitigate the pandemic, Government has put in place several measures to reduce spread of the disease among the population. These measures include a 7.00pm -5.00am curfew to restrict movement of people and strict observance of social distancing. Other measures instituted include closure of hotels and eateries as well as restricting numbers of patrons in supermarkets among others. The measures further affected international trade due to closure of Kenya's international flights.

Implementation Challenges

i. Market Access limitations

Kenya's export to the world is made up of semi processed, raw and predominantly agricultural products. These products face low and fluctuating prices and are subjected to a number of access limitations in form of Non-Tariff Barriers to Trade (NTBs), Sanitary and Phyto-Sanitary (SPS) measures which drastically reduce the country's share of the global market. Countries have tended to adopt trade restricting policies that shield their market from international competition. This is more common with developed countries which continue to impose high SPS and TBT standards to prevent goods from developing Countries to access their markets.

To enable Kenyan products to compete effectively with goods from other countries, the State Department in collaboration with the private sector and other stake holders will strive to strengthen the capacity of enterprises to meet international standards and enhance competitiveness.

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ii. Stiff Competition

Liberalization has exposed the domestic market to stiff and un-balanced competition from the developed countries due to their superiority in the use of advanced technology and ability to subsidize production. According to WTO, Kenya commands a meager 0.03% of the global market with the major export market being Britain and the European Union. Forty percent (40%) of Kenya's exports is in primary form while 60% is value added and exported mainly to the regional markets. The State Department is capacity building MSMEs, exporters and producers on the need for export products diversification & enlargement.

iii. Fluctuation of Foreign Exchange Rates and International Currency

Volatility in the exchange rates of major international currencies has larger implications for not only the international monetary system but also on coordination of monetary, fiscal and exchange rates policies. Volatility of these currencies results into adverse effect on economies of developing countries which in turn triggers the desire for higher levels of foreign exchange reserves to mitigate against limited access to external borrowing to finance current account deficits. To offset the resultant effect of short-term speculative capital movement generated by instability in major currency markets, countries may be forced to take the easier option of intervening in the exchange market hence exposing these economies to even greater externally generated risks.

iv. Product Standards and Customer Preferences

Rapidly changing consumer needs, preferences and quality requirements, both locally and internationally are causing a strain on many Kenyan manufacturers especially MSMEs. Compliance with international or national standards is critical not only for fair competition in the domestic market but also for creating a strong presence in the global export markets. A majority of MSMEs are unable to fully comply with these stringent standards requirements resulting in a reduced market access. The implementation of the local content preferences is hindered by lack of an enabling legal framework, low compliance to standards by MSMEs, delay in finalization and implementation of Local Content Policy. The State Department is capacity building in areas of business development services, standards and conformity, certification and market intelligence on required and emerging standards.

v. Inadequate funding for programmes and Projects

Inadequate budgetary allocation and budget cuts especially in development projects has continued to hamper the implementation and completion of the various programmes and projects. Flagship projects and other programmes outlined in the MTP III require substantial amount of resources to be completed. The State Department has developed a resource mobilization strategy to attract financing from external sources to supplement the Government resources.

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vi. Low level of Research, Innovation and Technology Development

Low levels of innovation and use of outdated production systems has led to low productivity and competitiveness. There are weak linkages between the technology and research institutions and

the industry players. This has led to production of tradeable commodities which are of poor quality. Low funding for R&D has also contributed to poor adoption of new technologies. Further, inadequate awareness of the role of intellectual property rights in fostering socio-economic development is hindering the development, commercialization, registration and protection of new innovations in the manufacturing sector and patent rights for technological development.

To take advantage of opportunities availed by the growing regional and global market, the State Department is sensitizing and capacity building MSMEs on the need needs to improve their competitiveness, productivity, and product quality through adaptation of appropriate technology and certification. Provision of adequate resources for Research, Innovation, Technology Development will be key for the sectors.

Hon. Betty C. Maina, CBS
CABINET SECRETARY

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
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STATEMENT OF PERFORMANCE AGAINST MDA'S PREDETRMINED OBJECTIVES

The State Department identified four (4) key result areas through which it will achieve its mission. At the same time the State Department will give guidance to its Departments and Agencies to accelerate the implementation of the Strategic Plan in line with National Trade Policy, Integrated National Exports Development and Promotion Strategy (INEDPS) Third Medium Term Plan (MTP), Big Four Agenda, Kenya Vision 2030 and Sustainable Development Goals among others over the next 5 years.

The Key Result Areas identified include:

- a) Facilitate the growth in value of exports by 20% annually.
- b) Facilitate the growth in value of domestic trade value by 25% by 2022.
- c) Effective Leadership and good Governance
- d) Strengthen institutional capacity for service delivery

The Strategic Objectives under each of the four KRAs include the following:

- a) Facilitate the growth in value of exports by 25% annually
 - To broaden and deepen the product base and export markets
- b) Facilitate the growth in value of domestic trade by 20% by 2022
 - To facilitate Business and Entrepreneurship Development
 - To enhance consumer protection
 - To improve business environment
 - To support growth and development of wholesale and retail trade
- c) Effective Leadership and good Governance
 - To provide policy direction and ensure coordination for quality service delivery.
- d) Strengthen institutional capacity for service delivery
 - To attract, develop and retain competent and motivated workforce.

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Implementation Matrix and Progress on Attainment of Strategic Development Objectives

