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**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 04 MAR 2021 DAY: Thurs

TABLED BY:	The Majority Leader
OF:	Hon. Amos Kimunya
CLERK OF THE TABLE:	Halima Suleiman

**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR LABOUR**

**FOR THE YEAR ENDED  
30 JUNE, 2019**

Revised Template 30<sup>th</sup> June 2019



MINISTRY OF LABOUR AND SOCIAL PROTECTION  
STATE DEPARTMENT FOR LABOUR

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019**

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

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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**Background information**

The entity was formed on ..... by merging the Ministry of Labour and Social Protection and. At cabinet level, the entity is represented by the Cabinet Secretary for Ministry of Labour and Social Protection, who is responsible for the general policy and strategic direction of the entity. The ministry further consists of three State Departments each administered by a Principal Secretary. The State Departments are: -

1. State Department for Labour
2. State Department for Social Protection

The accompanying financial Statements constitute the financial statement for the State department for Labour.

. The vision, mission and core function of the State Department for Labour under the Ministry of Labour and Social Protection

**Vision**

A globally competitive Workforce

**Mission**

To promote decent work, skills development and sustainable job creation

**Mandates**

The Labour sub-sector mandate is derived from the Executive Order No. 2 of 2013 which is as follows:

- Social security policy;
- Employment policy;
- National human resource planning and development
- National labour productivity policy
- Child labour policy and regulations management
- Internship policy
- Labour and social security policy and programme implementation
- Facilitating and tracking employment creation
- Co-ordination of national employment
- Workplace inspection

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- Workman's compensation
- Promotion of occupational health and safety at work
- Management of labour migration and international jobs
- Industrial relations management
- Management of vocational, apprenticeship and industrial training
- Vocational training
- National productivity and competitiveness improvement
- Trade unions

**Core Values**

- Customer focus – The Ministry is committed to upholding high standards in service delivery to all its customers
- Courtesy – The Ministry is committed to treating its customers with courtesy and respect
- Child friendliness – the Ministry is committed to applying the principle of the “Best interest of the child” in all matters concerning children
- Integrity, transparency and accountability – the Ministry is committed to promoting openness, uprightness and reliability while executing its mandate
- Professionalism – The Ministry is committed to exercising competency, skills, knowledge and ethical behaviour in service delivery
- Equity and equality – the Ministry will promote fairness, human dignity and justice in all its programmes

**Key Management**

- Office of Principal Secretary
- Administration
- Labour Department
- National Human Resource Planning and Development
- Registrar of Trade Unions
- Directorate of Occupational Safety & Health Services (DOSHS)
- National Employment Authority
- National Productivity and Competitiveness Centre

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**(a) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Cabinet Secretary	Hon. (Amb.) Ukur Yatani
2.	Chief Administrative Secretary	Hon Abdul Bahari
3.	Accounting Officer	Eng. Peter K. Tum OGW
4.	Secretary Administration	William K. Kiprono EBS
5.	Ag Labour Commissioner	Geofrey Omondi
6.	Director HRM&D	Margaret Muia
7.	Director NHRPD	Francis Mitiambo
8.	Registrar of Trade Unions	Elizabeth Gicheha
9.	Director, NPCC	John K.Munguti
10.	Director, DOSH	Musa Nyandusi
11.	Chief Economist	Winnie N. Karingithi, OGW
12.	Head Accounting Unit	CPA Peter Kabebe
13.	Principal Internal Auditor	John Kariuki
14.	Ag. Director General National Employment Authority	Edith Okoki(Mrs)
15.	Deputy Chief State Counsel	John Gichuru
16.	Supply Chain Management	John Maina
17.	Senior Finance Officer	CPA Daniel Ochung

**(b) Fiduciary Oversight Arrangements**

- Audit and finance committee activities- in the process
- Parliamentary committee activities- on an adhoc basis as and when there is an issues to be addressed
- Development partner oversight activities. Only one Development Partner is in place.

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**(c) Entity Headquarters**

P.O. Box 40326-00100  
Social Security House  
Bishops Road, Milimani  
Nairobi, Kenya

**Entity Contacts**

Telephone: (254) 2729800  
E-mail: [cabinetsecretary@labour.go.ke](mailto:cabinetsecretary@labour.go.ke)  
Website: [www.go.ke](http://www.go.ke)

**(d) Entity Bankers**

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

**(e) Independent Auditors**

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

**(f) Principal Legal Adviser**

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

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II. FORWARD BY THE CABINET SECRETARY

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1. SUMMARY OF THE BUDGET PERFORMANCE AGAINST ACTUAL  
 AMOUNTS FOR 2018/19 FY BASED ON ECONOMIC CLASSIFICATION  
 AND PROGRAMMES

Programme Expenditure Analysis by Economic Classification (Amount in KShs.  
 Million)

ANALYSIS OF PROGRAMME EXPENDITURE BY ECONOMIC CLASSIFICATION		
ECONOMIC CLASSIFICATION	Approved Budget 2018/19	Actual Expenditure 2018/19
<b>LABOUR</b>		
<b>Programme 1: Promotion of Best labour Practices</b>		
<b>Current Expenditure</b>	<b>657.54</b>	<b>537.73</b>
Compensation of Employees	347.0	302.47
Use of Goods and Services	289.7	224.6
Grants and other Transfers		
Social Benefits	4.6	3.43
Other Recurrent	16.24	7.225
<b>Capital Expenditure</b>	<b>167</b>	<b>25.49</b>
Acquisition of Non-Financial Assets	161.0	20.61
Capital Grants and Transfers to other levels of Govt.	6.0	4.88
Other Development	-	
<b>Total for Programme 1</b>		
<b>Programme 2: Manpower Development, Employment and Productivity Management</b>		
<b>Current Expenditure</b>	<b>1278.2</b>	<b>1059.74</b>
Compensation of Employees	205.78	197.05
Use of Goods and Services	1047.74	856.86

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Grants and other Transfers		
Social Benefits		
Other Recurrent	24.68	5.83
<b>Capital Expenditure</b>	<b>1274.7</b>	<b>526.08</b>
Acquisition of Non-Financial Assets	205.99	99.25
Capital Grants and Transfers to other levels of Govt.	1068.71	426.83
Other Development		
<b>Total for Programme 2</b>		
<b>PROGRAMME 3: General Administration, Planning and Support Services</b>		
<b>Current Expenditure</b>	<b>585.36</b>	<b>459.77</b>
Compensation of Employees	178.60	177.20
Use of Goods and Services	391.4	275.82
Grants and other Transfers		
Social Benefits	3.26	0.0139
Other Recurrent	12.1	6.74
<b>Capital Expenditure</b>	<b>5.44</b>	<b>2.67</b>
Acquisition of Non-Financial Assets	5.44	2.67
Capital Grants and Transfers to other levels of Govt.		
Other Development		
<b>Total Programme 3</b>		
<b>Total for Labour Sub-sector</b>	<b>3968.24</b>	<b>2611.48</b>

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**2. DETAIL KEY ACHIEVEMENTS FOR THE STATE DEPARTMENT**

THEMATIC AREA	KEY ACHIEVEMENTS FOR 2018/19 FY
Promotion of Harmonious labour relations	<ul style="list-style-type: none"> <li>• Established the Alternative Disputes Resolution (ADR) Mechanism for labour and employment disputes. The ADR is provided for under Article 159 (2)(c) of the Constitution and Labour Relations Act of 2007 for expeditious conclusion of industrial and employment disputes outside the existing arbitration through the Employment and Labour Relations Courts;</li> <li>• The Labour Relation (Amendment) Bill 2018 has been developed to operationalize the Alternative Dispute Resolution (ADR) Mechanism;</li> <li>• Gazetted list of 13 Conciliators on 13<sup>th</sup> February, 2019 comprising of eminent labour practitioners in accordance with Section 66 of the Labour Relations Act, 2007 to fast-track resolution of labour disputes;</li> <li>• Three major disputes in the Public sector have been successfully been resolved through the ADR mechanism and reports forwarded to the Cabinet and the Labour Relations Court (KNUT and TSC, COG and Ministry of Health (MOH) on one side and Kenya National Union of Nurses (KNUN) on the other and Kenya Aviation Workers Union verses Kenya Airport Authority/Kenya Airways/Trade Winds/Kenya Civil Aviation Authority);</li> <li>• Resolved <b>6,817</b> labour disputes out of <b>8,714</b> disputes received;</li> <li>• Apprehended <b>45</b> strikes and one (1) lockout involving 310,475 employees; and</li> <li>• Carried out <b>8,160</b> workplace inspections for compliance with labour laws.</li> </ul> <p>• Review of Labour Laws has been undertaken to align them to the Constitution and the emerging issue in the labour and employment sector. Toward this, Labour Relations Bill, Employment Bills and Labour Institutions Bill have been developed and are awaiting discussions with the key stakeholders;</p> <p>• Proposals under Statute Law (Miscellaneous) Amendment Bill 2018 No. 12 on Essential Services have been incorporated in the Labour Relations Bill; and</p> <p>A draft National Wages and Remuneration Policy has been developed to provide a framework and necessary guidance on wage levels, wage formation and adjustment mechanisms and other wage administration issues to be applicable in the country. The Draft has been discussed with Social Partners awaiting discussions with other key stakeholders.</p> <ul style="list-style-type: none"> <li>• Construction of Meru Labour Office continued within the year - The Project is at 70% complete. Ground floor is completed to occupation status. The pillars have been</li> </ul>

