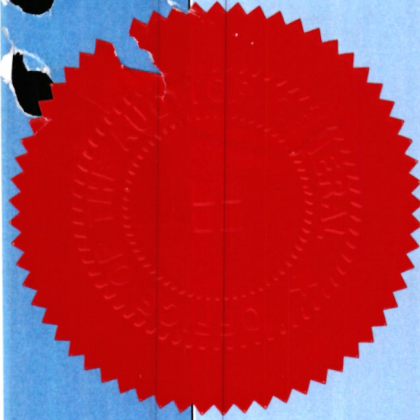


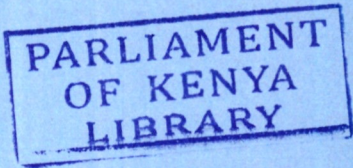
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



*Paper laid on the
Table of the House
by the Majority
Leader on Wednesday
15th August 2018
(Afternoon)*

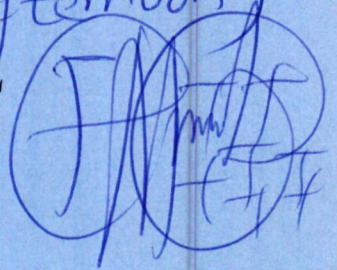


REPORT

OF

THE AUDITOR-GENERAL

ON



**THE FINANCIAL STATEMENTS OF
STATE DEPARTMENT OF LABOUR**

**FOR THE YEAR
ENDED 30 JUNE 2017**

**MINISTRY OF EAST AFRICA COMMUNITY,
LABOUR AND SOCIAL PROTECTION**





NATIONAL GOVERNMENT ENTITY

*Ministry of East Africa Community, Labour and Social Protection**
(State Department for Labour)

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2017

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



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I. KEY ENTITY INFORMATION AND MANAGEMENT

Background information

The entity was formed on 31 May 2016 by merging the Ministry of Labour, Social Security and services and the Ministry of East Africa Affairs. At cabinet level, the entity is represented by the Cabinet Secretary for East Africa Community, 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 East African community
2. State Department for Labour
3. 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 East Africa Community, 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
- 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

(a) 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
- Productivity Centre of Kenya

(b) Fiduciary Management

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

No.	Designation	Name
1.	Cabinet Secretary	Phyllis J. Kandie
2.	Accounting Officer	Dr. Khadija Kassachoon, CBS
3.	Secretary Administration	Chege Mwangi
4.	Labour Commissioner	Dr. Sammy Nyambari
5	Director HRM&D	Joyce K Gichomo
6	Director NHRPD	Cathrine Waema
7	Registrar of Trade Unions	Edith Gicheha
8	Director, Productivity	John K.Munguti
9	Director, DOSH	Samuel Thuita
10	Chief Economist	Winnie N. Karingithi, OGW
11	Senior Asst. Accountant General	CPA Ngima Muriuki
13	Principal Internal Auditor	CPA Lucy Mugwe
14	Ag. Director National Employment Authority	Rael Rotich

Ministry of East Africa Community, Labour and Social Protection-State Department for Labour
Reports and Financial Statements For the year ended June 30, 2017

No.	Designation	Name
15	Principal State Council	Edith N. Torome
16	Supply Chain Management	Beth Wanyaga
16	Senior Finance Officer	CPA Risper Auma

(c) Fiduciary Oversight Arrangements

- Audit and finance committee activities- in the process of being appointed interviews for the Audit committee scheduled for 26-September 2017
- 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 who came in towards the third quarter of the financial year.

(d) 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
Website: www.go.ke

(e) Entity Bankers

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

(f) Independent Auditors

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

(g) Principal Legal Adviser

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

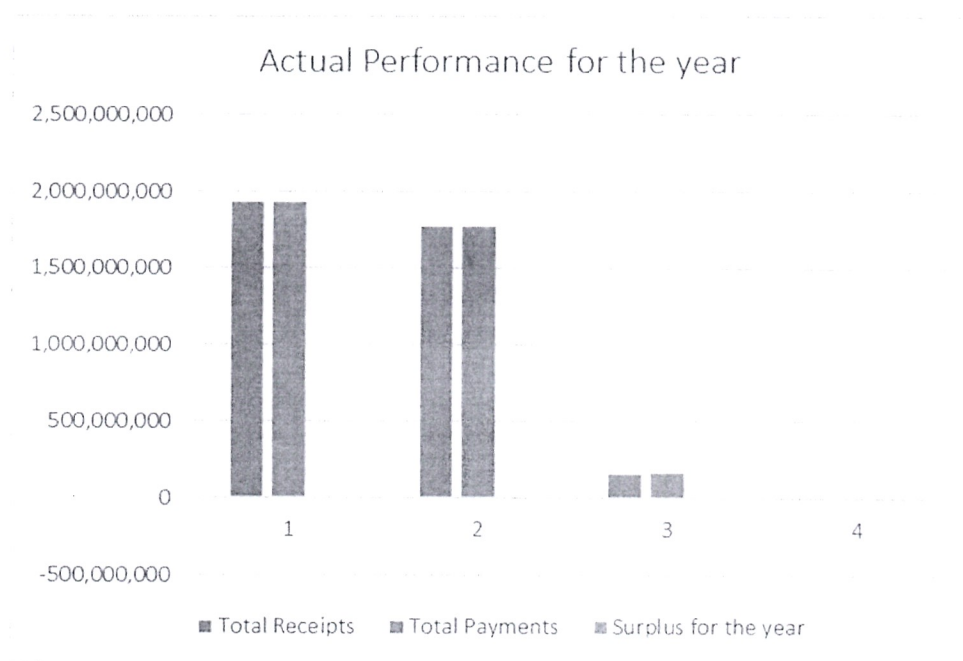
II. FORWARD BY THE CABINET SECRETARY

FINANCIAL PERFORMANCE SUMMARY

Actual Performance against Budget for the Year to 30 June, 2017

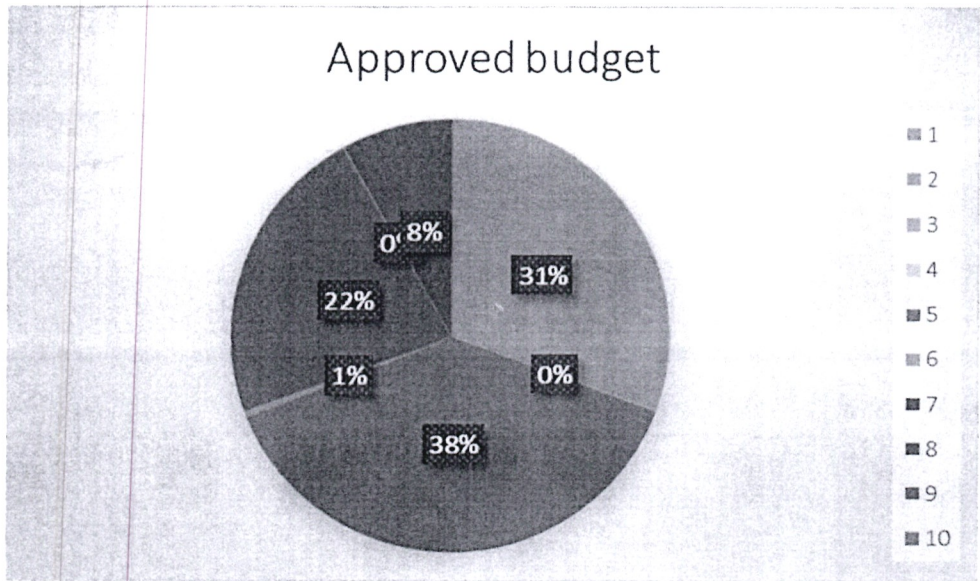
Financial Performance	Printed Estimates	Actual	Variance	% Utilization
Total Receipts	1,938,304,230	1,781,122,824	157,181,406	92.5%
Total Payments	1,938,304,230	1,774,132,487	164,171,743	91.4%
Surplus for the year	NIL	6,990,337	(6,990,337)	1.1%