MDA Program	Objective	Outcome	Indicator	Performance
Domestic Trade Development	To sensitize and capacity build Business Membership Organizations.	Improve creased capacity of awareness by Business Membership Organizations.	No. of Sensitizations conducted.	Business Membership Organizations (BMOs) were strengthened through sensitization and training of Kenya National Chamber of Commerce and Mitumba Association officials.
	To finalize the Kenya Trade Bill	To provide necessary legal framework for domestic trade	Enact the Kenya Trade Bill	The Draft Trade Bill has been developed and submitted to the Office of the Attorney General for processing
	To diversify the export product base	Increase in exportable products.	Profile of exportable goods	Developed tool and pre-tested it for profiling products with export potential in collaboration with the counties.
	To finalize handing over of Joint Loan Board (JLB) Scheme.	Loanable funds available to MSMEs.	Percentage finalization.	Handing over of Joint Loan Board (JLB) Scheme forwarded to the Intergovernmental Relations Technical Committee for finalization.
	To monitor the implementation of the 40% procurement rule.	Enhanced uptake of locally manufactured goods by MDAs	Percentage of procurement budget compliance by MDAs	There was improved uptake of locally manufactured goods by MDAs
Fair Trade and Consumer Protection	To verify weighing and measuring equipment.	Consumers protected from unfair trade practices	No. of weighing and measuring equipment have been verified	80 Weighing and Measuring equipment have been verified and a verification report prepared.
	To operationalize KETRA.	Local manufacturers protected against dumping of cheap goods.	Percentage operationalization.	Kenya Trade Remedy Agency has been operationalized. The KETRA Board has been gazetted. Human Resource instruments for Kenya Trade Remedies Agency (KETRA) developed.
	To develop of the National Legal Metrology Policy.	Structured and coordinated legal metrology services in the country.	Percentage completion of Policy document.	70%. The draft legal metrology bill has been developed and submitted to the Attorney General's office for processing.
	To amend the Consumer	Consumers protected against unfair trade	Percentage completion of	Amendment of the Consumer Protection Act no. 46 of 2012 Act

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MDA Program	Objective	Outcome	Indicator	Performance
	Protection Act.	practices.	Policy document.	is ongoing as scheduled.
Regional Economic Integration Initiatives	To initiate capitalization of KOMEX.	Operationalize KOMEX to provide structured trading for commodities	Amount of capital committed by investors to the Exchange.	The capitalization exercise was initiated to attract investment for KOMEX Limited. A few potential investors have committed to invest a total of Kshs.600 Million.
	To establish KOMEX office space.	Conducive working environment and Adequate working space for staff	Percentage establishment.	90%. Office space for KOMEX secured at Parklands KIBT Building.
	To review existing Legal and Regulatory framework affecting Commodity Exchange Ecosystem.	Smooth trading operations for the exchange.	Percentage level of finalization of regulations.	The State Department reviewed existing Legal and Regulatory framework affecting Commodity Exchange Ecosystem. Proposals for laws to be amended were submitted to the Office of the Attorney General for consideration as part of the Miscellaneous Amendment Bill. The Ministry also coordinated the development and processing of the Commodities Market Regulations and Warehouse Receipt Regulations. Commodities Market Regulations was Gazetted while the Warehouse Receipt Regulations is awaiting approval by the responsible Cabinet Secretaries.
	To transform Warehouse Receipt Council into a Warehouse Regulatory and Development Authority (NWRDA).	Provide necessary legal framework for smooth trading operations for the exchange.	Percentage transformation	Proposals for the transformation of the Warehouse Receipt Council into a Warehouse Regulatory and Development Authority (NWRDA) have been submitted to the Ministry responsible for Agriculture.
	To establish Inter-agency arrangement to coordinate certification of tradeable commodities.	Proper certification of tradeable commodities.	Percentage establishment	Inter-agency arrangement that will ensure proper coordination of quality certification of commodities to be traded in commodity exchange established.

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MDA Program	Objective	Outcome	Indicator	Performance
	To assess viability of warehouses for the Exchange.	Sustainable storage of tradeable commodities.	No. of warehouses assessed.	The Ministry coordinated assessment of sixteen (16) NCPB and KNTC warehouses for use by National Commodity Exchange. The Ministry responsible for Agriculture will source for funds for upgrading and equipping necessary infrastructure and equipment.
International Trade	To identify measures to be notified to the World Trade Organization on Trade Facilitation Agreement.	Seamless flow of goods across borders.	No. of measures identified and notified to WTO.	Category B & C measures were identified and notified to the World Trade Organization Committee on Trade Facilitation Agreement in August 2019.
	To coordinate negotiations in AfCFTA & TFTA.	Increased volume of exports in goods and services. Increased number of markets for Kenya's products and services.	No. of agreements signed.	Coordination of Kenya's participation in the AfCFTA and TFTA Phase II negotiations to include negotiations on Intellectual Property Rights, Investment and Competition throughout the contract period.
	To implement the AGOA Strategy.	Increase in value and volumes of export to the US market.	Percentage increase in exports to the US.	The State Department initiated bilateral engagements with the US under the Kenya-US Trade and Investment Working Group to maximize on AGOA utilization.
	To eliminate/reduce NTBs and emerging trade issues with our bilateral, regional and multilateral partners.	Increased trade volumes with our trading partners.	No. of NTBs and trade issues resolved.	Coordinated the National Monitoring Committee that resolved Non-Tariff Barriers (NTBs) to facilitate free flow of goods and services across the borders.
	To conduct outreach programmes/sensitization for business community on opportunities available	Increased export earnings.	No. of awareness Workshops conducted /No. of producers/exporters sensitized.	400 Producers/exporters sensitized on available opportunities and market requirements (buyer and regulatory) for AfCFTA, AGOA, EPA, TFTA and other bilateral markets.
	To coordinate the implementation of the Integrated National Export Development and Promotion Strategy (INEDPS).	Increased export earnings.	Percentage level of implementation.	The State Department formed Sectoral Working Groups (SWG) of INEDPS to coordinate implementation of the Strategy.

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MDA Program	Objective	Outcome	Indicator	Performance
	To organize and coordinate inward and outbound trade and investment forum.	Increase Foreign Direct Investment.	No. of business and investment fora organized.	Hosted a successful Source21 COMESA High Level Business Summit and International Trade Fair.
Entrepreneurship and Management Training.	To facilitate Entrepreneurship and business counselling to MSMEs.	Improved business performance.	No. of MSMEs counselled.	The State Department undertook business counseling for 1175 MSMEs out of 2000 MSMEs that were set to be trained representing 59% achievement.
	To facilitate Business and Entrepreneurship Development.	Improved business performance.	No. of MSMEs trained.	In the FY 19/20 the State Department recruited and trained 1145 MSMEs out of a target of 2,000 MSMEs representing 57.3% achievement with a variance of 855 (42.8%) which is attributed to inadequate resources due to austerity measures.
	To partition and furnish the new KIBT Parklands building.	Conducive working environment and Adequate working space for staff.	Percentage completion.	90% complete. Partitioning and fitting of the office wing is 98% complete. Portioning works on the residential wing are at 90%. Works on the amphitheater and KOMEX offices is on-going.
	To establish EMPRETEC Centre.	Centre Established and furnished.	Percentage establishment.	KIBT staffs were sensitized but none has been certified.
General Administration, Planning and Support.	To develop a new service charter.	Timely and efficient service delivery.	Percentage of completion.	Service Delivery Charter reviewed awaiting publication and launch.
	To coordinate preparation of National Values and Principles of Governance Report for the SDT.	Adherence to National Values and Principles of Governance.	No. of reports.	National Cohesion and Values commitments implemented. National Cohesion and Values Report developed and submitted to the Directorate of National Cohesion and Values.
	To carry out Monitoring and Evaluation of projects and programmes.	Timely implementation and reporting of projects and programmes.	No. of M&E Reports.	M&E carried out and 4 quarterly, 1 mid-year and 1 annual reports developed.
	To prepare	Enhanced resource	No. of Program	1 Program Based Budget (PBB)