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THEMATIC AREA	KEY ACHIEVEMENTS FOR 2018/19 FY
	constructed and roofing is on- going
Promotion of Occupational Safety and Health (OSH)	<ul style="list-style-type: none"> <li>• Mainstream Basic Occupational Health Services (BOHS) into Primary Health Care in 3 Level-5 hospitals (Mama Lucy Hospital, Kiambu level 5 Hospital and Nakuru General Hospital) and 90 health workers sensitized on Basic Occupational Health Services (BOHS);</li> <li>• On improvement of occupational safety and health standards in Micro and Small Enterprises (MSEs) in Manufacturing, Agriculture and Construction sectors, the County officers worked together with their counterparts in the Micro and Small Enterprises Authority (MSEA) in developing the training programme for the MSEs and trained 960 MSEs on occupational safety and health.</li> <li>• Audited <b>10,631</b> workplaces for compliance with OSH regulations and early effective mitigation of hazardous conditions and reduction of accidents;</li> <li>• Examined <b>18,228</b> hazardous industrial equipment for prevention of injuries and accidents; and</li> <li>• Medically examined <b>72,252</b> workers in hazardous occupations in various work places were examined to safeguard their health</li> <li>• Development of Occupational Safety and Health Bill and Work Injury Compensation Bill finalized and forwarded to the National Treasury for counter-signing before submitting to the National Treasury for concurrence and countersigning before forwarding to Cabinet:</li> <li>• Draft Occupational Safety and Health Practitioners Bill developed and forwarded to AG's Office for legal drafting</li> <li>• Draft regulations on oil and gas have been prepared with support from World Bank - Kenya Petroleum Technical Assistance Programme (KEPTAP) and taken through stakeholder validation</li> <li>• Construction of National Occupational Safety and Health Institute (Phase 1) - The Project is at 90% complete as at 30th June 2018. Pending bills incurred in 2017/18 FY amounting to Kshs. 15 Million were cleared. Pending works were awarded to 4 contractors - Builders works - involving supply, delivery, installation, testing and commissioning of low level water tank, twin booster pumps, Sprinkler System and Fire Protection Services; Mechanical works involving kitchen and kitchen equipment, dining hall, mechanical ventilation and Air conditioning works; Electrical works and Lift</li> </ul>

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THEMATIC AREA	KEY ACHIEVEMENTS FOR 2018/19 FY
	<p>installation. The works commenced on 21st May, 2019, the delay was due to two appeals which delayed the procurement process though the process was initiated in October, 2018.</p>
National Human Resource Planning and Development	<ul style="list-style-type: none"> <li>• Carried out an Informal Sector Skills and Occupations Survey between June and July 2019 to obtain data on profile of skills and occupations prevalent in the Informal sector;</li> <li>• Conducted a study to establish skills profiles and shortages in the Manufacturing sector and prepared the report, developed 4 sets of baseline data collection tools, 4 sets of tools for focus group discussions, identified key informants and experts for the survey, and generated a list of all establishments to be involved in the survey in the Building &amp; Construction, Health and Agriculture Sectors under the Big Four initiative; and</li> <li>• Carried out a Training Needs Assessment in the Energy Sector to establish the relevant training programmes and interventions to meet the emerging skills demand.</li> </ul>
Productivity management	<ul style="list-style-type: none"> <li>• Productivity assessment in textile sector was carried out covering 17 Export Processing Zone (EPZ) firms spread in six (6) counties as follows: Machakos County (Athi River) - 4 firms; Mombasa County - 3 firms; Kilifi County - 1 firm; Taita Taveta County - 2 firms; Nakuru County - 2 firms and Uasin Gishu County - 2 firms;</li> <li>• Productivity Improvement activities carried out in four (4 ) textile firms [two in Taita Taveta County, one in Machakos County and one in Uasin Gishu County] for a period of 6 months against a target of two (2) firm;</li> <li>• Carried out productivity assessment towards productivity improvement in the following two (2) companies in the Tea sector in two (2) County; Sanganyi Tea Farm in Nyamira County and Kinoro Tea Factory in Meru County;</li> <li>• undertook productivity training covering <b>120</b> SME owners out of the annual target of 100 as follows: Kisumu – 30; Bungoma – 25; Nakuru – 25 and Nairobi – 40; and</li> <li>• Productivity Improvement Programme implemented by <b>21</b> MSEs (Bungoma (7), Kakamega (6), Kisumu(4), Busia (1) and Siaya (4).</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Developed national and sectoral productivity indices for 20 sectors of the economy;</li> <li>• Carried out targeted productivity awareness and promotion activities covering both public and private sectors in Nairobi, Kisumu, Nakuru, Kitui, Machakos and Embu. Further, 67 institutions implemented the Productivity Improvement Programme and</li> <li>• Trained <b>655</b> productivity experts in industries on productivity improvement tools to</li> </ul>

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THEMATIC AREA	KEY ACHIEVEMENTS FOR 2018/19 FY
	enable them guide other workers on implementation of productivity programmes.
Industrial skills development	<p>Towards enhancing skills to actualize the ‘Big Four’ Initiative the following has been undertaken:</p> <ul style="list-style-type: none"> <li>• To enhance skills in the Textile/Apparel Sector with a view of increasing export and more jobs opportunities a total of <b>7,713</b> youth and women have been trained in Textile and Apparel;</li> <li>• Trained <b>2,863</b> persons in various trades under housing and construction and assessed; and</li> <li>• Certified competencies of <b>2,542</b> persons in masonry, carpentry and plumbing to ensure compliance with the National Construction Authority requirement for skilled workers in the building trades.</li> </ul> <ul style="list-style-type: none"> <li>• Offered training in industrial skills to <b>42,742</b> persons in collaboration with accredited training providers;</li> <li>• Placed <b>26,410</b> students and <b>19</b> Lectures on industrial attachment to expose them to the world of work and enable them gain skills in the areas of training; and</li> <li>• Assessed and certified <b>58,075</b> candidates in various trades through the government trade test system.</li> </ul> <ul style="list-style-type: none"> <li>• Under the Kenya Youth Employment and Opportunities Project (KYEOP), a total of <b>8,517</b> youth have been offered training in various skills and provided with internship after completion of the training under cycle 1 and 2.</li> <li>• During the reporting period, a total of <b>2,109</b> youth were registered for the summative assessment, and <b>1,628 (77.2%)</b> of the total number was certified. Out of the <b>2,579</b> cycle 1 youth, a total of <b>835</b> youth representing about <b>51%</b> are reported to be employed. The project expects that <b>70%</b> of the youth transit to employment after 5 month following completion of training</li> <li>• In addition, <b>728</b> Master Craftsmen (MC) were trained in pedagogy (<b>72.8%</b>) of the project target.</li> <li>• A total of <b>11</b> occupational competency standards were developed and <b>11</b> trade testing instruments</li> <li>• A project Risk Management Framework has been put in place to mitigate against any</li> </ul>

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THEMATIC AREA	KEY ACHIEVEMENTS FOR 2018/19 FY
	<p>risk</p> <ul style="list-style-type: none"> <li>• A total of 10,997 youth transited from MPYG to NITA for training under Cycle 3 in May, 2019 to complete six months training and intern ship in Novembers, 2019.</li> </ul>
Employment promotion	<ul style="list-style-type: none"> <li>• Developed a National Internship Policy and Guidelines to provide a framework for coordinated implementation of the National Internship Programme in the country. The Policy was submitted to Cabinet in September, 2019;</li> <li>• Developed an on-line portal <a href="http://www.neaims.go.ke">www.neaims.go.ke</a> to enable registration and placement of graduates in internship programme;</li> <li>• Provided career guidance to <b>42,520</b> jobseekers to facilitate gainful employment through Public Employment services; and</li> <li>• Placed <b>36,538</b> jobseekers in gainful employment through the Public Employment Agencies.</li> </ul> <p>Towards Streamlining Foreign Employment significant progress has been made which include:</p> <ul style="list-style-type: none"> <li>• Regulations for Private Employment Agencies have been reviewed and an Inter-Ministerial Vetting Committee established with representation from key government agencies to vet all the Private Employment Recruitment Agencies;</li> <li>• Vetted and licensed <b>117</b> Private Recruitment Agencies involved in registration and placement of job seekers locally and abroad and a total of <b>3,491</b> jobseekers have been placed in employment in the Middle East by the registered agencies;</li> <li>• Signed and operationalized Bilateral Labour Agreements with the Governments of State of Qatar, Saudi Arabia and United Arab Emirates which are key labour destination countries for Kenya Migrant workers and fully operationalized the three (3) Labour Attaché Offices established in the three Countries to ensure protection of Kenyan workers, regulation of working conditions; protection of their labour rights and sourcing for employment for the Kenyan youth;</li> <li>• Developed a Kenya Labour Migration Website <a href="http://www.kenyamigrantworker.org">www.kenyamigrantworker.org</a> to provide relevant information on pre-departure and three (3) handbooks for pre-departure training developed to provide prospective migrants with information about Qatar, United Arab Emirates and Saudi Arabia;</li> <li>• Curriculum on Home Care Management course which includes a module on pre-departure training for orientation of Kenya migrant workers developed where 22,000</li> </ul>

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<b>THEMATIC AREA</b>	<b>KEY ACHIEVEMENTS FOR 2018/19 FY</b>
	<p>potential migrant domestic workers have been trained since March 2019;</p> <ul style="list-style-type: none"> <li>• Six (6) training Institutions accredited to undertake training on the curriculum on Home Care Management course; MOUs with the training institutions developed and cleared by the Office of the Attorney General;</li> <li>• Six (6) draft Bilateral Labour Agreements between Kenya and the State of Jordan, Oman, Bahrain, Lebanon, and Kuwait has been developed and an additional Draft MOU with kingdom of Saudi Arabia on recruitment of skilled Labour awaiting negotiations and signing</li> </ul> <ul style="list-style-type: none"> <li>• Construction of the National Employment Promotion Centre (Kabete - As of 30th June, 2019 the Project was at 51% complete. Late disbursement in 2018/19 delayed the project implementation. Works undertaken included finishing of all concrete works:- Water tank slabs, ring beams, and concrete gutters; completed the gate house to enable completion of the electric fence to improve security on the project while roofing of the structure to protect which has progressed well. Pending bills of Kshs. 13.6 Million incurred in 2017/18 FY were cleared.</li> <li>• Construction of Modern Employment Office in Eldoret – The Project is at 90% complete. The works include: Internal works for First Floor (fittings, electrical works, tiling, cabling, guard rails, plumbing, painting) and External works (civil works, cabro, parking, perimeter wall and landscaping). The completion of works was affected due to delay by Environmental Sub-Committee in granting approval to clear blue gum trees which were obstructing construction of concrete perimeter wall.</li> </ul>

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**3. LIST OF EMERGING ISSUES RELATED TO THE STATE DEPARTMENT**

**Overlapping Mandates**

The labour and employment sector continues to witness creation of Departments and Agencies whose mandates duplicate each other. The challenge posed by this situation is that of duplication of efforts, thin spreading of resources and sub-optimal exploitation of synergies.

**High unemployment rates**

Unemployment remains an important area of policy concern in Kenya with the youth bearing the greatest brunt. Kenya's youth are at least three times as likely as the rest of the workforce to be hit by open unemployment. It is projected that the number of unemployed young people will double by 2050. Specifically, the youth aged 18-25 years bear the greatest burden of unemployment. Such youth are more likely to have no education and, therefore, either openly unemployed (26.2%) or in informal sector employment (45.6%). The youth in the 18-25 years' age cohort are also likely to be having only primary level education and mostly engaged in the informal sector (54.3%) or openly unemployed (14%).