The state department received exchequer releases 8% below the expected amount. This caused the department to accrue pending bills relating to the commitments made based on the budget available



Ministry of East Africa Community, Labour and Social Protection-State Department for Labour
Reports and Financial Statements For the year ended June 30, 2017

Details	Approved budget	Actual	Variance	% Utilization
Compensation to Employees	592,071,674.00	562,492,412.30	29,579,261.70	95%
Social Contributions	1,740,179.00	1,740,179.00	0	100%
Goods and Services	741,110,800.00	679,174,472.95	61,936,327.05	92%
Grants and Other Transfers to International Organizations	8,812,933.00	5,987,910.60	2,825,022.40	68%
Grants & Transfer to Other Govt. Units	434,000,000.00	393,525,305.75	40,474,694.25	91%
Other Transfers and Emergency Relief	2,000,000.00	2,000,000.00	0	100%
Acquisition of Fixed Capital Assets	158,568,644.00	129,211,994.75	29,356,649.25	81.4%
TOTAL	1,938,304,230	1,774,132,274.85	164,171,955.15	91.5%



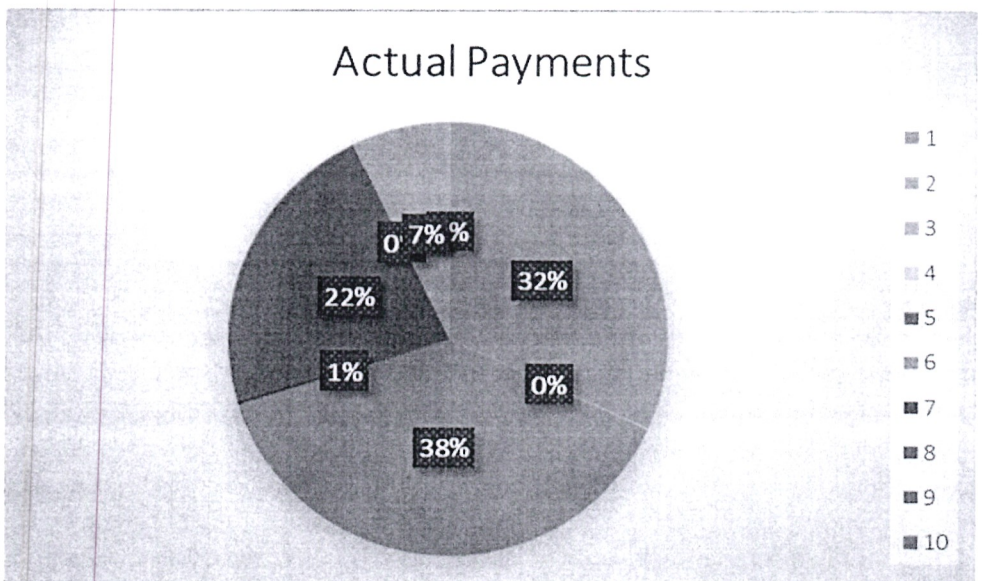
Series 1- Compensation to employees

Series 6 – Other Transfers and Emergency Relief

Series 7– Goods and services

Series 8 – Grants

During the year of Reporting, 38% of the Budget of the State Department for Labour was allocated to Goods and Services, 31% Compensation to employees and 30% to Grants and Other Transfers.



Series 2 – Compensation to Employees Series 5 – Other Transfers and Emergency Relief

Series 6 – Goods and services

Series 9 – Grants

It is noted that 38% of the State Departments expenditure was on procurement of goods and services while 32% was on Compensation to Employees and 29% on grants and other transfers. The others were below 1%

Key achievements for the entity

During the period under review, the State Department for Labour resolved 12,647 of the reported labour disputes and carried out 9,214 routine workplace inspections which resulted to recovery of Kshs. 27,569,698 from employers as arrears paid to workers. Carried out attestation of 2,213 foreign labour contracts and reduced the time taken for attestation of foreign contracts for Kenyan migrant workers from 3 to 2 days thus easing movement by applicants to places of destination. Three Labour Attaché Offices were established and operationalized in Qatar, Saudi Arabia and United Arabs Emirates (UAE) which are the key labour destination countries for Kenyan migrant workers. The move is aimed at ensuring protection of the fundamental principles and rights of the Kenyan workers in the countries of destination, improved working conditions, sourcing of employment opportunities abroad for Kenyans, especially the youth. Negotiation of labour agreements on a bilateral basis was also initiated with the Kingdom of Saudi Arabia, UAE, the Hashemite Kingdom of Jordan and the State of Oman. Bilateral labour agreement for domestic workers was concluded and signed with the Kingdom of Saudi Arabia in 2017

In addition, 124 cases of Workmen's Compensation were processed and paid out KShs. 49.8 Million to claimants; inspected 301 books of account of Trade Unions and updated 50 Trade Unions membership records.

The State Department carried out medical examination of 76,226 workers in hazardous occupations and examined and testing of 16,402 hazardous industrial plant and equipment in workplaces against a target of 16,000; reduced the time taken to process claims for work injury compensation was from 10 to 5 days; marked the World day for Safety and Health Work held on the 28th April 2016 where 22 companies participated in 3 categories where 9 were awarded for outstanding performance in safety and health. In addition, sixteen (6) curricula for courses to be mounted at the Kenya Occupational Safety and Health Institute were developed during the in consultation with Kenya Institute of Curriculum Development (KICD). These include: Proficiency Course in Fire Safety Management; Occupational Safety and Health for

Practitioners; Occupational Safety and Health for Medical Practitioners; Occupational Safety and Health for Nurses; Construction Safety; Occupational Hygiene; Air Receivers' Inspection; Boiler Inspection; Lifting Equipment Inspection; Refrigeration Plant Examination; Pressure Cylinder Inspection; Crane Safety Inspection; Construction Safety for Site Safety Supervisors; Working at Height; Scaffold Safety Inspection; and Crane Operation.

The National Employment Authority (NEA) was established and operationalized. The Authority is established under the National Employment Authority Act, 2016 and provides the institutional framework for employment management in the country. Placed 23,928 registered job seekers in employment through the Public Employment Services; published the National Employment

Policy and Strategy for Kenya and registered 26 Private Employment Agencies dealing with foreign recruitment to commence the recruitment of prospective migrants for the foreign labour market.

The State Department developed the Kenya Labour Market Information System (KLMIS) www.labourmarket.go.ke which aims at utilizing digital platforms to store, access, retrieve, and interrogate data on various facets of human resource planning and development, including employment. Job Opportunities Analysis (JOA), which involves computation of Job Opportunity Indices for various economic sectors and occupations, was undertaken during the period under review. The general objective of the analysis is to monitor job vacancies in the economy, including important facets of the job market such as number of vacancies, skill requirements, location of the jobs, the sector in which the jobs are.