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MDA Program	Objective	Outcome	Indicator	Performance
	Programme Based Budget (PBB).	allocation.	Based Budget (PBB) Reports.	Report developed.
	To prepare Annual Procurement Plan.	Timely and efficient procurement of goods and services for all departments and divisions.	No. of Procurement Plans Prepared and signed.	1 Procurement Plan developed and signed.
	To coordinate Staff performance appraisal system.	Improved performance.	No. of reports to the PSC (K).	Staff appraisal currently on-going and the report will be submitted to PSC once complete.

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CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Sustainability Strategy and Profile -

To improve and sustain the country's domestic and export performance, the State Department is addressing challenges and exploiting opportunities in the domestic and global trade arena.

Global Arena.

I. Market Access.

Kenya's export to the world is made up of predominantly agricultural products which are semi-processed or raw in nature. These products face low and fluctuating prices. The State Department is implementing strategies aimed at diversifying export products for sustainability of export earnings.

II. Competition

Liberalization has exposed the domestic market to stiff and un-balanced competition from the developed countries. The State Department is disseminating strategies to producers on leveraging on the use of advanced technology to attain competitive edge.

III. Value Addition on Export Products.

The Trading in semi-processed products such as tea and coffee which fetch low international prices has resulted into low returns from these goods. The State Department in conjunction with stakeholders is implementing strategies to ensure products are fully processed before export.

IV. Non-Tariff Barriers.

The state Departments and member states of the EAC Customs Union, COMESA Free Trade Area, and IGAD among others are addressing cumbersome and numerous custom documentations and administrative procedures, non-recognition of Certificate of Origin (CoO) and varying standard requirements, delays at borders and non-harmonized transit charges and procedures that are hampering trade within the trading blocs.

National Arena

i. National Coordination Framework for Inter-County Trade Development

The State Department has put in place proper coordination framework between the two levels of government and inter-county relations to facilitate trade by establishing county engagement strategies.

ii. Counterfeit, Substandard, and Contraband Goods.

The fight against the threat of counterfeit, substandard, contrabands and dumped goods is being sustained by the Anti-Counterfeit Agency, KETRA and other agencies of the Multi-Agency Team.

iii. Business Regulatory Framework

Legislations regulating the operations of businesses in Kenya are being simplified and harmonised.

iv. Affordable Finance.

Provision of affordable credit to the businesses community is being undertaken especially to MSMEs through the MSME Fund.

v. Supply Chains

Supply chains from producers to distributors and consumer are being strengthened.

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vi. Market Infrastructure

The market infrastructure including sorting, grading and cold storage facilities in the country is being addressed through refurbishment of existing warehouses.

vii. Inter-Agency and Intra-Agency Coordination Framework

Inter-Agency and Intra-Agency Coordination Framework among agencies involved in facilitating trade have been strengthened.

Environmental Performance

- The State Department in partnership with key stakeholders planted a total of 20,000 indigenous trees in an effort to rehabilitate and conserve the Kaptagat Forest ecosystem in July 2019. Also as part of improving the tree cover in country, we partnered with the Ministry of Agriculture and distributed over **10,000 avocado seedlings** to the farmers surrounding the Kaptagat Forest as part of promoting commercial farming for export business, boosting national food security and also supporting tree cover.
- The 3rd Sabor Annual Tree Planting Exercise was successfully held on 20th July, 2019 at Sabor Forest Block where over 20,000 indigenous tree seedlings were planted and the Community sensitized on matters of environment protection and conservation

Employee Welfare

- 42No. (22 Male and 20 Female) staff and family members reached with the prescribed sensitization package for non-communicable diseases (NCDs) including Cancer (Breast, Cervical and Prostrate), Diabetes, Hypertension, Stress management and Mental health.
- 42No. staff and family members accessed the screening package for H.I.V, Cancer, Blood pressure, Blood sugar and BMI.
- Sensitization on HIV and AIDS for stakeholders/integrate HIV messages routine activities of people sensitized on reducing stigma and discrimination towards PLHIV is 60No. of whom 37 were female and 23 were male.
- 7,200 No. condoms distributed to staff and family members which includes SDT headquarters, Weights and Measures and KIBT.

Market place practices-

- The State Department established a Complaints Management and Access to Information Framework and appointed officers to the Complaints Committee to address public complaints.
- The Corruption Prevention Committee was established to address incidences of corruption from within and without. The committee developed a Corruption Risk Assessment and mitigation plan was developed. Measures emanating from the Corruption Risk Mitigation Plan were implemented.
- Consumer rights within the State Department are being safeguarded through the Trade Bill which is under development.

Community Engagements-

- The State Department partnered with the Ministry of Agriculture and distributed over 10,000 avocado seedlings to the farmers surrounding the Kaptagat Forest in July 2019 as part of promoting commercial farming for export business, boosting national food security and also supporting tree cover.

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

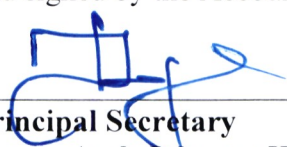
The Accounting Officer in charge of the State Department for Trade and Enterprise Development is responsible for the preparation and presentation of the departments financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. 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 department for Trade and Enterprise Development 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 *Department's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the Department for Trade and Enterprise Development further confirms the completeness of the accounting records maintained for the Department, 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.

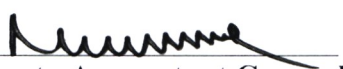
The Accounting Officer in charge of the Department for Trade and Enterprise Development confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit 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 and Enterprise Development financial statements were approved and signed by the Accounting Officer on 30th September, 2020.