**Oil, Gas and Minerals**

The emerging oil, gas and mining industry is expected to provide increased employment opportunities to young graduates, especially those from TVET institutions. However, companies particularly in the downstream oil, gas and mining industry require potential candidates to be certified by recognized industry associations. The industry, for example, requires certification from industry associations such as the International Association of Drilling Contractors (IADC), British Standards, Occupational Safety and Health (OSH) Standards and American Society of Mechanical Engineers (ASME). The type of certification varies with position. Rig crews, for example, need to be trained in IADC standards, welders require ASME, and crane and forklift operators need to meet British Standards or OSH certificates. Such certifications are not offered by the TVET institutions in Kenya, posing further employment challenges to the graduates. Further, exploration and exploitation of these resources may lead to occupational hazards if not checked.

**Green Jobs**

Green jobs help to reduce negative environmental impact. They also lead to environmentally, economically and socially sustainable enterprises and economies. Designing and implementing green economy policies stimulates economic growth, reduces environmental risks, creates new jobs and improves human wellbeing. Kenya lacks an integrated framework to guide the creation of green jobs. While many industries such as those in the energy and manufacturing sectors, have adopted green technologies and, in the process, created job opportunities, there are no mechanisms for monitoring this and exploring additional opportunities for job growth.

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**The Changing Nature of the World of Work**

The world of work is fast changing and the jobs we have today might not be there tomorrow. The drivers of change of World of Work include: digitalization and automation; globalization; demographic shifts and impact of social media, companies shifting production to where labour is relatively cheap. An important factor in the future of work particularly in Kenya is that the traditional fulltime employment is quickly diminishing and new forms of work emerging. This trend is observed in both public and private sectors of the country's economy, and is also being emulated by the international organizations. The emerging forms of work are outsourcing, contract employment, part-time work, freelancing, commission-based jobs, and virtual work. Workers also hold multiple jobs, embrace job sharing and flexi work arrangement. There is therefore need to determine the changing nature of jobs and how to make the future to work for the country.

**4. LIST THE IMPLEMENTATION CHALLENGES AND RECOMMENDED WAY FORWARD**

Despite the critical role played by the State Department for Labour in national development, it continues to face various challenges. Amongst the most critical of the challenges are; high unemployment, inadequate and outdated labour market information, and inadequate infrastructure and obsolete technology in institutions, including the Industrial Training Centres, inadequate funding.

**4.1 Low Human Resource Capacity**

The State Department for Labour is one of the enablers for Kenya's economic growth and development, and a foundation for national transformation. However, the Department has suffered perennial challenges in its human and financial resource capacity. In 2018/19 Financial year, it operated with a staff capacity of 32% of the staff establishment, which is less than the optimal level of 55%. In addition, aging workforce has adversely affected succession management in the Department where 49.1% of the staff are in the age-bracket of 51-60 years.

**Way forward:** The State Department sought authority from the Public Service Commission to recruit 417 Officers in 2018/19 Financial year. Due to inadequate budgetary allocation, and lengthy recruitment process, the Department only recruited one (1) officer and promoted 73 others. A request to recruit 247 Technical Officers in the 2019/20 Financial Year has been forwarded to the Public Service Commission to address the understaffing challenge in the most affected departments.

**4.2 Low Financial Resource Capacity**

This is in addition to inadequate funding to the sub-sector in spite of its wide mandate and emerging issues. The sub-sector has therefore not been able to address these challenges which are compounded by inadequate budgetary provisions for recruitment of staff, purchase of vehicles, and working tools and equipment.

**Way Forward:** The introduction of budgetary allocation and sharing of budgetary resources through Sector Working Groups has enabled the sub-sector to receive positive consideration over the years. The sub-sector has further received technical and financial support from

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development partners for enhancing timely provision of labour market information and upgrading of some of the industrial training institutions.

**4.3 Lack of Employable Skills**

This is one of the major factors that contribute to unemployment in Kenya, especially among the youth. This is attributed to inflexible education and training curricula, which do not integrate provision of soft skills. It is reported that graduates from various training institutions often have inadequate capacity to perform their duties at the place of work. They lack motivation, positive attitude towards work, patience and applied knowledge, requiring employers to invest significant resources in employee training.

**Way Forward:** The State Department for Labour through the National Employment Authority (NEA) has developed a National Internship Policy to guide implementation of an Internship Programme in the country. The programme will be rolled out in the 2019/20 Financial Year and it envisages provision of internship opportunities to all college and university graduates.

**4.4 Skills Mismatch:** Weak linkages between industry and training and research institutions in Kenya has led to: skills mismatch between what is taught in training institutions and skills required by the industry; imbalance in the managerial-technical-support staff mix; weakened skills upgrading nexus between secondary, tertiary institutions, universities and the industry; development of curricula that is not in synch with labour market requirement; challenges in practical application of the skills acquired by graduates at the workplace; and weak institutional frameworks for addressing skills mismatch. Skills mismatch also leads to low productivity and employment.

**4.5 Lack of up-to-date Labour Market Information:** Kenya has developed a Labour Market Information System mainly to address the long standing challenge of inadequate information that can inform policy decision making. However, the system faces the risk of being redundant due to lack of a framework and weak collaboration between institutions in sharing of the requisite information.

**Way Forward:** Addressing this challenge will require the participation of all stakeholders in the collection, analysis, presentation and dissemination of timely and adequate labour market information.

**4.6 National Skills Development Policy:** Skills development is vital process of ensuring workers have the right skills and their experiential learning certified in order to be in tandem with the changing technology and customer needs. Development of skills in Kenya is not properly regulated as various organizations have different frameworks for skills development, leading to confusion. Lack of a harmonized skills development framework poses challenges to employers in identifying and engaging workers with the relevant skills. This disparity in skills development leads to low productivity, high cost of retraining, and situations whereby different workers acquire different skills for similar jobs.

**Way Forward:** The State Department initiated the development of a National

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**4.7 Outdated Training Standards:** Training standards, programmes and curricula are the tools used to impart skills to workers for effective and efficient service delivery for improved productivity. Frequent changes in technology lead to respective changes in industry needs. A continuous process of reviewing or developing new training standards, programmes and curricula ensures that skills development initiatives are in tandem with the changes in technology and customer needs. The process calls for engagement of experts and practitioners from respective trades in industry who in most cases are few or not locally available, rendering the exercise quite long and expensive. Very little work has been done in the country on development of new training standards, programmes and curricula and review of the existing ones.

*Way Forward:* The National Industrial training Authority is currently reviewing the training standards where 17 Competence Assessment Guidelines for Trade Testing were reviewed in 2018/19 Financial Year.

**4.8 Skills Certification**

Skills certification is crucial for workers as it provides opportunities for upward mobility, acceptance by employers of acquired and certified competencies a worker possesses; recognition of competencies nationally for horizontal mobility in the qualification framework; and global competitiveness. In Kenya skills certification is done at three levels: government grade test III, II and I, where grade I is the highest level of skills competence certification. Most of the skills competency certified graduates stagnate at grade I due to lack of clear vertical mobility or recognition for horizontal mobility. In addition, most practitioners in the MSME sector have a challenge in progressing in their trade due to lack of a formalized qualification framework since the practitioners have no proof that they possess skills that they have learnt on-the-job. Furthermore, such documentation is required for job and service tender applications. The practitioners also do not have access to lifelong learning, are unable to improve product and service quality by ensuring uniform standards in their trades.

**4.9 Un-updated Kenya National Occupational Classification Standards**

One of the key requirements for addressing the issue of mismatch of skills to the demands of the labour market is the standardization of occupations and their skill requirements to guide skills development. Kenya developed a National Occupational Classification System, which came into operation in 2000. The Kenya National Occupational Classification Standard (KNOCS-2000) was based on the International Standard Classification of Occupations (ISCO-1988). Due to the dynamics in the labour market and the technological changes, some of the occupations contained in the KNOCS 2000 have become either obsolete or redundant while new occupations have not been classified. This, makes it difficult to orient training curricula to labour market needs, increases costs of recruitment and training, lengthens period of job search, makes it difficult to assign the right value to jobs and poses challenges in ensuring comparability of occupations with those of other countries.

*Way Forward:* The State Department has embarked on the updating of the KNOCS. The exercise entails carrying out occupational surveys in sectors of the economy to establish the current occupations. The information is used to update the Standards which are key in determining the kind of skills required in each sector. This exercise is envisaged to be completed in the 2020/21 Financial Year.

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**4.10 Upgrading and Expansion of Industrial Training Centres**

The five Industrial Training Centres (ITCs) managed by NITA were designed and established in the late 1970s and early 80s. With the exception of the NITA Athi River centre, the other four have outdated training equipment, which are not attractive to employers and employees due to evolution of technology over the years. Some of the machines are not functional and production of their spare parts has been overtaken by time. The training facilities are in a dilapidated state which calls for upgrading and revamping the centres with modern training equipment for them to remain relevant to the changing demands of the industry.

*Way Forward:* Upgrading of the ITCs require approximately KShs. 2,215 Billion. The Centres have been receiving piecemeal allocations over the years (Totalling to KShs. 771.7 Million), which have not brought significant change in the institutions. In 2018/19 Financial Year, the Centres received KShs. 69 Million which was shared among three of the Centres. There is need for enhanced funding for the institutions to enable them meet the training needs of the industry. The State Department is engaging development partner for possibility of funding these centres.

**4.11 Unregulated Labour Migration**

High levels of unemployment in the country have forced many Kenyans to seek employment opportunities abroad with the hope of improving their livelihoods. However, labour migration from Kenya is largely unregulated and involves numerous public sector agencies. This results in duplications and weakening of efforts to coordinate the migration. The country also lacks appropriate legislation on labour migration. Accurate statistics on the number of Kenyans working abroad are unavailable but it is estimated that about 200,000 work in the Middle East alone. Most of these workers are, however, engaged in low-skilled occupations. They also face numerous challenges, especially in respect to the terms and conditions of employment and protection of fundamental principles and rights at work. A lack of bilateral agreements with countries in the region means that there are no formal structures for addressing these challenges. The absence of a Distress Fund particularly in the Middle East and Offices of Labour Attachés in destination countries compounds this challenge further.