The State Department, through the National Industrial Training Authority (NITA), placed 18,591 students on industrial attachment to expose them to the real work situations; trained 35,352 persons in relevant industrial skills; assessed 47,225 candidates for government trade test certification in various trades (Masonry, Motor vehicles mechanics, carpentry and joinery among others); registered 2,556 new employers, collected KShs. 707 million as training level and operationalized the five (5) new levy offices in five counties, namely, Embu, Eldoret, Kakamega, Athi River and Thika. Further, NITA supported twenty-five (25) qualified female students from poor families in Arid and Semi-Arid Lands (ASAL) (marginalized communities) to undertake engineering courses; and continued with upgrading and modernization training facilities in the 5

industrial training centres in Kisumu, Nairobi and Mombasa and constructed sports facilities in NITA Athi, River.

Undertook productivity improvement programmes in 25 companies/enterprises and trained 50 Productivity Experts against a target of 40 recruited 15 additional staff to enhance capacity of the National Productivity and Competitive Centre.

Emerging Issues Related to the Entity

1. Increased demand for services in the resolution of industrial disputes due to enhanced labour rights as provided in the Kenya Constitution, 2010.
2. Exploration and exploitation of the newly discovered oil and gas reserves resources may lead to occupational hazards due to lack of regulations for these emerging sectors. Some of these occupations require sophisticated skills not locally available which exacerbate conflicts between the locals and expatriate staff. The State Department requires developing subsidiary legislations on the energy sector and carrying out specific surveys on skills demand and gaps in this emerging sector
3. Change in technology requiring frequent upgrading of the current technology especially in the Industrial Training Centres.
4. Numerous cases of Kenyan migrant workers being mistreated/exploited in the Gulf Region, and in some cases resulting to deaths
5. Graduates from various training institutions **have inadequate capacity to perform their** duties at the place of work since they lack employable skills resulting to more investments by employers to retrain them.
6. The country has witnessed unprecedented strikes in the public sector, due to increased worker awareness to demand for their rights and weak social dialogue during the second MTP period.

7. There is an emerging trend of employment patterns in the country where employers are subcontracting, outsourcing and engaging in term contracts, which has led to casualization of labour and non-compliance with the minimum terms and conditions for workers.

8. Lack of an Alternative Dispute Resolution (ADR) mechanism of labour disputes in the country has resulted to increased caseload in the 12 regional Employment and Labour Relations Courts and increased workload for the 5 Officers in the Central Planning and Monitoring Unit (CPMU) in the State Department for Labour which is mandated to investigate the economic disputes referred by the Employment and Labour Relations Court.

Implementation Challenges and Recommendations

1. Inadequate and declining budgetary allocation to the State Department. To address this challenge, vigorous resource mobilization strategies have been deployed.

2. The State Department has low staffing level at both the headquarters and field offices, has an ageing workforce and lack effective succession management. There is need to enhance human resource capacity in terms of the number of personnel in order to enable the State Department effectively delivery the required services across the country. To address this in 2016/17, a total of 48 officers have been recruited at entry level for technical departments.

3. Reduction in budgetary allocation due to austerity measures in the last phases of budget preparation which resulted in to withdrawal of funding earmarked for key projects. This is likely to lead to litigation measures. The implementation of these projects have been prioritized in 2017/18 FY

4. The budget ceiling for use of goods and acquisition of assets has remained unchanged for the last three years. Consequently, it has been difficult to accommodate any new and ongoing strategic priorities with no resource allocation.

5. Lack of adequate allocation to cover the processed Workmen Compensation claims

6. Inadequate capacity of Institutions of Social Dialogue (Wages Councils, National Labour Board and National Council for Occupational Safety and Health). Measures have been put in place in 2017/18 to strengthen the labour market institutions.

Ministry of East Africa Community, Labour and Social Protection-State Department for Labour
Reports and Financial Statements For the year ended June 30, 2017

7. Lack of accurate, up-to-date and reliable labour market information. The Kenya Labour Market Information System (KLMIS) has been launched. The State Department will ensure the MISs system for the Labour market information is linked to the KLMIS.
8. Upgrade and expand the existing Industrial Training Centres to enable the country undertake the industrial training capable of meeting the aspirations of the Kenya Vision 2030
9. Establishing of additional Labour Attaché offices in the Gulf Region to safeguard the welfare of Kenyan migrant workers

Sign

Phyllis J. Kandie, EGH

Cabinet Secretary

STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed 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 ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

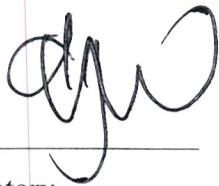
The Accounting Officer in charge of the *State Department for Labour* accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting 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, 2017, and of the entity's financial position as at that date. The Accounting Officer in 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.

Ministry of East Africa Community, Labour and Social Protection-State Department for Labour
Reports and Financial Statements For the year ended June 30, 2017

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 *entity's* financial statements were approved and signed by the Accounting Officer on 30 September, 2017.



Principal Secretary

Name: Dr. Khadijah Kassachoon, CBS



Principal Accounts Controller

Name: CPA Muriuki N. G

ICPAK 4060

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT OF LABOUR FOR THE YEAR ENDED 30 JUNE 2017 - MINISTRY OF EAST AFRICA COMMUNITY, LABOUR AND SOCIAL PROTECTION

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of the Ministry of East Africa Community, Labour and Social Protection - State Department of Labour set out on pages 18 to 65, which comprise the statement of financial assets and liabilities as at 30 June 2017, statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of State Department of Labour as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with Public Finance Management Act, 2012.

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

Basis of Adverse Opinion

1.0 Accuracy, Completeness and Presentation of Financial Statements

Lack of Comparative Balances

The reporting template provided by the Public Accounting Standards Board (PASB) requires the National Government entities to include comparative figures for all items indicated therein. However, upon review of the financial statements provided, it was observed that comparative balances were not included in the current year under review. The reasons given for the above scenario was that the National Treasury failed to give guidance on how the balances were to be shared by the newly created State Departments carved out of the former Ministry of Labour, Social Security and

Report of the Auditor-General on the Financial Statements of State Department of Labour for the year ended 30 June 2017 - Ministry of East Africa Community, Labour and Social Protection

Services which was split into two State Departments and allocated new votes (Vote 1184 - State Department of Labour and Vote 1185 – State Department for Social Protection).

In addition, it was noted that the State Department was not an entirely new entity as it inherited current and fixed assets from the parent Ministry. Consequently, traceability of these assets may become difficult and some of the assets could be lost in the process.

Further, the absence of comparative balances, the financial statements as presented are not in compliance with the approved reporting template and do not therefore provide relevant, reliable and comparable information.

In the circumstances, the accuracy, completeness and presentation of the financial statements could not be confirmed as at 30 June 2017.