Principal Secretary
Name: Amb Johnson Weru



Deputy Accountant General
Name: Milly Eve Akoth
ICPAK Member Number: 20112

REPUBLIC OF KENYA

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Enhancing Accountability

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REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR TRADE AND ENTERPRISE DEVELOPMENT FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the State Department for Trade and Enterprise Development set out on pages 1 to 25, which comprises the statement of assets and liabilities as at 30 June, 2020 and the statement of receipts and payments, statement of cash flows, summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of this audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the State Department for Trade and Enterprise Development as at 30 June, 2020 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no key audit matters to communicate in my report.

Other Matter

1. Pending Bills

As disclosed under Annex I to the financial statements, the State Department had pending bills amounting to Kshs.20,933,998 as at 30 June, 2020 that were not settled in the year under review but were carried forward to the 2020/2021 financial year. Management has not explained why the bills were not settled during the year they occurred. Failure to settle bills in the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year, as they form a first charge.

2. Unresolved Prior Year Matters

Various prior year's audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year's audit issues. Further, some unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Lack of Expenditure Returns for Disbursements to Foreign Missions

As disclosed in Note 11 to the financial statements, the statement of assets and liabilities reflects an accounts receivables balance of Kshs.20,380,584 in respect to disbursements by the State Department to foreign missions whose, expenditure returns were not provided for audit review. Although the Management had previously explained that the responsibility of providing the expenditure returns for the expenditure in foreign missions lies with the Principal Secretary, Ministry of Foreign Affairs, no evidence was provided for verification showing the actions being taken by the Department to ensure that returns are made available as and when required.

In view of the above, the regularity of the unaccounted for AIEs held by foreign missions could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the State Department's financial reporting process, reviewing the effectiveness of how the 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 audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

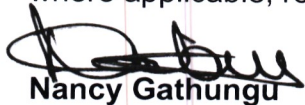
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi


20 April, 2021

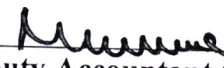
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STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019-2020	2018-2019
		Kshs	Kshs
RECEIPTS			
Exchequer releases	1	2,701,009,602	1,828,003,345
Proceeds from Sale of Assets	2	-	4,296,790
Other Receipts	3	30,107,468	21,937,013
TOTAL RECEIPTS		2,731,117,070	1,854,237,148
PAYMENTS			
Compensation of Employees	4	388,668,603	358,000,439
Use of goods and services	5	392,864,803	595,243,229
Transfers to Other Government Units	6	1,624,938,247	795,461,446
Other grants and transfers	7	11,335,704	21,695,328
Social Security Benefits	8	4,697,145	-
Acquisition of Assets	9	197,674,324	50,885,400
TOTAL PAYMENTS		2,620,178,825	1,821,285,842
SURPLUS/DEFICIT		110,938,244	32,951,306

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The department's financial statements were approved on 30th September 2020 and signed by:


Principal Secretary
Name: Amb Johnson Weru

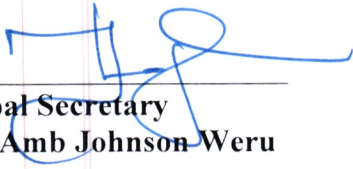

Deputy Accountant General
Name: Milly Eve Akoth
ICPAK Member Number: 20112

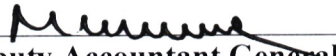
MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10A	164,001,293	22,632,381
Cash Balances	10B	334,271	155,238
Total Cash and cash equivalent		<u>164,335,564</u>	<u>22,787,619</u>
Accounts receivables – Foreign Mission& Outstanding Imprests	11	20,380,584	23,541,573
TOTAL FINANCIAL ASSETS		184,716,148	46,329,192
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	12	52,069,994	12,152,425
NET FINANCIAL ASSETS		132,646,153	34,176,767
REPRESENTED BY			
Fund balance b/fwd	13	34,176,767	2,431,883
Prior year adjustment	14	(12,468,857)	(1,206,423)
Surplus/Deficit for the year		110,938,244	32,951,306
NET FINANCIAL POSSITION		132,646,153	34,176,767

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The department's financial statements were approved on 30th September 2020 and signed by:


Principal Secretary
Name: Amb Johnson Weru

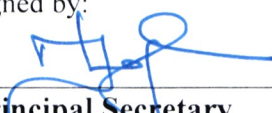

Deputy Accountant General
Name: Milly Eve Akoth
ICPAK Member Number: 20112


MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF CASH FLOWS

		2019-2020	2018 -2019
		Kshs	Kshs
Receipts for operating income			
Exchequer Releases	1	2,701,009,602	1,828,003,345
Proceeds from sale of assets	2	0	4,296,790
Other Revenues	3	30,107,468	21,937,013
		2,731,117,070	1,854,237,148
Payments for operating expenses			
Compensation of Employees	4	388,668,603	358,000,439
Use of goods and services	5	392,864,803	595,243,229
Transfers to Other Government Units	6	1,624,938,247	795,461,446
Other grants and transfers	7	11,335,704	21,695,328
Social Security Benefits	8	4,697,145	-
		2,422,504,502	1,770,400,442
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	3,160,989	(22,451,545)
Increase/(Decrease) in Accounts Payable: (deposits and retention)	16	39,917,569	(2,809,142)
Prior Year Adjustments	14	(12,468,857)	(1,206,423)
Net cash flow from operating activities		339,222,269	53,072,806
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets (Disposal and Sales of Non-Produced Assets)	2	-	(4,296,790)
Acquisition of Assets	9	(197,674,325)	(50,885,400)
Net cash flows from Investing Activities		(197,674,325)	(46,588,610)
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		141,547,945	6,484,196
Cash and cash equivalent at BEGINNING of the year		22,787,619	16,303,422
Cash and cash equivalent at END of the year	10(A+B)	164,335,564	22,787,618

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The department's financial statements were approved on 30th September 2020 and signed by:


Principal Secretary
Name: Amb Johnson Weru


Deputy Accountant General
Name: Milly Eve Akoth
ICPAK Member Number:20112

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

Reports and Financial Statements


For the year ended June 30, 2020

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	1,323,036,353	1,435,947,591	2,758,983,944	2,701,009,602	57,974,342	98%
Other Receipts	13,350,000	24,650,000	38,000,000	30,107,468	7,892,532	79%
TOTAL RECEIPTS	1,336,386,353	1,460,597,591	2,796,983,944	2,731,117,070	65,866,874	98%
PAYMENTS						
Compensation of Employees	186,565,390	211,534,610	398,100,000	388,668,603	9,431,397	98%
Use of goods and services	358,059,418	79,608,975	437,668,393	392,864,803	44,803,590	90%
Transfers to Other Government Units	468,300,000	1,161,300,000	1,629,600,000	1,624,938,247	4,661,753	100%
Other grants and transfers	21,750,000	7,250,000	29,000,000	11,335,704	17,664,296	39%
Social Security Benefits	2,120,233	2,120,233	4,697,146	4,697,145	1	100%
Acquisition of Assets	299,591,313	-1,672,907	297,918,406	197,674,324	100,244,082	66%
TOTAL PAYMENTS	1,336,386,353	1,460,597,591	2,796,983,944	2,620,178,826	176,805,118	94%

- i. The underutilization on Other Grants and Transfers of 39% was caused by the covid 19 pandemic which affected schools and colleges hence some payments were affected since the item is under scholarship and other educational benefits.
- ii. The Underutilization of Acquisition of Assets of 66% was as a result of Covid 19 pandemic which hindered a lot of business activities.
- iii. The under collection of other receipts of 79% was as a result of covid 19 pandemic which affected the training institutions not to conduct the training as planned thus being unable to collect the revenue as projected.
The entity financial statements were approved on 30th September, 2020 and signed by:



Principal Secretary
Name: Amb Johnson Weru



Deputy Accountant General
Name: Milly Eve Akoth
ICPAK Member Number: 20112

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	863,036,353	775,947,591	1,638,983,944	1,637,518,542	(1,465,402)	100%
Other Receipts	13,350,000	24,650,000	38,000,000	30,107,468	(7,892,532)	79%
TOTAL RECEIPTS	876,386,353	800,597,591	1,676,983,944	1,667,626,010	(9,357,934)	99%
PAYMENTS						
Compensation of Employees	186,565,390	211,534,610	398,100,000	388,668,603	9,431,397	98%
Use of goods and services	258,059,418	79,608,975	337,668,393	335,049,162	2,619,231	99%
Transfers to Other Government Units	398,300,000	501,300,000	899,600,000	894,938,247	4,661,753	99%
Other grants and transfers	21,750,000	7,250,000	29,000,000	11,335,704	17,664,296	39%
Social Security Benefits	2,120,233	2,576,913	4,697,146	4,697,145	1	100%
Acquisition of Assets	9,591,313	-1,672,907	7,918,406	5,832,886	2,085,520	74%
TOTAL PAYMENTS	876,386,354	800,597,591	1,676,983,945	1,640,521,747	36,462,198	98%

- i. The underutilization on Other Grants and Transfers of 39% was caused by the covid 19 pandemic which affected schools and colleges hence some payments were affected since the item is under scholarship and other educational benefits.
- ii. The Underutilization of Acquisition of Assets of 74% was as a result of Covid 19 pandemic which hindered a lot of business activities.
- iii. The under collection of other receipts of 79% was as a result of covid 19 pandemic which affected the training institutions not to conduct the training as planned thus being unable to collect the revenue as projected.
 The department's financial statements were approved on 30th September, 2020 and signed by:


Principal Secretary
 Name: Amb Johnson Weru


Deputy Accountant General
 Name: Milly Eve Akoth
 ICPAK Member Number: 20112

State Department for Trade and Enterprise Development

Reports and Financial Statements

For the year ended June 30, 2020

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	460,000,000	660,000,000	1,120,000,000	1,063,491,060	56,508,940	95%
TOTAL RECEIPTS	460,000,000	660,000,000	1,120,000,000	1,063,491,060	56,508,940	95%
PAYMENTS						
Use of goods and services	100,000,000		100,000,000	57,815,641	42,184,359	58%
Transfers to Other Government Units	70,000,000	660,000,000	730,000,000	730,000,000	0	100%
Acquisition of Assets	290,000,000		290,000,000	191,841,438	98,158,562	66%
TOTAL PAYMENTS	460,000,000	660,000,000	1,120,000,000	979,657,079	140,342,921	87%

Notes:-

- i. The Underutilization of use of goods and services by 42% was as a result of Covid 19 pandemic
- ii. The Underutilization of Acquisition of Assets of 66% was as a result of Covid 19 pandemic due which hindered a lot of business activities.

The department's financial statements were approved on 30th September, 2020 and signed by:


Principal Secretary

Name: Amb Johnson Weru


Deputy Accountant General

Name: Milly Eve Akoth

ICPAK Member Number:20112

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR TRADE
Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF PROGRAMMES AND SUB PROGRAMMES

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0	0	0
	0	Default - Non Programmatic	0	0	0
307000000		Trade Development and Promotion	2,796,983,944	2,620,178,826	176,805,118
	307010000	Domestic Trade Development	760,305,005	761,761,998	-1,456,993
	307020000	Fair Trade and Consumer Protection	566,781,568	565,706,699	1,074,869
	307030000	Exports Market Development	418,700,000	414,385,000	4,315,000
	307040000	Regional Economic Integration Initiatives	154,584,610	107,564,846	47,019,764
	307050000	Entrepreneurial and Management Training	302,632,809	208,405,626	94,227,183
	307060000		270,762,497	252,515,257	18,247,240
	307070000		0	0	0
	307080000		323,217,455	309,839,400	13,378,055
	307090000		0	0	0
		Grand Total	2,796,983,944	2,620,178,826	176,805,118

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
Reports and Financial Statements
For the year ended June 30, 2020

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 and Enterprise Development and 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 Department 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 Department.

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
Reports and Financial Statements
For the year ended June 30, 2020

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 2020, 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 recognised 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 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.

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
Reports and Financial Statements
For the year ended June 30, 2020

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 2020, this amounted to Kshs 52,069,994 compared to Kshs 12,152,425 in prior period as indicated on note 12.

There were no other restrictions on cash during the year.

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
Reports and Financial Statements
For the year ended June 30, 2020

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. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2020 for the period 1st July 2019 to 30th June 2020 as required by Law and there were two supplementary adjustments to the original budget during the year.

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

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

12. Comparative Figures

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

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
Reports and Financial Statements
For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2020.

14. Errors

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

During the year, errors that have been corrected are disclosed under note 26 explaining the nature and amounts.