*Way Forward:* The State Department is developing a Labour Migration Policy that will provide a framework for labour migration in the country. Also, there is need for labour agreements with key labour migration countries to enhance the protection of the Kenyan Migrant Workers.

**4.12 Low levels of Productivity and Competitiveness**

Kenya's overall labour productivity measured by output per person employed has remained low and grown slowly over the years. The country's overall labour productivity index dropped slightly from 100 in 2012 to 99.53 in 2013 but increased minimally to 101.25 in 2014, 102.76 in 2015 and 105.69 in 2016. This shows that labour productivity increased cumulatively by 9.23 percent or by an average of 2.31 percent per annum over the 4-year period. Kenya's Global Competitiveness Index is also low and ranged between 3.7 to 3.9 out of 7 between 2012/13 and 2016/17. The country's GCI and ranking is, arguably low, compared to those of competitor countries. Some of the factors responsible for Kenya's low productivity and competitiveness are inadequate awareness and weak productivity culture within the populace,

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weak stakeholder involvement in productivity movement and campaigns and inadequate focus of productivity improvement initiatives in the public sector.

*Way Forward:* There is need for increased awareness on productivity improvement initiatives in all sectors of the economy and to develop productivity culture among Kenyans from an early age. Introduction of a curriculum on productivity in schools will contribute to entrenchment of productivity culture in the country. The State Department is mobilizing resources to fully implement the National Productivity Policy.

#### **4.13 Inadequacy of Work Injury Benefits Laws**

The High Court Ruling of 2009 nullified key sections of the Work Injury Benefits Act (2007). Delay in the enactment of the Work Injury Compensation Bill continues to undermine effective administration of work injury benefits regulations. It also delays and denies the compensation rights of the injured employees. The Bill proposes establishment of a Fund to cover the compensation of workers who get permanent incapacity as a result of occupational diseases.

*Way Forward:* The State Department for Labour developed a Work Injury Compensation Bill and forwarded it to the National Treasury for concurrence. The Bill was returned to the Department in August 2019 with comments, which will be addressed before resubmission of the same to the National Treasury.

#### **4.14 Lack of Baseline Survey on Occupational Safety and Health**

There is no data on the number of workers in hazardous occupations in Kenya requiring periodic medical examinations. In addition, the number of hazardous plant and equipment and the number of workplaces in the country is unknown. This has hampered design of initiatives aimed at addressing workplace hazards.

*Way Forward:* The State Department commenced the Baseline Survey in the 2017/18 Financial Year. The survey has covered two Counties only (Nakuru and Machakos) in the past two Financial Years. Increased coverage is hampered by insufficient funding.

#### **4.15 Occupational Safety and Health Information Management System**

The Department uses manual platforms for collection and analysis of data collected on occupational accidents, diseases, hazardous substances, safety audits, inspections and training activities. Entry and analysis of this data is usually not effective and the database system in use is rudimentary and presents challenges in disaggregation of data accordance with ILO standards.

*Way Forward:* The State Department is finalizing the establishment of the OSH Information Management System to facilitate data collection, analysis and generation of labour market statistics. The system will also be used in registration and certification of workplaces in compliance with OSH regulations.

#### **4.16 Low Coverage of Labour Administration Services**

Public administration activities in the implementation of national labour laws and policies are a national function whose services are required in all counties. However, these services are

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only available in 41 counties thereby denying the public services in six remaining counties. Even where it is present, labour administration services are limited in coverage due to inadequate capacity.

**4.17 Upsurge in Industrial Actions in the Public Sector**

Kenya has been experiencing an increase in industrial unrest particularly in the public sector. Although there are many causes of industrial action, the ones in the public sector tend to be associated with terms and conditions of employment and especially failure to negotiate or non-implementation of registered CBAs. Increase in industrial action also points to weak frameworks for social dialogue and an ineffective industrial relations system.

*Way Forward:* The State Department through the **Cabinet Memorandum on the Centrality and Contribution of the Labour Sector** to the Economy has proposed the establishment of an Apex Inter-Governmental Committee, under the leadership of Ministry of Public Service, Youth and Gender Affairs, to Coordinate Negotiations of Collective Bargaining Agreement (CBA) in Public Sector, provide clear guidance to the implementing institution and advice the Government on the same.

**4.18 Lack of guidance in determination of wages at national level**

Kenya lacks a comprehensive wages and remuneration policy. The country has continued to rely on minimum wage setting, collective bargaining and administered wage setting as the approaches for determination of wages and benefits. These approaches have given a piecemeal account of wage determination, increased wage inequities and inhibited adequate improvement in the welfare of workers besides dampening organizational productivity and competitiveness. Though the Salaries and Remuneration Commission (SRC) developed a wage and benefits policy, it is only confined to public sector workers.

*Way Forward:* The State Department commenced the development of a National Wages and Remuneration Policy in the 2018/19 Financial Year. The Policy aims at providing a framework for determination and review of wages in the country and will help address wage disparities across the sectors of the economy.

**4.19 Child Labour**

Child labour constitutes a key impediment to development of dynamic and competitive human resources. The challenges to effective reduction of child labour have been low levels of economic development, high incidences of poverty, unemployment, challenges in the education sector, and inconsistencies in laws and regulations. Others are rural-urban migration, socio-cultural practices, lack of up-to-date data on child labour, non-comprehensive social protection system, HIV and AIDS and trafficking in persons.

*Way Forward:* There is need for allocation of fund to enable the State Department carry out a Child Labour Survey to establish the number of children involved in child labour in the country. The survey will also inform the development of policy measures required in withdrawing the children from child labour.

Hon. (Amb.) Ukur Yatani  
*Cabinet Secretary*

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**III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.


The Accounting Officer in charge of the State Department for Labour is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Labour 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 *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the State Department for Labour further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.


The Accounting Officer in charge of the State Department for Labour 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 Labour financial statements were approved and signed by the Accounting Officer on \_\_\_\_\_ 2019.

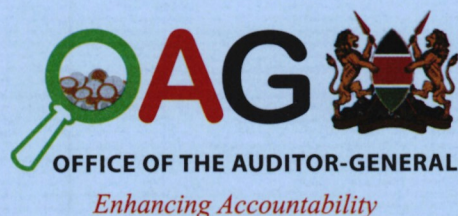
  
\_\_\_\_\_  
Principal Secretary  
Name: PETER K. TUM, OGW



  
\_\_\_\_\_  
Principal Accounts Controller  
Name: PETER N. KABEBE  
ICPAK Member Number:3845

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## REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR LABOUR FOR THE YEAR ENDED 30 JUNE, 2019

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of the State Department for Labour set out on pages 1 to 26, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the State Department for Labour as at 30 June, 2019 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 Qualified Opinion

##### 1.0 Inaccuracies in the Financial Statements

The Department's financial statements submitted for audit on 30 September, 2019 reflected unsupported individual balances for various components which were later amended in the revised financial statements further resulting to material misstatements as summarized below: -

##### 1.1 Statement of Receipts and Payments

Component	Financial Statements 30.09.2019 Kshs.	Revised Financial Statements Kshs.	Variance Kshs.	%
Other Receipts	816,850	1,349,030	532,180	65

<b>Component</b>	<b>Financial Statements 30.09.2019 Kshs.</b>	<b>Revised Financial Statements Kshs.</b>	<b>Variance Kshs.</b>	<b>%</b>
Use of Goods and Services	1,250,995,346	1,376,790,747	125,795,401	10
Acquisition of Assets	125,926,072	122,535,545	3,390,527	2

## 1.2 Statement of Assets and Liabilities

<b>Component</b>	<b>Financial Statements 30.09.2019 Kshs.</b>	<b>Revised Financial Statement Kshs.</b>	<b>Variance Kshs.</b>	<b>%</b>
Cash balance	0	49,691	49,691	100
Account Receivables	17,418,553	16,837,312	581,241	3
Account Payables - Deposits	71,155,575	48,966,759	22,188,816	31

The initial financial statement figures were not supported, while journal entries in support of the movement between the initial and the revised financial statements were not availed for audit verification.

In the circumstances, it has not been possible to confirm the accuracy and completeness of the financial statements for the year ended 30 June, 2019.

## 1.3 Cash and Bank balances

The statement of assets and liabilities as at 30 June, 2019 reflects bank balances amounting to Kshs.73,044,493 for the four (4) accounts maintained by the State Department and a cash in hand balance of Kshs.49,691 as shown under Note 10A and 10B to the financial statements. However, the revised Trial Balance reflects credit balances for recurrent and development bank accounts of Kshs.129,700 and Kshs.73,436,582 respectively. Further, Deposit and Kenya Youth Employment and Opportunities Project (KYEOP) bank accounts had debit balances of Kshs.49,106,777 and Kshs.105,934,868 which differ from the financial statements balances of Kshs.48,966,759 and Kshs.22,197,041 by Kshs.140,018 and Kshs.83,737,827 respectively. In addition, cash in hand debit balance of Kshs.49,691 differs with the Trial Balance figure of Kshs.532,580 by a variance of Kshs.482,889 as summarized below;

<b>Account</b>	<b>Revised Financial Statements (a) Kshs</b>	<b>Revised IFMIS Trial Balance (b) Kshs</b>	<b>Variance (a- b) Kshs</b>
Recurrent Bank Balance	129,700	(129,700)	259,400
Development Bank Balance	1,750,993	(73,436,582)	75,187,575

	<b>Revised Financial Statements (a)</b>	<b>Revised IFMIS Trial Balance (b)</b>	<b>Variance (a- b)</b>
Deposit Bank Balance	48,966,759	49,106,777	(140,018)
Kenya youth Employment and Opportunities Project (KYEOP)	22,197,041	105,934,868	(83,737,827)
<b>Total bank balances</b>	<b>73,044,493</b>		
Cash in hand	49,691	532,580	(482,889)
<b>Total cash and cash equivalent</b>	<b>73,094,184</b>		

Management has not reconciled the above variances and therefore the accuracy of cash and cash equivalents balance of Kshs.73,094,184 cannot be confirmed.

#### 1.4 Accounts Payables-Deposits and Retention

The statement of assets and liabilities reflects a balance of Kshs. 48,966,759 under accounts payables-deposits and retentions while the Trial Balance, as at the same date, reflects a figure of Kshs.37,540,107 in respect of general deposits. The resultant variance of Kshs.11,426,652 between the two sets of records has not been explained or reconciled.