2.0 Irregular and Concealed Auction of Boarded Motor Vehicles

Seventeen (17) GK. Vehicles were on 12 April 2017 (10.00 am) disposed off through auction as listed below:

S/No.	Registration No.	Make	Model	Reserve Price (Kshs.)	Bid Prices at Auction (Kshs.)	Amount Paid (Kshs.)
1	GK A 039D	Musso	S/Wagon	50,000		55,000
2	GK A 990T	V/W Passat	Passat 1.8	30,000	100,000	32,000
3	GK A 864S	Toyota	Micro Bus	20,000	-	140,000
4	GK A 610M	Toyota	RAV 4	30,000	-	70,000
5	GK X 618	Toyota M/Bus	RZH104	95,000	-	125,000
6	GK A 135L	Nissan M/Bus	Urvan - E24	120,000	-	150,000
7	GK 710G	Toyota Corolla	Saloon	50,000	85,000	60,000
8	GK 184U	Volkswagon	Passat 1.8	80,000	-	83,000
9	GK A 709Q	Nissan Patrol	Patrol Y61	120,000	180,000	150,000
10	GK A 599C	Yamaha	Motor Cycle	10,000	-	15,000
11	GK A 284M	Nissan M/Bus	Urvan -E24	130,000	-	150,000
12	GKA 396L	Tornado	Motor Cycle	15,000	-	30,000
13	GKA 038E	Nissan S/Wagon	Terrano	80,000	-	120,000
14	GK A 488P	Nissan Patrol	Patrol Y61	131,000	1,300,000	250,000
15	GK T 868	Peugeot 504	S/Wagon	10,000	-	12,000
16	GK A 692Y	Nissan Patrol	Patrol Y61	131,000	2,100,000	145,000
17	GK 253E	Nissan Patrol	Patrol Y61	100,00	1,800,000	130,000
	Total			1,102,100	3,900,000	1,717,000

However, the following anomalies were noted:

- i) The advertisement for sale of the vehicles on 7 April 2017 was done in The People Daily Newspaper instead of at least two daily newspapers of nationwide

circulation contrary to Section 96(2) of the Public Procurement and Asset Disposal Act, 2015.

- ii) It was not clear how the auctioneer was procured and awarded due to various discrepancies in correspondences between the auctioneer and the head of procurement. In consequent, proper procurement procedures were not followed in the identification and award of the auction services.
- iii) Although the vehicles were valued and reserve prices set by the Ministry of Transport and Infrastructure, the vehicles disposed were in our opinion grossly undervalued with some being sold below the bid prices and some attracting extraordinary bids. Some top of the range vehicles were sold for as low as Kshs.32,000. For example:
- GK A 990T a VW Passat with no visible damage had a reserve price of Kshs.30,000 and attracted bid price of Kshs.100,000 but only Kshs.32,000 was received and from a different bidder;
 - GK A 488P a Nissan Patrol had a reserve price of Kshs.131,000 and attracted a bid price of Kshs.1.3 million but only Kshs.250,000 was receipted;
 - GK A 692Y a Nissan Patrol had a reserve price of Kshs.131,000 and attracted a bid price of Kshs.2.1 million but only Kshs.145,000 was receipted;
 - GK A 253E a Nissan Patrol had a reserve price of Kshs.100,000 and attracted a bid price of Kshs.1.8 million but only Kshs.130,000 was receipted.

Further, details of the auction were also not produced for audit verification which could have enabled identification of unpaid and unsold motor vehicles, bid prices and the binders present among others.

The winning bidders at the auction dated 12 April 2015 were required to pay 25% deposit at the fall of the hammer but none paid since all the miscellaneous receipts are dated 13 April 2016.

In addition, fairly new vehicles were disposed off leaving eight (8) old vehicles grounded in the various State Department yards as listed below:

	REG. NO.	MAKE /MODEL	YARD	REMARKS
1.	GKA 764 N	Nissan XTrail	NITA	Grounded for over 4 years
2.	GKA 763 A	Peugeot 504	NITA	"
3.	GKA 893 Q	Peugeot 406	NITA	"
4.	GKA548 F	Mitsubishi Pajero	NITA	"
5.	GKA 736 A	Volvo	NITA	"
6.	GKA 292 U	Toyota Mini Bus	NITA	"
7.	GKA 541 B	Suzuki	KABETE	"
8.	GKA 351 E	Mazda	KABETE	"

In view of the foregoing, the propriety of the auction could not be confirmed and action should be taken against the Government Officers, auctioneering firm and other parties who colluded leading to loss of public funds and assets.

3.0 Pending Bills

Note 28.1 to the financial statements reflects pending bills totalling Kshs.36,493,295 as at 30 June 2017. A review of the position during the audit in March 2018 disclosed that bills amounting to Kshs.10,410,092 had been paid leaving an outstanding balance of Kshs.26,083,203.

Had the bills been cleared by 30 June 2017, the statement of receipts and payments would have reflected a deficit of Kshs.17,947,746 instead of a surplus of Kshs.18,545,549 now shown.

4.0 Stalled Construction Projects

a) Construction of the National Employment Promotion Centre Kabete

A contract for the construction of the proposed National Employment Promotion Centre Kabete was advertised on 15 February 2015 and awarded to M/s Inforserve Networks Limited on 15 May 2015 at a contract sum of Kshs.442,723,947.

Although the contract period was for 78 weeks after commencement, a visit to the project site on 2 March 2018 revealed that work had stalled and the contractor was not on site. Examination of available payment records disclosed that the contractor was paid a pending bill of Kshs.32,595,663 during 2016/2017 bringing the total payments since inception to Kshs.117,998,228.

Further, the project file, status reports and the Bills of Quantities (BQs) were not made available for audit review.

In addition, ownership documents for the land (L/R No.22355) on which the Project had been constructed were also not availed and the land appeared to have been encroached on by private developers. A dispute had also been registered by a person claiming ownership of the land.

In view of the foregoing, it has not been possible to confirm if and when the project will be completed and no action appears to have been taken to safeguard public land and assets.

b) Construction of Labour Office - Eldoret

Included in the list of pending bills as at 30 June 2017 is an amount of Kshs.4,064,500 due to M/s Eldo-Rosta Construction Company Ltd for the construction of Labour Office in Eldoret.

However, no documents were availed for audit review to show how the tender was sourced, awarded, the contract sum, Bills of Quantities (BQs), payment certificates and the project status.

Correspondences seen between the Accounting Officer and the implementing team indicated that a total of Kshs.25,252,818 had so far been paid without indicating the contract sum.

In view of the foregoing, it has not been possible to confirm the validity of the amount paid of Kshs.25,252,818 and pending bill of Kshs.4,064,500 or the total expenditure and completion status of the entire project.

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

Key Audit Matter

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

Other Matter

Budget and Budgetary Performance

1. Receipts

The State Department had budgeted for receipts totalling Kshs.1,947,304,230 but realized actual receipts of Kshs.1,792,677,824 as shown below:

Description	Budget Kshs.	Actual Kshs.	Excess (+)/ Shortfall (-) Kshs.	Variance %
Exchequer releases	1,938,304,230	1,781,122,824	-157,181,406	8%
Proceeds from Sale of Assets	8,000,000	8,000,000	0	0%
Other Receipts	1,000,000	3,555,000	+2,555,000	56%
Total	1,947,304,230	1,792,677,824	-154,626,406	8%

The shortfall of Kshs.154,626,406 was largely attributed to non-release of exchequer issues by the National Treasury.

2. Expenditure

An analysis of the actual expenditure against the budgeted amounts revealed the following variances:

Description	Budget Kshs.	Actual Kshs.	Over (+)/ Under (-) Kshs.	Variance %
Compensation of Employees	592,071,674	562,492,412	-29,579,262	5%
Use of goods and services	750,110,800	679,174,473	-70,936,327	9%
Transfers to Other Government Units	434,000,000	393,525,306	- 40,474,694	9%
Other Grants And Transfers	8,812,933	5,987,911	-2,825,022	32%
Subsidies- Other Grants and Relief	2,000,000	2,000,000	0	0%
Social Security Benefits	1,740,179	1,740,179	0	0%
Acquisition of Assets	158,568,644	129,211,995	-29,356,649	19%
Total	1,947,304,230	1,774,132,276	-173,171,954	9%

The overall under absorption of Kshs.173,171,954 or 9% of the budget was partly attributed to late receipt of supplementary budget allocation and partly to late implementation of the budgeted project.