15. Related Party Transactions

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

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS

1 EXCHEQUER RELEASES

Description	2019-2020	2018-2019
	Kshs	Kshs
Total Exchequer Releases for quarter 1	259,615,600	259,615,600
Total Exchequer Releases for quarter 2	600,936,598	310,417,000
Total Exchequer Releases for quarter 3	1,239,535,261	469,031,610
Total Exchequer Releases for quarter 4	600,922,143	788,939,135
Total	2,701,009,602	1,828,003,345

2 PROCEEDS FROM SALE OF ASSETS (Disposal and Sales of Non-Produced Assets)

Description	2019-2020	2018-2019
	Kshs	Kshs
Disposal and Sales of Non-Produced Assets	-	4,296,790
Total	-	4,296,790

3 OTHER REVENUES

Description	2019-2020	2018-2019
	Kshs	Kshs
Receipts from Administrative Fees and Charges - Collected as AIA	30,107,468	21,937,013
Total	30,107,468	21,937,013

Analysis of A.I.As

S/No	Name of Agency	Amount Collected
1.	Kenya Institute of Business Training	705,888
2.	Weights & Measures	8,781,580
3.	State Department for Trade HQS	35,000
4.	Anti-Counterfeit Agency	20,000,000
5.	Kenya Export Promotion council	585,000
	Total	30,107,468

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
Reports and Financial Statements
For the year ended June 30, 2020

4 COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic salaries of permanent employees	240,000,648	215,992,909
Personal allowances paid as part of salary	148,667,955	142,007,530
Total	388,668,603	358,000,439

5 USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Utilities, supplies and services	19,151,332	19,276,506
Communication, supplies and services	8,100,829	16,679,574
Domestic travel and subsistence	47,219,432	75,748,781
Foreign travel and subsistence	30,417,434	84,271,149
Printing, advertising and information supplies & services	7,649,227	12,477,374
Rentals of produced assets	143,657,085	131,262,082
Training expenses	10,431,959	11,103,575
Hospitality supplies and services	18,796,493	50,500,464
Insurance costs	2,830,500	1,941,085
Specialised materials and services	9,531,122	13,671,935
Office and general supplies and services	7,968,330	19,357,627
Other operating expenses	70,128,655	127,461,873
Routine maintenance – vehicles and other transport equipment	4,507,408	10,306,601
Routine maintenance – other assets	4,636,461	6,759,943
Fuel Oil and Lubricants	7,088,493	13,154,591
Exchange Rate Losses	750,044	1,270,069
Total	392,864,804	595,243,229

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 GRANTS AND TRANSFERS TO OTHER GOVERNMENT UNITS

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government Units		
Current Grants to Government Agencies and other levels of Government	894,938,247	745,461,446
Capital Grants to Government Agencies and other levels of Government	730,000,000	50,000,000
TOTAL	1,624,938,247	795,461,446

The above transfers were made to the following entities during the year:

Description	Recurrent	Development	Total	2018-2019
	Kshs	Kshs	Kshs	Kshs
Transfers to SAGAs				
Anti-Counterfeit Agency (<i>self-reporting</i>)	380,600,000	50,000,000	450,600,000	439,844,436
(<i>AIA</i>)	20,000,000			
Kenya Export Promotional Council (<i>self-reporting</i>)	413,800,000	-	414,385,000	325,360,297
(<i>AIA</i>)	585,000			
Kenya National Trading Corporation (<i>self-reporting</i>)	-	680,000,000	680,000,000	-
Kenya Consumer Protection Agency (<i>under Head Quarters</i>)	40,229,999	-	40,229,999	30,256,713
KETRA (<i>under Head Quarters</i>)	39,723,248	-	39,723,248	-
TOTAL	894,938,247	730,000,000	1,624,938,247	795,461,446

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to these financial statements. (Appendix 1)

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 OTHER GRANTS AND TRANSFERS

Explanation	2019-2020	2018-2019
	Kshs	Kshs
Scholarships and other educational benefits	11,335,704	21,695,328
Total	11,335,704	21,695,328

8 SOCIAL SECURITY BENEFITS

Explanation	2019-2020	2018-2019
	Kshs	Kshs
Government pension and retirement benefits	4,697,145	-
Total	4,697,145	-

Details of what social security benefits relate to is explained as detailed below.

S/NO	NAME	DESCRIPTION	AMOUNT
1.	Warfa Osman	Service Gratuity	1,247,450
2.	Hellen Kenani	Service Gratuity	341,704.15
3.	Denis Mboroki	Service Gratuity	2,147,795.70
4.	Joyce Ogundo	Service Gratuity	503,515.15
	Total		4,240,465

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 ACQUISITION OF ASSETS

Non Financial Assets	2019-2020	2018-2019
	Kshs	Kshs
Construction of Buildings	-	41,340,448
Refurbishment of Buildings	146,606,706	
Purchase of Household Furniture and Institutional Equipment	124,920	1,046,802
Purchase of Office Furniture and General Equipment	1,038,980	1,817,160
Purchase of Specialised Plant, Equipment and Machinery	4,668,986	6,680,990
Research, Studies, Project Preparation, Design & Supervision	45,234,732	
Total	197,674,324	50,885,400

Note: Included in the Acquisitions of assets during the year is kshs. 45,234,732 relating to feasibility and research. However, the transactions were of operation in nature relating to activities on the establishment of the Commodities Exchange Platform (KOMEX) during the year.

10 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)	2019-2020	2018-2019
				Kshs	Kshs
<i>Central Bank of Kenya, 1000303085, KShs</i>	KSHS	RECURRENT	-	8,975,119	1,398,270
<i>Central Bank of Kenya, 1000303093, KShs</i>	KSHS	DEVELOPMENT	-	102,956,179	9,081,686
<i>Central Bank of Kenya, 1000303107, KShs</i>	KSHS	DEPOSIT	-	52,069,994	12,152,425
Total				164,001,293	22,632,381

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.B CASH IN HAND

	2019-2020	2018-2019
	Kshs	Kshs
Cash in Hand – Held in domestic currency	334,271	155,238
Total	334,271	155,238

Cash in hand should also be analysed as follows:

	2019-2020	2018-2019
	Kshs	Kshs
SDTRADE HEAD QUARTERS	334,271	155,238
Total	334,271	155,238

11 ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

<i>Description</i>	2019-2020	2018-2019
	Kshs	Kshs
Government Imprests	-	239,703
Salary advances	-	25,860
Foreign Mission AIES	20,380,584	23,276,010
Total	20,380,584	23,541,573