#### 1.5 Other Inaccuracies Between Financial Statements and Trial Balance

Further comparison between the financial statements and the supporting Trial Balance revealed total positive variances of Kshs.8,953,473 and negative variances totalling Kshs.495,629,663 that were not explained or reconciled as analysed below:

<b>Details</b>	<b>Financial Statements (a)</b>	<b>IFMIS Trial Balance (b)</b>	<b>Variance (a- b)</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Contractors Retention Money	0	(4,107,938)	4,107,938
Withholding Taxes	0	(4,845,535)	4,845,535
<b>Total positive variance</b>			<b>8,953,473</b>
System Required Liabilities	0	305,529,535	(305,529,535)
Cash Clearing Account	0	81,271,325	(81,271,325)
General provision	0	105,825,795	(105,825,795)
Debtors and Advances- employees	0	659,807	(659,807)
Other debtors and prepayments	0	2,343,201	(2,343,201)
<b>Total</b>	<b>0</b>	<b>495,629,663</b>	<b>(495,629,663)</b>

In the circumstances, the accuracy and completeness of the State Department's financial statements could not be confirmed.

## **2.0 Un-accounted for Disbursement to Consulate Offices**

The State Department disburses quarterly AIEs through the Principal Secretary, Ministry of Foreign Affairs to its Consular Offices in Qatar, Saudi Arabia, Geneva and the United Arab Emirates (UAE). During the year, a total of Kshs.128,655,030 was disbursed to the four (4) Consular Offices. However, the Management did not avail for audit verification expenditure returns in support of the disbursed amount.

In the circumstances, it has not been possible to confirm the propriety of the disbursed amount of Kshs.128,655,030.

## **3.0 Outstanding Receivables**

Note 11 to the financial statements reflect accounts receivables totalling Kshs.16,837,312 in relation to outstanding imprests. However, the receivables were not supported by verifiable schedules. Further, the Trial Balance reflected an amount of Kshs.16,673,324 resulting in a variance of Kshs.163,992. In addition, a review of the imprest register revealed that some officers were issued with new imprests while still holding un-surrendered balances.

In the circumstances, it has not been possible to ascertain the accuracy of the receivables amount of Kshs.16,837,312.

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

## **Key Audit Matters**

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

## **Other Matter**

### **1.0 Pending Bills**

Notes 16.1 to the financial statements reflects pending bills amounting to Kshs.322,617,423 as at 30 June, 2019 which were not settled in the year under review but carried forward to 2019/2020 financial year. Failure to settle bills in the year to which they relate adversely affects the subsequent year's provisions to which they have to be charged.

### **2.0 Delayed Construction of Research Institute Office Complex**

As reported in the previous year, the State Department embarked on construction of a Research Institute Office Complex Project which was commissioned in February, 2010 at

an estimated cost of Kshs.480,000,000 at the Directorate of Safety Health. However, as at 30 June, 2019 the Project had not been completed and no records to confirm when the Project was expected to have been completed were availed despite an expenditure amounting to Kshs.343,458,956 having been incurred.

Further, during an audit inspection carried out in December, 2019, it was observed that no activities were ongoing at the site and the Project appeared to have stalled. No plausible reasons were given for the nine (9) years delay in completion of the Project whose primary objective was to enable the Directorate of Safety Health embrace changing dynamics in work environment relating to health and safety of workers.

### **3.0 Construction of the National Employment Promotion Centre Kabete**

As previously reported, the construction of the proposed National Employment Promotion Centre at Kabete was awarded to a local company on 15 May, 2015 for a contract period of seventy-eight (78) weeks at a contract sum of Kshs.442,723,947. However, the Project stalled after an expenditure of Kshs.117,998,228 was incurred.

A physical audit inspection during the month of December, 2019 revealed that, though the Contractor was on site, there was minimal activity going on and the structure depicted an abandoned site.

### **4.0 Budget Control and Performance**

The summary statement of appropriation - recurrent and development combined reflects that the State Department recorded actual receipts of Kshs.2,630,065,021 against budgeted receipts of Kshs.3,957,559,574 resulting in a shortfall of Kshs.1,327,494,552 or 34% of the budget. The shortfall on budgeted receipts adversely affected implementation of planned activities for the year under review and no satisfactory reasons were provided for the shortfall.

Similarly, the State Department had a total budgeted expenditure of Kshs.3,968,459,573 compared to the actual expenditure of Kshs.2,618,596,644 resulting in an under-expenditure of Kshs.1,349,862,929 or 34% of the budget. The under-expenditure implies that goals and objectives of the State Department were not achieved as planned for the fiscal year.

## **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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with 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.

### **Basis for Conclusion**

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the State Department's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the State Department or 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 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's 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 as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the 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**

**02 December, 2020**

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**V. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2018-2019	2017-2018
		Kshs	Kshs
<b>RECEIPTS</b>			
Exchequer releases	1	2,624,590,991	2,017,027,522
Proceeds from Sale of Assets	2	4,125,000	6,101,000
Other Receipts	3	1,349,030	1,109,430
<b>TOTAL RECEIPTS</b>		<b>2,630,065,021</b>	<b>2,024,237,952</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	687,161,399	640,516,314
Use of goods and services	5	1,376,790,747	635,365,339
Transfers to Other Government Units	6	431,719,800	607,400,000
Other grants and transfers	7	375,200	27,849,904
Social Security Benefits	8	13,952	17,000,000
Acquisition of Assets	9	122,535,545	71,183,884
<b>TOTAL PAYMENTS</b>		<b>2,618,596,642</b>	<b>1,999,315,441</b>
<b>SURPLUS/DEFICIT</b>		<b>11,468,379</b>	<b>24,922,511</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on \_\_\_\_\_ 2019 and signed by:



Principal Secretary  
Name: PETER K. TUM, OGW



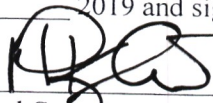
Principal Accounts Controller  
Name: PETER N. KABEBE  
ICPAK Member Number: 3845

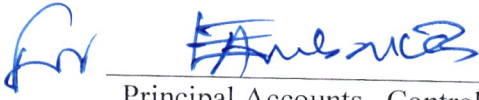
**MINISTRY OF LABOUR AND SOCIAL PROTECTION**  
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**V. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2018-2019	2017-2018
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	10A	73,044,493	147,624,938
Cash Balances	10B	49,691	1,693,852
<b>Total Cash and cash equivalent</b>		<b>73,094,184</b>	<b>149,318,791</b>
Accounts receivables – Outstanding Imprests	11	15,618,903	1,135,930
<b>TOTAL FINANCIAL ASSETS</b>		<b>88,713,087</b>	<b>150,454,721</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions	12	48,966,759	122,176,772
<b>NET FINANCIAL ASSETS</b>		<b>39,746,328</b>	<b>28,277,949</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	13	28,277,949	18,545,549
Prior year adjustment	14		-15,190,111
<b>Surplus/Deficit for the year</b>		<b>11,468,379</b>	<b>24,922,511</b>
<b>NET FINANCIAL POSITION</b>		<b>39,746,328</b>	<b>28,277,949</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 2019 and signed by:

  
Principal Secretary  
Name: PETER K. TUM, OGW

  
Principal Accounts Controller  
Name: PETER N. KABEBE  
ICPAK Member Number: 3845

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**VI. STATEMENT OF CASH FLOWS**

		2018-20 19	20 17-20 18
		Kshs	Kshs
<b>Receipts for operating income</b>			
Exchequer Releases	1	2,624,590,991	2,017,027,522
Other Revenues	3	1,349,030	1,109,430
<b>Payments for operating expenses</b>		<b>2,625,940,021</b>	<b>2,018,136,952</b>
Compensation of Employees	4	687,161,399	640,516,314
Use of goods and services	5	1,376,790,747	635,365,339
Transfers to Other Government Units	6	431,719,800	607,400,000
Other grants and transfers	7	375,200	27,849,904
Social Security Benefits	8	13,952	17,000,000
		<b>2,496,061,097</b>	<b>1,928,131,557</b>
<b>Adjusted for:</b>			
Changes in receivables		-14,482,973	-244,760
Changes in payables		-73,210,013	59,540,003
Adjustments during the year			-15,190,111
<b>Net cash flow from operating activities</b>		<b>42,185,938</b>	<b>134,110,527</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	4,125,000	6,101,000
Acquisition of Assets	9	(122,535,545)	(71,183,884)
<b>Net cash flows from Investing Activities</b>		<b>(118,410,545)</b>	<b>(65,082,884)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
<b>Net cash flow from financing activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>-76,224,607</b>	<b>69,027,643</b>
Cash and cash equivalent at <b>BEGINNING</b> of the year	13	149,318,791	80,291,148
Cash and cash equivalent at <b>END</b> of the year		73,094,184	149,318,791

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on \_\_\_\_\_ 20 19 and signed by:



Principal Secretary  
Name: PETER K. TUM, OGW




Principal Accounts Controller  
Name: PETER N. KABEBE  
ICPAK Member Number:3845

VII. 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 %
<b>RECEIPTS</b>						
Exchequer releases	3,649,339,573	(129,000,000)	3,520,339,573	2,624,590,991	895,748,582	75%
Proceeds from Foreign Borrowings	0	10,900,000	10,900,000	0	10,900,000	0%
Proceeds from Sale of Assets	3,550,000	3,550,000	7,100,000	4,125,000	2,975,000	58%
Other Receipts	215,060,000	215,060,000	430,120,000	1,349,030	428,770,970	0.31%
<b>TOTAL RECEIPTS</b>	<b>386,7949,573</b>	<b>100,510,000</b>	<b>3,968,459,573</b>	<b>2,630,065,021</b>	<b>1,338,394,552</b>	<b>66%</b>
<b>PAYMENTS</b>						
Compensation of Employees	418,820,000	317,220,000	736,040,000	687,161,399	48,878,601	93%
Use of goods and services	1,423,433,429	352,933,428	1,776,366,857	1,376,790,746	399,576,110	78%
Transfers to Other Government Units	472,119,000	602,599,000	1,074,718,000	431,719,800	642,998,200	40%
Other grants and transfers	3,291,000	2,291,000	5,582,000	375,200	5,206,800	7%
Social Security Benefits	2,330,000	930,000	3,260,000	13,952	3,246,048	0%
Acquisition of Assets	504,986,359	(132,493,642)	372,492,717	122,535,547	249,957,170	33%
<b>TOTAL PAYMENTS</b>	<b>2,824,979,787</b>	<b>1,143,479,786</b>	<b>3,968,459,573</b>	<b>2,618,596,644</b>	<b>1,349,862,929</b>	<b>66%</b>
<b>Surplus/ Deficit</b>	<b>1,042,969,786</b>	<b>(1,042,969,786)</b>		<b>11,468,377</b>	<b>(11,468,377)</b>	