3. Prior Years Unresolved Issues

3.1 Incomplete Summary of Fixed Asset Register

As previously reported, the financial statements for the year ended 30 June 2016 did not include the list and value of assets as required. In the circumstance, it was not possible to confirm the total value of the fixed assets in the Ministry.

3.2 Unreconciled Lease Payments

As previously reported, lease payments totalling Kshs.102,785,801 did not tally with the signed lease agreements. No reconciliation statements in support of the lease payments have so far been provided for audit review. Further, leases for payments totalling Kshs.66,545,107 were not produced for audit review. In consequent, it was not possible to confirm the accuracy and validity of the lease payments totalling Kshs.169,330,908.18 as at 30 June 2016.

3.3 Irregular Payment for Manpower Consultancy Services

As previously reported, a consultant contracted for a sum of Kshs.4,988,000 in May 2013 to produce a National Manpower Survey Report appeared to have been single sourced. During 2015/2016 the contractor received a pending bill payment of Kshs.2,244,600 which had not been included in the list of pending bills audited. The pending bill payment could not therefore be confirmed as a proper charge to the public funds.

3.4 Unsupported Bursary Payments

As previously reported, records maintained at the Ministry headquarters revealed a total of Kshs.9,007,260 was paid as bursaries to needy students whose residence was within the Nairobi County Constituencies. However, no selection criteria or receipts and acknowledgement letters from the beneficiary schools in support of the payments were produced for audit review. Consequently, the propriety of the expenditure of Kshs.9,007,260 could therefore not be confirmed.

3.5 General and District Suspense

As previously reported, the statement of assets as at 30 June 2016 reflected a general and district suspense balance of Kshs.3,271,890,830. However, no schedules have so far been provided in support of the long outstanding balances. Management has not explained the challenges faced in resolving this matter. In the circumstances, the completeness, accuracy and validity of these significant balances of Kshs.3,271,890,830 could not be confirmed.

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

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 such 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.

In preparing the financial statements, management is responsible for assessing the State Department's ability to sustain services, disclosing, as applicable, matters related to sustainability of services.

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.

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

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

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

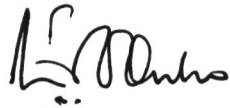
influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the State Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the State Department's ability to continue offering 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 consolidated/ 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 offering services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the State Department's activities to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi.

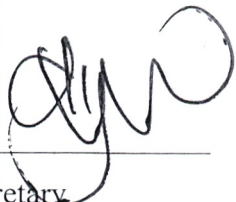
09 July 2018

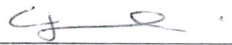
III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
RECEIPTS		Kshs	Kshs
Exchequer releases	4	1,781,122,824	
Proceeds from Sale of Assets	8	8,000,000	
Other Receipts	11	3,555,000	
TOTAL RECEIPTS		1,792,677,824	xxx
PAYMENT			
Compensation of Employees	12	562,492,412	
Use of goods and services	13	679,174,473	
Grants and Transfers to Other Government Units	15	393,525,306	
Gants and other transfers	16	7,987,911	
Social Security Benefits	17	1,740,179	
Acquisition of Assets	18	129,211,995	
Other Payments			
TOTAL PAYMENTS		1,774,132,274	xxx
SURPLUS/DEFICIT		18,545,549	xxx

The amounts are to the nearest shilling. There are no comparative figures because the vote 1184 was not in existence last accounting periods but was a department in the ministry for labour Social Security and services Vote 1141 then

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 28 Sept. 2017 and signed by:


 Principal Secretary
 Name: Dr. Khadijah Kassachoon, CBS


 Principal Accounts Controller
 Name: CPA Muriuki N, G
 ICPAK: 4060

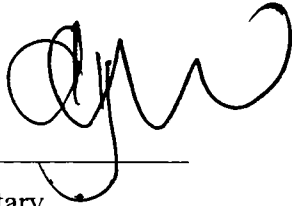
IV. STATEMENT OF ASSETS AND LIABILITIES

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	78,879,250	
Cash Balances	22B	1,411,898	
Total Cash and cash equivalent		80,291,148	
Accounts receivables – Outstanding			
Imprests , Advances District Suspense	23	891,170	
TOTAL FINANCIAL ASSETS		81,182,318	XXX
FINANCIAL LIABILITIES			
Less: Accounts Payables – Deposits and retentions and other System Generated Liabilities		62,636,769	
NET FINANCIAL ASSETS		18,545,549	XXX
REPRESENTED BY			
Fund balance b/fwd		0.00	
Prior year adjustment		0.00	
Surplus/Deficit for the year		18,545,549	
NET FINANCIAL POSSITION		<u>18,545,549</u>	<u>XXX</u>

There were no comparative figures because the vote 1184 was not in existence last accounting periods but it was a department in the ministry of labour, Social, Security and services -Vote 1141

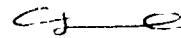
Ministry of East Africa Community, Labour and Social Protection-State Department for Labour
Reports and Financial Statements For the year ended June 30, 2017

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 28 September, 2017 and signed by:



Principal Secretary

Name: Dr. Khadijah Kassachoon, CBS



Principal Accounts Controller

Name: CPA Muriuki N.G

ICPAK 4060:

Ministry of East Africa Community, Labour and Social Protection-State Department for Labour
Reports and Financial Statements For the year ended June 30, 2017

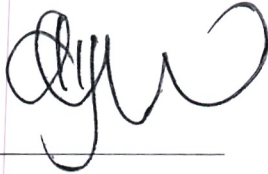
STATEMENT OF CASH FLOWS

		2016-2017	2015-2016
		Kshs	Kshs
Receipts for operating income			
Exchequer Releases	4	1,781,122,824	
Other Revenues	11	3,555,000	
		1,784,677,824	
Payments for operating expenses			
Compensation of Employees	12	562,492,412	
Use of goods and services	13	679,174,473	
Grants and Transfers to Other Government Units	15	393,525,306	
Grants and Other Transfers	16	7,987,911	
Social Security Benefits	17	1,740,179	
		1,644,920,280	
Adjusted for:			
Net cash flow from operating activities		139,757,544	
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8	8,000,000	
Acquisition of Assets	18	(129,211,995)	
Net cash flows from Investing Activities		(121,211,995)	
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings		NIL	
Net cash flow from financing activities		Nil	
NET INCREASE IN CASH AND CASH EQUIVALENT		18,545,549	
Cash and cash equivalent at BEGINNING of the year		NIL	
Cash and cash equivalent at END of the year		18,545,549	

Ministry of East Africa Community, Labour and Social Protection-State Department for Labour
Reports and Financial Statements For the year ended June 30, 2017

There were no comparative figures because the vote 1184 was not in existence last accounting periods but it was a department in the ministry of labour, Social, Security and services -Vote 1141

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 28 September, 2017 and signed by:



Principal Secretary

Name: Dr. Khadijah Kassachoon, CBS



Principal Accounts Controller

Name: CPA Muriuki N. G

ICPAK 4060:

V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	1,770,043,257	168,260,973	1,938,304,230	1,781,122,824	157,181,406	92.5%
Proceeds from Sale of Assets	8,000,000	0	8,000,000	8,000,000	0	100%
Other Receipts	1,000,000	0	1,000,000	3,555,000	0	100%
	1,779,043,257	168,260,973	1,947,304,230	1,792,677,824	154,626,406	92.5%
PAYMENTS						
Compensation of Employees	609,255,096	-17,183,422	592,071,674	562,492,412	29,579,262	95%
Use of goods and services	402,218,484	347,892,316.00	750,110,800	679,174,473	70,936,327	90%
Transfers to Other Government Units	479,600,000	-45,600,000	434,000,000	393,525,306	40,474,694	91%
Other Grants And Transfers	8,812,933	0	8,812,933	5,987,911	2,825,022	68%
Subsidies- Other Grants and Relief	2,000,000	0	2,000,000	2,000,000	0	100%
Social Security Benefits	1,740,179	0	1,740,179	1,740,179	0	100%
Acquisition of Assets	275,416,565	-116,847,921	158,568,644.0	129,211,995	29,356,649	94%
Total Payments	1,779,043,257	168,260,973	1,947,304,230	1,774,132,275	173,171,955	93%
Surplus/ Deficit	0	0	0	18,545,549	-18,545,549	



11

The change between the Printed Estimates and the Approved budget of Kenya shillings one hundred and sixty-eight million, two hundred and sixty thousand, nine hundred and seventy-three (**kshs. 168,260,973**) was as a result of supplementary Budget during the year.

- (a) The receipts amount collected is from sale of Assets and is categorised as AIA
- (b) Other grants and transfers had a Utilization of below 90%. This was occasioned by delay from the receiving international organisations invoices which were received after the closure of the financial year thereby resulting in a pending *bill*.

The entity financial statements were approved on 28 September, 2017 and signed by:



Principal Secretary

Name: Dr. Khadijah Kassachoon, CBS



Principal Accounts Controller

Name: CPA Muriuki N. G

ICPAK 4060:

VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget a Kshs.	Adjustments b Kshs.	Final Budget c=a+b Kshs.	Actual on Comparable Basis d Kshs.	Budget Utilization Difference e=c-d Kshs.	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	1,292,843,257	226,850,973	1,519,694,230	1,414,800,000	104,894,230	93%
Proceeds from Sale of Assets	8,000,000	0	8,000,000	8,000,000	0	100%
Other Receipts	1,000,000	0	1,000,000	3,555,000	0	100%
	1,301,843,257	226,850,973	1,528,694,230	1,426,355,000	102,339,230	93%
PAYMENTS						
Compensation of Employees	609,255,096	-35,679,422	573,575,674	543,996,412	29,579,263	95%
Use of goods and services	319,218,484	262,991,550	582,210,034	533,769,390	48,440,644	92%
Transfers to Other Government Units	356,000,000	0	356,000,000	331,725,306	24,274,694	93%
Other grants and transfers	8,812,933	0	8,812,933	5,987,911	2,825,022	68%
Other grants and Relief	2,000,000		2,000,000	2,000,000	0	100%
Social Benefits	1,740,179	0	1,740,179	1,740,179	0	100%
Acquisition of Assets	4,816,565	-461,155	4,355,410	3,121,005	1,234,405	72%
Totals	1,301,843,257	226,850,973	1,528,694,230	1,422,340,203	106,354,028	93%
Surplus/Deficit	0	0	0	4,014,797	-4,014,797	



The entity financial statements were approved on 28 September, 2017 and signed by:



Principal Secretary

Name: Dr. Khadijah Kassachoon, CBS



Principal Accounts Controller

Name: CPA Muriuki N. G

ICPAK 4060

Reports and Financial Statements For the year ended June 30, 2017

VII. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT


Receipt/Expense Item	Original Budget a kshs	Adjustments b Kshs	Final Budget c=a+b Kshs	Actual on Comparable Basis d kshs	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c %
RECEIPTS						
Social Security Contributions						
Exchequer releases	477,200,000	-58,590,000	418,610,000	366,322,824	52,287,176	84%
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Other Receipts						
PAYMENTS						
Compensation of Employees	0	18,496,000	18,496,000	18,496,000	0	100%
Use of goods and services	83,000,000	84,900,766	167,900,766	145,395,623	22,505,683	87%
Transfers to Other Government Units	123,600,000	-45,600,000	78,000,000	61,800,000	16,200,000	79%
Acquisition of Assets	270,600,000	-116,386,766	154,213,234	126,090,990	28,122,244	81%
Total	477,200,000	-58,590,000	418,610,000	351,782,613	66,827,927	84%
Surplus/Deficit	0	0	0	14,530,753	-14,530,753	

ITEMS UTILIZATIN BELOW 90%-14,540,210

- (i) Use of goods and Services was occasioned by late implementation of the KYEOP project which started in April instead of 1st July 2016 when the Contract agreement was signed.
- (ii) Transfer to other Government Units: under-utilization was occasioned by lack of Exchequer Releases.
- (iii) Acquisition of Assets: late implementation of the KYEOP project which started in April instead of 1st July 2016 when the Contract agreement was signed.

The change between the Original and Final Approved Budget is as a result of Supplementary Budget

The entity financial statements were approved on 28 September, 2017 and signed by:



 Principal Secretary

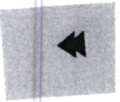
Name: Dr. Khadijah Kassachoon, CBS



 Principal Accounts Controller

Name: CPA Muriuki N. G

ICPAK: 4060



BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2017 Kshs	Kshs	2017 Kshs	Date, 2017 Kshs	Kshs
Promotion of the Best Labour Practice	425,543,984	20,659,938	446,203,922	411,403,757	34,800,165
I. Promotion of harmonious industrial relations I	267,751,147	-4,591,476	263,159,671	249,492,686	13,666,985
II. Regulation of Trade Unions	3,353,948	-315,744	3,038,204	2,233,520	804,684
III. Provision of Occupational Safety and Health	154,438,889	25,567,158	180,006,047	159,677,551	20,328,496
Manpower Development, Employment and Productivity Management	990,808,358	-26,120,023	964,397,045	840,602,023	123,795,022
• Human Resource Planning & Development	188,626,606	-996,687	187,338,629	126,536,668	60,801,961
• Provision of Industrial Skills	341,300,000	-54,869,833	286,430,167	259,090,000	27,340,167
• Employment Promotion	419,900,000	33,285,787	453,185,787	416,822,938	36,362,849

Financial Statements, Local Government, and Financial Statements For the year ended June 30, 2017

Programme/Sub-programme	Original Budget 2017	Adjustments	Final Budget 2017	Actual on comparable basis Date, 2017	Budget utilization difference
• Productivity Promotion, Measurement & improvement	4,098,752	-3,539,290	37,442,462	38,152,417	-709,955
General Administration Planning and Support Services	293,044,863	243,658,400	536,703,263	530,192,707	6,510,556
1. Policy, Planning and General administrative services	293,044,863	243,658,400	536,703,263	530,192,707	6,510,556
			1,947,304,230	1,782,198,487	165,105,743

This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based

VIII. 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 IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes 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 receivables and payables are disclosed in the Statement of Assets and Liabilities. The Statement of Assets and Liabilities is not mandatory statement under the IPSAS Cash basis but is encouraged in order to disclose information on assets and liabilities.

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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:

-Kenya Youth Employment Opportunities Project (KYEOP)

3. Recognition of receipts and payments

a) Recognition of receipts

The Entity recognizes 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 is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Transfers from the Exchequer

Transfer from Exchequer is 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.

Donations and grants

Grants and donations 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/donation 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.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the Entity may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2017, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The entity recognizes all expenses 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 consumed and 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 incurred and paid for.

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 disclosure. This summary is disclosed as an annexure to the entity's financial statements.