12 ACCOUNTS PAYABLE

Description	2019-2020	2018-2019
	Kshs	Kshs
Deposits	52,069,994	12,152,425
Total	52,069,994	12,152,425

The above deposit amount comprises of retention money to contactors Kshs. 21,050,521.65, Regional Integration Implementation Program Kshs. 6,267,920.65 and Free Trade Area secretariat Kshs. 24,751,552.00

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13 FUND BALANCE BROUGHT FORWARD

Description	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	22,632,381	16,148,578
Cash in hand	155,238	154,844
Accounts Receivables	23,541,573	1,090,028
Accounts Payables	(12,152,425)	(14,961,567)
Total	34,176,767	2,431,883

14 PRIOR YEAR ADJUSTMENTS

Description of the error	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019	Prior Balance b/f FY 2018/2019
	Kshs	Kshs	Kshs	Kshs
Bank account Balances	22,632,381	(2,293,572)	20,338,809	(116,395)
Cash in hand	155,238	-	155,238	-
Accounts Payables	(12,152,425)	-	(12,152,425)	-
Receivables	23,541,573	(10,175,285)	13,366,288	(1,090,028)
	34,176,767	(12,468,857)	21,707,910	(1,206,423)

Prior year adjustment relates to bank balance swept to the exchequer, salary advances, imprests, Foreign missions surrendered during the year, which results in the fund balance brought forward.

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15 CHANGES IN RECEIVABLE (A)

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	239,703	1,066,218
Imprest issued during the year (B)	117,546,580	159,616,657
Imprest surrendered during the Year (C)	117,786,283	160,443,172
Net changes in account receivables D= A+B-C	-	239,703

15 CHANGES IN RECEIVABLE(B)

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Salary Advances t as at 1 st July 2019 (A)	25,860	-
Advances issued during the year (B)	-	-
Advances surrendered during the Year (C)	25,860	-
Net changes in account receivables D= A+B-C	-	25,860

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15 CHANGES IN RECEIVABLE(C)

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Foreign Missions as at 1 st July 2019 (A)	23,276,010	-
Foreign missions issued during the year (B)	65,491,968	90,840,350
Foreign missions surrendered during the Year (C)	68,387,394	67,564,340
Net changes in account receivables D= A+B-C	20,380,584	23,276,010

The foreign mission surrendered amount of 68,387,394 consists of unspent AIE Balances of Kshs 9,909,722.10 and Expenditure returns amounting to KShs 58,477,672

16 CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	12,152,425	14,961,568
Deposit and Retentions held during the year (B)	57,277,460	22,475,873
Deposit and Retentions paid during the Year (C)	17,359,890	25,285,016
Net changes in account receivables D= A+B-C	52,069,995	12,152,425

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17 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 and Enterprise Development;

- 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:

	2019- 2020	2018- 2019
	Kshs	Kshs
<u>Transfers to related parties</u>		
Transfers to SCs and SAGAs	1,624,938,247	795,461,446
Total Transfers to related parties	1,624,938,247	795,461,446
<u>Transfers from related parties</u>		
Transfers from the Exchequer	2,701,009,601	1,849,940,358
Total Transfers from related parties	2,701,009,601	1,849,940,358

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18. OTHER IMPORTANT DISCLOSURES


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


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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
1	Authority to incur Expenditure foreign missions	The evidence of expenditure was not availed because it had not been received by Ministry of Foreign affairs. However the expenditures has been received by the State Department and be availed once analysed.	Hezron Macharia (PAC) & Mathew Kinyua (ACC II)	Not Resolved	Within January, 2021
2	Outstanding Imprest of 1,090,028 not Accounted for or Recovered.	The outstanding imprest of 1,090,028 had not been accounted for or recovered as at 30 th June 2018 but has since been recovered and accounted in full.	Jane Njenga (ACCT II) & Mathew Kinyua (ACC II)	Resolved	
3	Cash and cash equivalents of kshs. 40,164,115 was not explained.	Amount of Kshs.846,981,841 was combination of both recurrent and Deposit Account with Kshs. 806,817,726 relating to recurrent and unexplained variance of Kshs. 40,164,115 related to Deposit in the Trial Balance	George Nyaundi (ACC I) & Mathew Kinyua (ACC II)	Resolved	

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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)
4	Expenditure relating to Scholarship and other Educational Benefits amounting to 28,040,000 was not supported.	The evidence of expenditure was not availed because it had not been received by Ministry of Foreign affairs. However the expenditures has been received by the State Department and be availed once analysed.	Hezron Macharia (PAC) & Mathew Kinyua (ACC II)	Not Resolved	Within January, 2021
5	Prior year Adjustments amounting to Kshs. 1,242,988 was not supported	Prior year adjustments amounting to Kshs. 1,242,988 were not supported as at 30 th June 2018. However the breakdown analysis and supporting documents were availed for Audit.	George Nyaundi (ACC I) & Mathew Kinyua (ACC II)	Resolved	


Principal Secretary
Name; Amb Johnson Weru


Deputy Accountant General
Name; Milly Eve Akoth
ICPAK Member Number:20112

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OTHER IMPORTANT DISCLOSURES

PENDING ACCOUNTS PAYABLE (See Annex 1)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	(-)	-
Construction of civil works	-	-	(-)	-
Supply of goods	16,059,916	183,671,156	-198,796,874	934,198
Supply of services	20,440,110	390,485,249	-390,925,559	19,999,800
Total	36,500,026	574,156,405	-589,722,433	20,933,998

OTHER PENDING PAYABLES

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to third parties	12,152,425	57,277,460	(17,359,890)	52,069,995
Total	12,152,425	57,277,460	(17,359,890)	52,069,995

External Assistance

There was no external assistance received during the year inform of grants or loans.