Note: The under receipt and payment was due to lack of exchequer

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/III. 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 %
<b>RECEIPTS</b>						
Exchequer releases	2,099,939,574	(110,000,000)	1,989,939,574.00	1,691,352,150.00	0	85%
Proceeds from Sale of Assets	3,550,000.00	3,550,000	7,100,000	4,125,000.00	2,975,000	58%
Other Receipts	215,060,000.00	215,060,000	430,120,000	1,349,030	428,770,970	31%
<b>TOTAL RECEIPTS</b>	<b>2,318,549,574</b>	<b>108,610,000</b>	<b>2,427,159,573</b>	<b>1,696,826,180</b>	<b>431,745,970</b>	<b>70%</b>
<b>PAYMENTS</b>						
Compensation of Employees	328,720,000.00	317,220,000	645,940,000	599,441,279.15	46,498,721	93%
Use of goods and services	462,033,428.50	347,933,428	809,966,856.50	588,708,845.25	221,258,011	73%
Transfers to Other Government Units	472,119,000.00	472,119,000	944,238,000	431,719,800.00	512,518,200	46%
Other grants and transfers	3,291,000.00	2,291,000	5,582,000	375,200.00	5,206,800	7%
Social Security Benefits	2,330,000.00	930,000	3,260,000	13,951.75	3,246,048	43%
Acquisition of Assets	7,086,358.50	11,086,358	18,172,716.50	6,257,540.00	11,915,177	34%
<b>TOTAL PAYMENTS</b>	<b>1,275,579,787</b>	<b>1,151,579,786</b>	<b>2,427,159,573</b>	<b>1,626,516,616</b>	<b>800,642,957</b>	<b>67%</b>
<b>Surplus/Deficit</b>	<b>1,042,969,787</b>	<b>(1,042,969,786)</b>		<b>70,309,564</b>	<b>(368,896,987)</b>	

IX. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	1,549,400,000	(19,000,000)	1,530,400,000	933,238,841.00	597,161,159	61%
Proceeds from Foreign Borrowings		10,900,000.00	10,900,000.00		10,900,000	0%
<b>TOTAL RECEIPTS</b>	<b>1,549,400,000</b>	<b>(8,100,000)</b>	<b>1,541,300,000</b>	<b>933,238,841</b>	<b>608,061,159</b>	<b>61%</b>
<b>PAYMENTS</b>						
Compensation of Employees	90,100,000.00		90,100,000.00	87,720,120.00	2,379,880	97%
Use of goods and services	961,400,000.00	5,000,000.00	966,400,000.00	788,081,901.00	178,318,099	82%
Transfers to Other Government Units		130,480,000.00	130,480,000.00		130,480,000	0%
Acquisition of Assets	497,900,000.00	(143,580,000)	354,320,000	116,278,006.60	238,041,993	33%
<b>TOTAL PAYMENTS</b>	<b>1,549,400,000</b>	<b>(8,100,000)</b>	<b>1,541,300,000.00</b>	<b>992,080,028</b>	<b>549,219,972</b>	<b>64%</b>
Surplus/Deficit		<b>19,000,000</b>	<b>-1,530,400,000.00</b>	<b>(58,841,187)</b>	<b>58,841,187</b>	

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

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on	Budget utilization difference
	2019		2019	comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Programme 1</b> <b>General Administration, Planning and Support Services</b>					
Sub-programme 1 General Administration, Planning and Support Services					
<b>Programme 2- Promotion of the Best Labour Practice</b>	<b>824,714,392.00</b>		<b>824,714,392.00</b>	<b>563,297,915.40</b>	<b>261,416,476.60</b>
Sub-programme 1 -Promotion of harmonious industrial relations	425,886,791.00		425,886,791.00	341,528,546.85	84,358,244.15
Sub-programme 2 Regulation of Trade Unions	16,148,764.00		16,148,764.00	13,069,788.00	3,078,976.00
Sub-Programme 3 Provision of Occupational Safety and Health	382,678,837.00		382,678,837.00	208,699,580.55	173,979,256.45
<b>Program 3</b> <b>Manpower Development, Employment and Productivity Management</b>	<b>2,552,925,115.00</b>		<b>2,552,925,115.00</b>	<b>1,585,842,969.55</b>	<b>967,082,145.45</b>
Sub-programme 1 Human Resource Planning & Development	379,623,933.00		379,623,933.00	283,124,980.15	96,498,952.85
Programme 2 Sub-programme 2 Provision of Industrial Skills	1,729,618,000.00		1,729,618,000.00	952,126,141.30	777,491,858.70
Sub-programme 3 Employment Promotion	374,021,468.00		374,021,468.00	291,259,079.00	82,762,389.00
Sub-Programme 4 Productivity Promotion, Measurement & improvement	69,661,714.00		69,661,714.00	59,332,769.10	10,328,944.90

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Programme/Sub-programme	Original Budget 2019	Adjustments	Final Budget 2019	Actual on comparable basis 2019	Budget utilization difference
<b>Program 4 General Administration Planning and Support Services</b>	<b>590,820,067.00</b>		<b>590,820,067.00</b>	<b>462,455,758.80</b>	<b>128,364,308.20</b>
Sub-Programme 1 Policy, Planning and General administrative services	590,820,067.00		590,820,067.00	462,455,758.80	128,364,308.20
<b>Grand Total</b>	<b>3,968,459,574.00</b>		<b>3,968,459,574.00</b>	<b>2,618,596,643.75</b>	<b>1,349,862,930.25</b>

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

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**XI. 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 Labour.. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity:

- |            |                    |
|------------|--------------------|
| <i>i)</i>  | <i>Project xxx</i> |
| <i>ii)</i> | <i>Project yyy</i> |

*(List the projects that have been consolidated under this financial statements in case of any)*

**3. Reporting Currency**

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

**4. Significant Accounting Policies**

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

**a) Recognition of Receipts**

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

**• Tax Receipts**

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

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**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 30<sup>th</sup> June 2019, 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 actually been paid out by the Entity.

- **Compensation of Employees**

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

- **Use of Goods and Services**

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

- **Interest on Borrowing**

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

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**SIGNIFICANT ACCOUNTING POLICIES**

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

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

- **Acquisition of Fixed Assets**

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

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

**5. In-kind contributions**

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

**6. Third Party Payments**

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

**7. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

**Restriction on Cash**

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2019, this amounted to Kshs xxx compared to Kshs xxx in prior period as indicated on note xxxx.

There were no other restrictions on cash during the year.

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**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 2018 for the period 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2019 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.

## **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 30<sup>th</sup> June 2019.

### **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.

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**NOTES TO THE FINANCIAL STATEMENTS**

**1 EXCHEQUER RELEASES**

Description	2018-2019	2017-2018
	Kshs	Kshs
Total Exchequer Releases for quarter 1	603,816,547	267,123,442
Total Exchequer Releases for quarter 2	617,038,569	349,099,054
Total Exchequer Releases for quarter 3	797,732,760	585,110,930
Total Exchequer Releases for quarter 4	606,003,115	815,694,096
<b>Total</b>	<b>2,624,590,991</b>	<b>2,017,027,522</b>

**2 PROCEEDS FROM SALE OF ASSETS**

	2018-2019	2017-2018
	Kshs	Kshs
Receipts from the Sale of Inventories, Stocks and Commodities	4,125,000	6,101,000
<b>Total</b>	<b>4,125,000</b>	<b>6,101,000</b>

**3 OTHER RECEIPTS**

Description	2018-2019	2017-2018
	Kshs	Kshs
Receipts from Administrative Fees and Charges - Collected as AIA	929,030	1,109,430
Receipts from Sale of Incidental Goods	420,000	
<b>Total</b>	<b>1,349,030</b>	<b>1,109,430</b>

**4 COMPENSATION OF EMPLOYEES**

	2018-2019	2017-2018
	Kshs	Kshs
Basic salaries of permanent employees	322,224,175	358,726,168
Basic wages of temporary employees	103,525,237	48,906,529
Personal allowances paid as part of salary	252,324,040	218,197,533
Personal allowances paid as reimbursements	5,651,047	11,880,950
Personal allowances provided in kind	3,436,900	2,805,134
<b>Total</b>	<b>687,161,399</b>	<b>640,516,314</b>

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**5 USE OF GOODS AND SERVICES**

	2018-2019	2017-2018
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	44,186,424	22,844,574.00
Communication, supplies and services	35,286,208	12,280,980.00
Domestic travel and subsistence	231,101,624	107,943,927.00
Foreign travel and subsistence	45,624,706	16,790,060.00
Printing, advertising and information supplies & services	15,030,179	4,586,274.00
Rentals of produced assets	153,575,825	213,595,429.00
Training expenses	621,327,029	143,773,986.00
Hospitality supplies and services	78,857,115	40,566,309.00
Insurance costs	412,500	697,500.00
Specialised materials and services	10,731,118	8,933,556.00
Office and general supplies and services	37,501,579	9,271,924.00
Other operating expenses	55,362,552	18,257,562.00
Routine maintenance – vehicles and other transport equipment	13,372,709	12,751,654.00
Routine maintenance – other assets	6,051,639	2,723,528.00
Fuel Oil and Lubricants	28,369,539	20,348,076.00
<b>TOTAL</b>	<b>1,376,790,747</b>	<b>635,365,339</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6 TRANSFERS TO OTHER GOVERNMENT ENTITIES**

Description	2018-2019	2017-2018
	Kshs	Kshs
Transfers to Central government entities (SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)		
NITA	246,838,500	507,400,000
NEA	180,000,000	100,000,000
DOSH	4,881,300	
	<b>431,719,800</b>	<b>607,400,000</b>

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

Description	Recurrent	Development	Total	20XX-20XX
	Kshs	Kshs	Kshs	Kshs
<b>Transfers to SAGAs and SCs</b>				
Entity xxx				
Entity yyy				
<b>Transfers to County Governments</b>				
County xxx				
County yyy				
<b>Transfers to Projects-GoK counterpart funding</b>				
Project xxx				
Project yyy				
<b>TOTAL</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

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

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7 OTHER GRANTS AND TRANSFERS