4. 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 an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

5. 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 2017, this amounted to **Kshs 40,882,354.20** compared to Kshs in prior period.

There was a balance of **Kshs, 21,443,702.30** held in the Central bank of Kenya in respect of Kenya Youth employment and Opportunities Project (KYEOP) the cash is restricted to the project activities only. There was no other restriction on cash during the year

6. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorized 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.

NOTES TO THE FINANCIAL STATEMENTS

1. TAX REVENUES

			2016-2017	2015-2016
			Kshs	Kshs
Taxes on Income, Profits and Capital Gains				
Taxes on Property			0	
Taxes on Goods and Services			0	
Taxes on International Trade and Transactions			0	
Other Taxes (not elsewhere classified)			0	
Total			0	

2. SOCIAL SECURITY CONTRIBUTIONS

			2016-017	2015-2016
			Kshs	Kshs
Receipts for Health Insurance Contribution			0	
Receipts to NHIF for Health Insurance Contributions			0	
Receipts from Govt Employees to Social & Welfare Schemes in Govt			0	
Total			0	

3. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2016-2017	2015-2016
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)			0	
Grants Received from Multilateral Donors (International Organizations)			0	
Total			0	

4. EXCHEQUER RELEASES

Description	2016-2017	2015-2016
	Kshs	Kshs
Total Exchequer Releases for quarter	260,000,000	
Total Exchequer Releases for quarter	453,600,000	
Total Exchequer Releases for quarter	590,622,824	
Total Exchequer Releases for quarter	476,900,000	
Total	1,781,122,824	

5. Transfers from Other Government Entities

	2016-2017	2015-2016
	Kshs	Kshs
Transfer from other Government Entities	0	0
Transfer from Counties	0	0
Total	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Proceeds from Domestic Borrowings

	2016-2017	2015-2016
	Kshs	Kshs
Borrowing – General Govt.	0	0
Other Domestic Borrowings	0	0
Total	0	0

7. PROCEEDS FROM FOREIGN BORROWINGS

	2016-2017	2015-2016
	Kshs	Kshs
Foreign Borrowing – Draw-downs Through Exchequer	144,922,824	0
Foreign Borrowing - Direct Payments	0	0
Foreign Currency and Foreign Deposits	0	0
Total	0	0

Note: Proceeds from the foreign borrowings are included in the exchequer amount in Note 4 above

8. PROCEEDS FROM SALE OF ASSETS

	2016-2017	2015-2016
	Kshs	Kshs
Receipts from the Sale of Vehicles and Transport Equipment	1,717,000.	
Receipts from the Sale of Inventories, Stocks and Commodities	6,283,000	
Disposal and Sales of Non-Produced Assets		
Total	8,000,000	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Reimbursements and Refunds

	2016-2017	2015-2016
	Kshs	Kshs
Borrowing – General Govt.	0	0
Other Domestic Borrowings	0	0
Total	0	0

10. Returns on Equity

	2016-2017	2015-2016
	Kshs	Kshs
Returns on Equity	0	0
Returns on Equity Holdings	0	0
Total	0	0

11. OTHER REVENUES

	2016-2017	2015-2016
	Kshs	Kshs
Receipts from Administrative Fees and Charges		
Receipts from Administrative Fees and Charges - Collected as AIA	3,555,000	
Total	3,555,000	

The A-I-A budget for the period was Kshs.1,000,000 but there were collections which related to the previous period but received during this Financial Year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. COMPENSATION OF EMPLOYEES

	2016-2017	2015-2016
	Kshs	Kshs
Basic salaries of permanent employees	319,172,249	
Basic wages of temporary employees	21,023,451	
Personal allowances paid as part of salary	218,348,405	
Personal allowances paid as reimbursements	3,948,307	
Personal allowances provided in kind		
Total	562,492,412	

The expenditure on Compensation of Employees as reported in this financial statement differs with the Integrated Personnel Payroll Data (IPPD). This has been occasioned by the payments charged directly to Personnel Emolument items and not paid through the Payroll. This include: - Allowances paid by payment vouchers, final salaries on retirement, payment of gratuity to officers under contract, transfers to National Industrial Training Authority (KYEOP) Project and Foreign Service Allowances.



13. USE OF GOODS AND SERVICES

	2016-2017	2015-2016
	Kshs	Kshs
Utilities, supplies and services	15,779,029	
Communication, supplies and services	31,178,843	
Domestic travel and subsistence	63,243,113	
Foreign travel and subsistence	29,768,435	
Printing, advertising and information supplies & services	8,809,069	
Rentals of produced assets	243,427,840	
Training expenses	42,082,647	
Hospitality supplies and services	42,837,776	
Insurance costs	1,130,000	
Specialized materials and services	16,950,842	
Office and general supplies and services	27,055,750	
Other operating expenses	121,943,508	
Routine maintenance – vehicles and other transport equipment	13,689,657	
Routine maintenance – other assets	9,230,532	
Fuel Oil and Lubricants	12,047,432	
Total	679,174,473	

14. SUBSIDIES

Description	2016-2017	2015-2016
	Kshs	Kshs
Subsidies to Public Corporations	0	
TOTAL		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2016-2017	2015-2016
	Kshs	Kshs
Transfers to National Government entities (SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)	393,525,306	
TOTAL	393,525,306	

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

Description	Recurrent	Development	Total	2015-2016
	Kshs	Kshs	Kshs	Kshs
Transfers to SAGAs and SCs				
Occupational Safety and Health-DOSH	6,000,000	0	6,000,000	
National Employment Authority	195,000,000	0	195,000,000	
Labour attaché' offices (Qatar, UAE and S. Arabia)	130,725,306	0	130,725,306	
National Industrial Training Authority	0	61,800,000	61,800,000	
TOTAL	331,725,306	61,800,000	393,525,306	

The amount released to the Labour attaché was transferred to Foreign Affairs for onward transmission to the respective missions. The other recipients have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statements

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. OTHER GRANTS AND TRANSFERS

Explanation	2016-2017	2015-2016
	Kshs	Kshs
Membership dues and subscriptions to international organizations	5,987,911	
Scholarships and other educational benefits	2,000,000	
Total	7,987,911	

The other grants relate to transfers to the International Labour Organisation and World Association of Private Employment Services (WAPES) being the country's contribution for the membership to the Organisations.

17. SOCIAL SECURITY BENEFITS

Explanation	2016-2017	2015-2016
	Kshs	Kshs
Pension and other social security contributions	1,740,179	
Social security benefits in cash and in kind	0	
Employer Social Benefits in cash and in kind	0	
Total	1,740,179	

18. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2016-2017	2015-2016
	Kshs	Kshs
Construction of Buildings	32,595,663	
Refurbishment of Buildings	3,171,190	
Purchase of Vehicles and Other Transport Equipment	11,000,000	
Purchase of Household Furniture and Institutional Equipment	620,000	
Purchase of Office Furniture and General Equipment	16,194,000	
Purchase of Specialized Plant, Equipment and Machinery	5,246,935	
Research, Studies, Project Preparation, Design & Supervision	60,384,207	
Total	129,211,995	

19. Finance Costs including Loan repayments

Description	2016-2017	2015-2016
	Kshs	Kshs
Payment of foreign borrowings	0	
Interests on Guaranteed Loans	0	
TOTAL	0	

20. Repayment of domestic Loans

Description	2016-2017	2015-2016
	Kshs	Kshs
Principal repayments on Domestic Borrowings	0	
Repayment on other Borrowings	0	
TOTAL	0	