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

S/NO	Supplier of Goods or Services	Original Amount	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
		A	B	C=A-B		
1.	Mayota General Merchant	108,260.00	0	108,260.00	0	-System issues
2.	Luude Investments Ltd	61,600.00	0	61,600.00	0	-System issues
3.	Duke Meadows Ltd(Destination resort centre).	115,000.00	0	115,000.00	0	-Delay in submitting documents
4.	Ideal Stocks Investment Ltd	122,550.00	0	122,550.00	0	- Delay in submitting documents
5.	Shellvis Enterprises	91,670.00	0	91,670.00	0	- System issues
6.	Pago Airways	81,000.00	0	81,000.00	0	- System issues
7.	Hotel Intercontinental	736,000.00	0	736,000.00	0	-Insufficient voted provision
8.	Lake Naivasha Resort	81,000.00	0	81,000.00	0	- Insufficient voted provision
9.	Lake Naivasha Resort	630,000.00	0	630,000.00	0	- Delay in submitting documents
10.	Tusmo Travel	39,450.00	0	39,450.00	0	- Insufficient voted provision
11.	Tench agencies	107,020.00	0	107,020.00	0	- Delay in submitting documents
12.	Blooming Agencies Ltd	319,728.00	0	319,728.00	0	- Delay in submitting documents
13.	Linko General Supplies	123,370.00	0	123,370.00	0	- Delay in submitting documents
14.	Trans Sapla Ltd	136,700.00	0	136,700.00	0	- Delay in submitting documents

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S/NO	Supplier of Goods or Services	Original Amount	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
15.	Eleon Inn Ltd	82,500.00	0	82,500.00	0	- Insufficient voted provision
16.	Aberdare safari hotel	105,000.00	0	105,000.00	0	- Delay in submitting documents
17.	Ketbarak cottages Ltd	67,500.00	0	67,500.00	0	- Delay in submitting documents
18.	Savanah Paradise Hotel	125,000.00	0	125,000.00	0	-Delay in submitting documents
19.	KICC	7,686,450.00	0	7,686,450.00	0	-Delay in submitting documents
20.	African Touch Safaris ltd	549,350.00	0	549,350.00	0	-Delay in submitting documents
21.	African Touch Safaris ltd	549,350.00	0	549,350.00	0	Delay in submitting documents
22.	Globus tours and travel ltd	351,500.00	0	351,500.00	0	Delay in submitting documents
23.	Globus tours and travel ltd	278,100.00	0	278,100.00	0	Delay in submitting documents
24.	Air Fares Travel Agency ltd	1,214,630.00	0	1,214,630.00	0	Delay in submitting documents
25.	Realedge Africa Ventures ltd	1,163,895.00	0	1,163,895.00	0	Delay in submitting documents
26.	Realedge Africa Ventures ltd	50,185.00	0	50,185.00	0	Delay in submitting documents
27.	Madrone Tours and Travel ltd	1,050,490.00	0	1,050,490.00	0	Delay in submitting documents
28.	Libken Agencies co ltd	368,080.00	0	368,080.00	0	Delay in submitting documents

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S/NO	Supplier of Goods or Services	Original Amount	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
29.	The Elite Times Ventures	1,271,620.00	0	1,271,620.00	0	Delay in submitting documents
30.	The Elite Times Ventures	589,670.00	0	589,670.00	0	Delay in submitting documents
31.	Madrone Tours and Travel ltd	38,000.00	0	38,000.00	0	Delay in submitting documents
32.	Airfares Travel Agency Ltd	32,400.00	0	32,400.00	0	Delay in submitting documents
33.	Angani Tours and Travel	68,300.00	0	68,300.00	0	Delay in submitting documents
34.	Airfares Travel Agency Ltd	36,600.00	0	36,600.00	0	Delay in submitting documents
35.	Airfares Travel Agency Ltd	35,000.00	0	35,000.00	0	Delay in submitting documents
36.	Realedge Africa Ventures ltd	348,695.00	0	348,695.00	0	Delay in submitting documents
37.	Airfares Travel Agency Ltd	219,500.00	0	219,500.00	0	Delay in submitting documents
38.	Attic tours and travel ltd	236,820.00	0	236,820.00	0	Delay in submitting documents
39.	African Touch Safaris Ltd	16,220.00		16,220.00	0	Delay in submitting documents
40.	Francis N Mungai Enterprises	202,440.00		202,440.00	0	Delay in submitting documents
41.	Taqeph Office Technologies	125,000.00		125,000.00	0	Delay in submitting documents
42.	Globus tours and travel ltd	303,500.00		303,500.00	0	Delay in submitting documents

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S/NO	Supplier of Goods or Services	Original Amount	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
43.	Globus tours and travel ltd	41,700.00		41,700.00	0	Delay in submitting documents
44.	Angani Tours and Travel ltd	360,775.00		360,775.00	0	Delay in submitting documents
45.	Kite Elegant Supplies	87,600.00		87,600.00	0	Delay in submitting documents
46.	Burch's Resort Naivasha	113,100.00		113,100.00	0	Delay in submitting documents
47.	Burch's Resort Naivasha	136,500.00		136,500.00	0	Delay in submitting documents
48.	Globus tours and travel ltd	236,400.00		236,400.00	0	Delay in submitting documents
49.	Airfares Travel Agency Ltd	38,780.00	0	38,780.00	0	Delay in submitting documents
50.						
	Net Total	20,933,998.00		20,933,998.00		

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ANNEX 2. LISTS OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE STATE DEPARTMENT OF TRADE.

Ref	SC, SAGA or Public Fund's name	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1.	Anti-Counterfeit Agency	To enlighten and inform the public on matters relating to counterfeiting, combat trade and other delays in counterfeit goods.	Elema Halakhe	450,600,000	YES
2.	Kenya Export Promotional Council	To facilitate exporters and producers of export goods and services to overcome bottlenecks in order to achieve higher levels of export performance.	Peter Biwott	414,385,000	YES
3.	Kenya National Trading Corporation	To promote wholesale retail trade through distribution of essential commodities.	Tim Mirugi	680,000,000	YES
4.	Kenya Consumer Protection Agency	To protect consumers and prevent unfair trade practices in consumer transactions.	Elias Mburu	37,338,187	YES
5.	KETRA	To investigate and evaluate allegations of dumping and subsidization of imported products to the country.	Samuel Chemisto	39,723,248	YES

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ANNEX 3– SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2018/2019	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 2019/2020
Buildings and structures	41,340,448.00	191,523,888	-	-	233,181,886
Transport equipment	6,680,990	4,986,536	-	-	11,349,976
Office equipment, furniture and fittings	2,863,962	1,163,900	-	-	4,027,862
Total	50,885,400	197,674,324	-	-	248,559,724

Note: Included in the additions during the year is KSh. 45,234,732 relating to feasibility and research. However, the transactions were of operation in nature relating to activities on the establishment of the Commodities Exchange Platform (KOMEX) during the year.

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ANNEX 4- REPORTS GENERATED FROM IFMIS

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

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