Explanation	2018-2019	2017-2018
	Kshs	Kshs
Membership dues and subscriptions to international organizations		22,349,904
Scholarships and other educational benefits	375,200	5,500,000
<b>Total</b>	<b>375,200</b>	<b>27,849,904</b>

8 SOCIAL SECURITY BENEFITS

Explanation	2018-2019	2017-2018
	Kshs	Kshs
Government pension and retirement benefits	13,952	17,000,000
<b>TOTAL</b>	<b>13,952</b>	<b>17,000,000</b>

9 ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2018-2019	2017-2018
	Kshs	Kshs
Construction of Buildings	57,915,282	35,962,065
Refurbishment of Buildings	325,000	5,401,438
Purchase of Office Furniture and General Equipment	5,932,540	1,165,000
Purchase of Specialised Plant Equipment and Machinery	5,324,300	11,180,386
Research Feasibility Studies and Project Preparation	53,038,423	17,474,995
<b>TOTAL</b>	<b>122,535,545</b>	<b>71,183,884</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10 A: Bank Balances**

Name of Bank, Account No. & currency	Amount in bank account curren y	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency )	2018 -2019	2017 -2018
				Kshs	Kshs
Central Bank of Kenya, 1000181354 , Recurrent Kes- Lbour		Recurrent	1	129,700	5,522,730.00
Central Bank of Kenya, 1000181583, Development Kes – Labour		Development	1	1,750,993	118,668.60
Central Bank of Kenya, 1000181947, Deposits Kes – Labour		Deposits	1	48,966,759	49,106,777.40
Central Bank of Kenya, 1000320467,KShs - KYEOP		1000320467, KShs	1	22,197,041	92,876,763.00
<b>TOTAL</b>	-			<b>73,044,493</b>	<b>147,624,939</b>

**10 B: CASH IN HAND**

	2018 -2019	2017 -2018
	Kshs	Kshs
Cash in Hand – Held in domestic currency	49,691	1,693,852
<b>TOTAL</b>	<b>49,691</b>	<b>1,693,852</b>

Cash in hand should also be analysed as follows:

	2018 -2019	2017 -2018
	Kshs	Kshs
Headquarters Cash office	49,691	1,693,852
<b>TOTAL</b>	<b>49,691</b>	<b>1,693,852</b>

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11: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

<i>Description</i>	2018 -2019	2017 -2018
	Kshs	Kshs
Government Imprests	15,618,903	526,550.00
Salary advances		609,380
<b>Total</b>	<b>15,618,903</b>	<b>1,135,930</b>

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		Kshs	Kshs	Kshs
<i>Name of Officer or Institution</i>	dd/mm/yy			
<i>Name of Officer or Institution</i>	dd/mm/yy			
<i>Name of Officer or Institution</i>	dd/mm/yy			
<i>Name of Officer or Institution</i>	dd/mm/yy			
<i>Name of Officer or Institution</i>	dd/mm/yy			
<i>Name of Officer or Institution</i>	dd/mm/yy			
<b>Total</b>				xxx

12. ACCOUNTS PAYABLE

<i>Description</i>	2018 -2019	2017 -2018
	Kshs	Kshs
Deposits	48,966,759	49,106,777.00
Project Balance		73,069,995.00
<b>Total</b>	<b>48,966,759</b>	<b>122,176,772</b>

13 . FUND BALANCE BROUGHT FORWARD

<i>Description</i>	2018 -2019	2017 -2018
	Kshs	Kshs
Bank accounts	147,624,939	78,879,250
Cash in hand	1,693,852	1,411,898
Accounts Receivables	1,135,930	891,170
Accounts Payables	(122,176,772)	(62,636,769)
<b>Total</b>	<b>28,277,949</b>	<b>18,545,549</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**14. PRIOR YEAR ADJUSTMENTS**

Description of the error	2018 -2019	2017 -2018
	Kshs	Kshs
Adjustments on bank account balances		-14,298,941
Adjustments on cash in hand		-891,170.00
		(15,190,111)

**15. 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 LABOUR

- 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:**

	2018- 2019	2017- 2018
	Kshs	Kshs
Key Management Compensation		
<b><u>Transfers to related parties</u></b>		
Transfers to other MDAs		
Transfers to SCs and SAGAs		
Transfers to Development Project		
Transfers to County Governments		
Transfers to non reporting secondary and primary Schools		
<b>Total Transfers to related parties</b>		
<b><u>Transfers from related parties</u></b>		
Transfers from the Exchequer		
Transfers from other MDAs		
(Insert any other transfers received)		
<b>Total Transfers from related parties</b>		

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**16 OTHER IMPORTANT DISCLOSURES**

**16.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

Description	2018-2019	2017-2018
	Kshs	Kshs
Construction of buildings	37,501,162.58	24,993,001
Civil Works	59,710,318.93	
Supply of goods	29,215,270.00	5,249,480
Supply of services	195,808,371.51	11,654,254
	<b>322,617,423.02</b>	<b>41,896,735</b>

**16.2: PENDING STAFF PAYABLES (See Annex 2)**

	Balance b/f FY 2017/2018	Additions for the period	Paid during the year	Balance c/f FY 2018/2019
Description	Kshs	Kshs	Kshs	Kshs
Senior management				
Middle management				
Unionisable employees				
Others				
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>(xxx)</b>	<b>xxx</b>

**16.3: OTHER PENDING PAYABLES (See Annex 3)**

	Balance b/f FY 2017/2018	Additions for the period	Paid during the year	Balance c/f FY 2018/2019
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities				
Amounts due to County Government entities				
Amounts due to third parties				
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>(xxx)</b>	<b>xxx</b>

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**17 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1. Incomplete summary of asset register	Exclusion of list and value of fixed Assets	The list has not been finalized yet.	Head of supply Chain Management	In Process	In Process
2. Unvouchered expenditure	Tender documents not provided	Following the movement of all staff, it has been challenging to trace the required documents	Head of supply chain management	Resolved	Tender documents provided
3. Shoddy construction of DOSH – Research Institute	Poor planning, workmanship and implementation likely to escalate costs,	Project manager, Public Works has explained the issues and the same forwarded to Auditor General	Director, Dosh and Secretary, Administration	90% complete	Construction work has been confirmed both by parliamentary committee and public works and

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
					confirmed of sound status
4. Refurbishment of medical clinic at DOSH	Value for money spent on X-Ray Machine and Refurbishment of clinic uncertain	As explained by the directorate, Value for money was received throughout the years from 2007	Director Dosh & Human Resource Management	Resolved	X-Ray refurbished and in use
Unsupported Pending Bills	Supporting documents for audit not provided	The payment vouchers relating to the pending bills available for audit	Procurement and Accounts	Resolved	Pending bill fully supported
5. Unsupported Pending Bills	Unable to confirm the validate of the bills	All the recurrent bills have been settled while the Development is still outstanding Due to lack of Budgetary provisions.	Directorates, supply Chain, finance and Accounts	Resolved	Pending bill fully supported and partly paid
6. Unreconciled lease payments	Not possible to confirm the accuracy of the lease payments	The agreements were signed with correct amounts.	Administration	Resolved	Lease payments reconciled

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
7. Unsupported payments for Cleaning services	Missing Schedules showing period work was done	Schedules compiled and available for audit	Supply Chain Management	Resolved	Schedules fully supported
8. Irregular payment for Management consultancy services	Payment could not be confirmed as a proper charge to public Funds	Explanation made on the circumstances that led to the consultancy	Director NHRPD	Resolved	Matter resolved and confirmed by the office of the Auditor General
9. Unsupported Bursary Payments	Propriety of the expenditure could not be confirmed	Receipts from the Schools where the amount was disbursed were awaited awaiting Auditors confirmation	Director Children Department. State Department for Social Protection	Resolved	Bursary payment fully supported and matter resolved by PAC
10. General and District	Completeness and	The suspense was occasioned by transfer	Accounts section	In process- awaiting	In process

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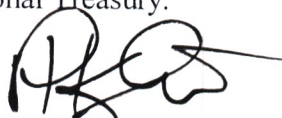
<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
suspense	Accuracy of balances could not be confirmed	of funds from the Ministry to Donor bank account using Suspense Item instead of Cash item.		Audit Confirmation.	
11. Long Outstanding Imprest	Recoverability of the imprest is uncertain	We are still tracing the defaulters to enable recoverability	Human Resource Management Department	Not fully recovered	In Process
12. Un-surrendered Bank Balances	Unspent balances of Kshs.5,684,232 received from meru district had not been surrendered to Exchequer to-date	We have initiated the process of surrendering the money to the National Exchequer Department	Accounts Section	Funds transferred to Treasury	Resolved
13. Construction of the National Employment	The construction of the Centre awarded to M/S	The construction is ongoing	Director NEA	Still in process	In Process

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
ent Promotion Centre Kabete	Inforserve Networks Limited had stalled				

**Guidance Notes:**

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



Principal Secretary  
 Name: PETER K. TUM, OGW



Principal Accounts Controller  
 Name: PETER N. KABEBE  
 ICPAK Member Number: 3845

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

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2019	Comments
	A	B	c	d=a-c		
<b>Construction of buildings</b>						
1. TENCONS BUILDERS LTD				2,521,787.00		
2. M/S INFORSERVE NETWORKS LTD				76,442,965.50		
<b>Sub-Total</b>				<b>78,964,752.50</b>		
<b>Construction of civil works</b>						
3. MILIKI DEVELOPMENT COMPANY LIMITED				10,289,891.00		
4. ECO-PARTNRS LTD				1,830,575.00		
5. ECO-PARTNERS LTD				650,028.75		
6. TOP CHOICE SURVEILLANCE LTD				7,805,346.46		
<b>Sub-Total</b>				<b>20,575,841.21</b>		
<b>Supply of goods</b>						
7. ROYAL MEDIA SERVICES LTD				696,000.00		
8. DEPARTMENT OF FILMS SERVICES				350,000.00		
9. ADMIRAL SECURITY SERVICES				462,000.00		
10. U & S CAPITAL LIMITED				6,368,864.00		
11. U & S CAPITAL LIMITED				636,886.40		
12. U & S CAPITAL LIMITED				661,200.00		
13. ALIBABA TOURS & TRAVEL LTD				966,168.00		
14. ZAKALE EXPENDITIONS LTD				28,000.00		
15. ALIBABA TOURS & TRAVEL LTD				497,610.00		
16. PAGO AIRWAYS TRAVEL SERVICES				1,339,835.00		
17. QURESHY TRAVEL LTD				38,500.00		
18. ALIBABA TOURS & TRAVEL LTD				202,690.00		
19. THE ELITE TIMES VENTURES LTD				73,920.00		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2019	Comments
20. THE ELITE TIMES VENTURES LTD				41,980.00		
21. THE ELITE TIMES VENTURES LTD				36,960.00		
22. PAGO AIRWAYS TRAVEL SERVICES				75,100.00		
23. THE ELITE TIMES VENTURES LTD				45,950.00		
24. THE ELITE TIMES VENTURES LTD				41,980.00		
25. ENTRADA TOURS AND TRAVEL LTD				142,000.00		
26. TRAVIGENT AGENCIES				289,200.00		
27. ASTORIAN GRAND HOTEL				797,200.00		
28. TALENT OFFICE SUPPLIERS				321,500.00		
29. TOYOTA KENYA LIMITED				14,800.00		
30. DT DOBIE LTD				240,045.17		
31. TOYOTA KENYA LIMITED				32,508.00		
32. NITA-MOMBASA				70,000.00		
33. NSSF				1,696,500.00		
34. NSSF-MOMBASA				2,189,991.84		
35. PAGO AIRWAYS TRAVEL SERVICES				33,970.00		
36. TELECOMMUNICATION TODAY LTD				715,400.00		
37. ALIBABA TOURS & TRAVEL LTD				560,400.00		
38. PAGO AIRWAYS TRAVEL SERVICES				16,950.00		
39. MANGROVE MERCHANTS				476,000.00		
40. DIANKEY ENTERPRISES				314,445.00		
41. TABMARK ENTERPRISE				619,750.00		
42. GRAKEN GENERAL SUPPLIES				619,000.00		
43. DUST & DIESEL				451,000.00		
44. TRUESNSE LOGISTICS				1,507,200.00		
45. DYBRAND AGENCIES				225,000.00		
46. KATEMACH INVESTMENTS				170,100.00		
47. MAKFRAX ENTERPRISES				126,800.00		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2019	Comments
48. CODAYS ENTERISE				693,950.00		
49. JUWANI ENTERPRISE				160,900.00		
50. DAVIKEN LTD				290,500.00		
51. SAGOKI GENERAL SUPPLIES				391,000.00		
52. GRAKEN GENERAL SUPPLIES				716,010.00		
53. SUNTECH SOLAR AND ELECTRICALS				620,000.00		
54. EWANA TRADERS				398,500.00		
55. LEXXY TECHNOLOGIES				414,730.00		
56. MINDERS TOUCH INVEST				280,750.00		
57. LEE STEWARD COMMUNI				162,400.00		
58. TOPVIC SUPPLIES				237,500.00		
59. PEPEA AFRICA				262,500.00		
60. ALCISCA ENTERPRISES LIMITED				400,200.00		
61. BECASTA SUPPLIES				465,700.00		
62. CINATINE ENTERPRISE				914,500.00		
63. CYNAKI AGENCY				394,600.00		
64. KJOKOM ENTRPRISES				357,500.00		
65. KWAMOBİ ENTERPRISES				96,000.00		
66. SAFRAM SUPPLIES				228,380.00		
67. SEROMAX INVESTMENTS				72,600.00		
68. SANTORINI PROPERTIES LIMITED				2,299,500.00		
<b>Sub-Total</b>				<b>29,215,270.00</b>		
<b>Supply of services</b>						
69. ENTRADA TOURS & TRAVEL				99,000.00		
70. THE ELITE TIMES VENTURES				144,780.00		
71. RAYMER ENTERPRISE				1,650,000.00		
72. KONNEXION				2,890,000.00		
73. MIANDU TECHNOLOGIES				277,200.00		

## STATE DEPARTMENT FOR LABOUR

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2019	Comments
74. PAGO AIRWAYS TRAVE SERVICES				98,755.00		
75. PAGO AIRWAYS TRAVEL SERVICES				581,700.00		
76. FRESTEEM AGENCY				253,845.00		
77. PARWEN CONTRACTORS				360,000.00		
78. ESERIANI LIMITED				198,000.00		
79. FLEXNET NETWORKS				215,000.00		
80. FRESTEEM AGENCY				65,575.00		
81. FRESTEEM AGENCY				30,230.00		
82. ENTRADA TOURS & TRAVEL				85,000.00		
83. EXOTIC TRAVEL				289,500.00		
84. FRESTEEM AGENCY				65,575.00		
85. FRESTEEM AGENCY				133,890.00		
86. ELITE TIMES VENTURES				37,870.00		
87. TRAVIGENT AGENCIES				691,520.00		
88. THE ELITE TIMES VENTURES				1,186,830.00		
89. THE ELITE TIMES VENTURES				1,957,060.00		
90. THE ELITE TIMES VENTURES				1,454,880.00		
91. THE ELITE TIMES VENTURES				1,085,350.00		
92. FRESTEEM AGENCY				109,635.00		
93. BELTA AGENCIES LIMITED				206,000.00		
94. WISE AIR HOLIDAYS LIMITED				237,000.00		
95. WISE AIR HOLIDAYS LIMITED				328,000.00		
96. DENPAH INVESTMENTS				750,000.00		
100. FRESTEEM AGENCY				35,545.00		
101. ESERIANI LIMITED				198,000.00		
102. FRATECH MOTORS				167,200.00		
103. ADMIRAL SECURITY				462,000.00		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2019	Comments
104. ADMIRAL SECURITY				286,000.00		
105. INTERNET SOLUTION				139,200.00		
106. INTERNET SOLUTION				53,360.00		
107. STANTECH MOTORS				43,635.00		
108. TOM MBOYA LABOUR COLLEGE				200,849.50		
109. CROWN PLAZA				410,000.00		
110. JEFFREY TEDD DEKOK				400,000.00		
111. STAN WILLIAMS CONSULTING LTD				2,850,000.00		
112. DR. JAN RUTWOSKI				3,000,000.00		
113. ELAVATOR SERVICES LIMITED				425,821.00		
114. TRAVELSCOPE AGENCIES				4,172,000.00		
115. NITA				222,500.00		
116. NITA				297,500.00		
117. NSSF				150,057,960.00		
118. DT DOBIE				290,700.00		
119. INTERNET SOLUTIONS				139,200.00		
120. ASTORIAN GRAND HOTEL				240,000.00		
121. KICC				548,456.00		
122. NSSF				1,462,500.00		
123. KSG				2,179,060.00		
124. KSG				300,000.00		
125. KSG				90,000.00		
126. NITA				240,000.00		
127. KENYA SAFARI LODGES AND HOTELS				210,000.00		
128. KENYA SAFARI LODGES AND HOTELS				168,000.00		
129. KENYA SAFARI LODGES AND HOTELS				326,000.00		

NATIONAL SUPPLY AND SERVICES  
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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2019	Comments
130. ASTORIAN GRAND HOTEL				257,600.00		
131. ASTORIAN GRAND HOTEL				120,400.00		
132. KENYA BUREAU STANDARDS				371,200.00		
133. LIBKEN AGENCIES CO. LTD				251,019.00		
134. BUKURA ATC				159,000.00		
135. SAROVA WHITESANDS HOTEL, MOMBASA				225,000.00		
136. INTERNET SOLUTION				160,080.00		
137. SAROVA WHITESAND HOTELS, MOMBASA.				1,129,060.00		
138. MFI				203,754.00		
139. SAROVA WHITESANDS, MOMBASA				397,410.01		
140. ASTORIAN GRAND HOTEL				67,200.00		
141. ASTORIAN GRAND HOTEL				1,061,200.00		
142. MARINA ENGLISHPOINT				156,400.00		
143. LIBKEN AGENCIES COMPANY LIMITED				157,242.00		
144. LIBKEN AGENCIES COMPANY LIMITED				1,999,890.00		
145. LIBKEN AGENCIES COMPANY LIMITED				159,474.00		
146. LIBKEN AGENCIES COMPANY LIMITED				191,100.00		
147. LIBKEN AGENCIES COMPANY LIMITED				39,142.00		
148. LIBKEN AGENCIES COMPANY LIMITED				240,999.00		
149. KIRDI				353,700.00		
150. ASTORIAN GRAND HOTEL				784,000.00		
151. KSG MATUGA				577,800.00		
152. INSTITUTE OF HUMAN RESOURCE MANAGEMENT				98,600.00		
153. INSTITUTE OF HUMAN RESOURCE MANAGEMENT				290,000.00		
154. LIBKEN AGENCIES COMPANY LIMITED				199,654.00		
155. LIBKEN AGENCIES COMPANY LIMITED				58,200.00		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2019	Comments
156. ASTORIAN GRAND HOTEL				369,600.00		
157. DYNASTY TOURS AND TRAVEL LTD				77,800.00		
158. DEPARTMENT OF FILMS SERVICES				350,000.00		
159. TABI SUPPLIES				204,166.00		
<b>Subtotals</b>				<b>195,808,371.51</b>		
<b>Grand totals</b>				<b>322,235,123.02</b>		

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
		a	b	c	d=a-c		
<b>Senior Management</b>							
1.							
2.							
3.							
	Sub-Total						
<b>Middle Management</b>							
4.							
5.							
6.							
	Sub-Total						
<b>Unionisable Employees</b>							
7.							
8.							
9.							
	Sub-Total						
<b>Others (specify)</b>							
10.							
11.							
12.							
	Sub-Total						
	Grand Total						

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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2019	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
	Sub-Total						
Amounts due to County Govt Entities							
4.							
5.							
6.							
	Sub-Total						
Amounts due to Third Parties							
7.							
8.							
9.							
	Sub-Total						
Others (specify)							
10.							
11.							
12.							
	Sub-Total						
	Grand Total						

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

Asset class	Historical Cost b/f (Kshs) 20XX/20XX	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 20XX/20XX
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment					
Machinery and Equipment					
Biological assets					
Infrastructure Assets- Roads, Rails					
Heritage and cultural assets					
Intangible assets					
Work in Progress					
<b>Total</b>					

*NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets)*

**MINISTRY OF LABOUR AND SOCIAL PROTECTION**  
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**ANNEX 5 – LIST OF PROJECTS IMPLEMENTED BY THE STATE DEPARTMENT FOR LABOUR**

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)
1				

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

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	xxx				

**MINISTRY OF LABOUR AND SOCIAL PROTECTION**  
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**ANNEX 7- REPORTS GENERATED FROM IFMIS**

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

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