21. Other Expenses

Description	2016-2017	2015-2016
	Kshs	Kshs
Budget Reserves	0	
Civil Contingency Reserves	0	
TOTAL	0	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development , deposit etc.	Exc rate (if in foreign currency)	2016-2017	2015- 2016
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Central Bank of Kenya A/N 1000303166	16,481,044.0	Recurrent	0	16,481,044	Nil
Central Bank of Kenya A/N 1000303174	72,149.85	Development	0	72,150	Nil
Central Bank of Kenya A/N 1000303198	40,882,354.20	Deposit	0	40,882,354	
Central Bank of Kenya A/N 1000320467	21,443,702.30	KYEOP Project	0	21,443,702	Nil
Total	78,879,250.40			78,879,250	Nil

22B: CASH IN HAND

	2016-2017	2015-2016
	Kshs	Kshs
Cash in Hand – Held in domestic currency	1,411,898	
Cash in Hand – Held in foreign currency	0	
Total	1, 411,898	

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Geoffrey Okello Omondi	22/03/2017	130,900	0	130,900
Total		1,291,664	571,430	720,234
Returned Cheques	-	-	-	120,509
Salary Advance				
Judy Wanjiru Mathenge	08-02-2017	15,270	6377	8,893
Tabitha Nyaguthii Muduya	09-03-2017	45,880	15,296	30,584
Morrison Uswili Kioko	11-05-2017	13,140	2,190	10,950
Total		74,290	23,863	50,427
GRAND TOTAL				891,170

24. ACCOUNTS PAYABLE

Description	2016-2017	2015-2016
	Kshs	Kshs
Deposits	40,882,354	-
Total	40,882,354	-

25. FUND BALANCE BROUGHT FORWARD

Description	2016-2017	2015-2016
	Kshs	Kshs
Bank accounts	78,879,250	-
Cash in hand	1,411,898	-
Accounts Receivables		-
Accounts Payables		-
Total	80,291,148	-

The Fund Balance includes an amount of **Kshs, 21,443,702.30** held in the Donor project which is restricted to the Project Activities only

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Geoffrey Okello Omondi	22/03/2017	130,900	0	130,900
Total		1,291,664	571,430	720,234
Returned Cheques	-	-	-	120,509
Salary Advance				
Judy Wanjiru Mathenge	08-02-2017	15,270	6377	8,893
Tabitha Nyaguthii Muduya	09-03-2017	45,880	15,296	30,584
Morrison Uswili Kioko	11-05-2017	13,140	3,190	10,950
Total		74,290	24,863	50,427
GRAND TOTAL				891,170

24. ACCOUNTS PAYABLE

Description	2016-2017	2015-2016
	Kshs	Kshs
Deposits	40,882,354	-
Total	40,882,354	-

25. FUND BALANCE BROUGHT FORWARD

Description	2016-2017	2015-2016
	Kshs	Kshs
Bank accounts	78,879,250	-
Cash in hand	1, 411,898	-
Accounts Receivables		-
Accounts Payables		-
Total	80,291,148	-

The Fund Balance includes an amount of **Kshs, 21,443,702.30** held in the Donor project which is restricted to the Project Activities only

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. PRIOR YEAR ADJUSTMENTS

Description of the error	2016 – 2017	2015 – 2016
	Kshs	Kshs
Adjustments on bank account balances	Nil	
Adjustments on cash in hand	Nil	
Adjustments on payables	Nil	
Adjustments on receivables	Nil	
Others (<i>specify</i>)	Nil	
	Nil	

The financial statements presented are for the current financial year 2016/2017 in the previous year, the department was combined with the state department of Social Protection under a different vote 1141- Ministry of Labour, Social Security and Services, which is now not a reporting entity, should it be considered necessary to bring the figures under this Vote, the appropriate action will be taken.

27. RELATED PARTY DISCLOSURES

Related party transactions:	2016/2017	2015/2016
	Kshs	Kshs
Key Management compensation	51,605,239	
	=====	=====
Transfers to the Other Ministries Departments and Agencies	0	
Transfers to other State Corporations and Semi-Autonomous Government Agencies	317,090,000	
Transfers to Government Development Projects	144,922,824	
Transfers from other Ministries Departments and Agencies	Nil	
	=====	=====
	<u>513,618,063</u>	==

28. OTHER IMPORTANT DISCLOSURES

28.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	2016 – 2017	2015 – 2016
	Kshs	Kshs
Construction of buildings	11,566,785	
Construction of civil works	Nil	
Supply of goods	5,170,650	
Supply of services	19,755,860	
	36,493,295	

28.2: PENDING STAFF PAYABLES (See Annex 2)

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Senior management	0	
Middle management	0	
Unionisable employees	0	
Others	0	

28.3: OTHER PENDING PAYABLES (See Annex 3)

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Amounts due to National Government entities	0	
Amounts due to Entity entities	0	
Amounts due to third parties	0	
Others		
	0	

29. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management

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comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Budget and Budget Performance	Exclusion of explanatory Note for the shortfall	The note had been included on page 14 of the report but was not noticed by the Auditor then	Head Accounts	Resolved	Resolved
2. 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
3. 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	In process	In process

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4. 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	In process	In process
5. 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	In process	In process
Unsupported Pending Bills	Supporting documents for audit not provided	The payment vouchers relating to the pending bills available for audit	Procurement and Accounts	In process	In Process
5. Unsupported Pending Bills	Unable to confirm the validity 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	In process	In process

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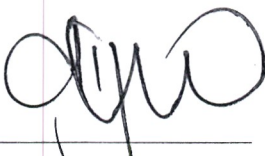
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7. Unreconciled lease payments	Not possible to confirm the accuracy of the lease payments	The agreements were signed with correct amounts.	Administration	In process	In process
8. Unsupported payments for Cleaning services	Missing Schedules showing period work was done	Schedules compiled and available for audit	Supply Chain Management	In process	In Process
9. 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	In process	In process
10. Unsupported Bursary Payments	Propriety of the expenditure could not be confirmed	Receipts from the Schools where the amount was disbursed were availed awaiting Auditors confirmation	Director Children Department.	In Process	In Process




11

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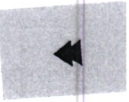
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
11. General and District suspense	Completeness and Accuracy of balances could not be confirmed	The suspense was occasioned by transfer of funds from the Ministry to Donor bank account using Suspense Item instead of Cash item.	Accounts section	In process- awaiting Audit Confirmation.	In process
12. Long Outstanding Imprest	Recoverability of the imprest is uncertain	We are still tracing the defaulters to enable recoverability	Human Resource Management Department	In Process	In Process



 Principal Secretary



 Principal Accounts Controller



ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	A	B	c	d=a-c		
Construction of buildings						
1. Inforserve Networks Ltd				4,609,431		
2. Eldo-rosta Construction Co-Ltd				4,064,500		
3. Berose General Agencies Limited				2,892,854		
Sub-Total				11,566,785		
Construction of civil works						
4.				0		
5.				0		
6.				0		
Sub-Total						
Supply of goods						
7. Raham Enterprises				488,400		
8. Reanna Enterprises				370,000		
9. Finley Technologies				500,000		
10. Ednas Enterprises				65,550		
11. Mekesha Enterprises				79,350		
9. Daywin Investments				254,650		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
10. Tenacity Technologies				63,9000		
11. Hulwix Services				225,000		
12. Erotech Company Limited				184,500		
13. Starwinn Supplies Services				1,000,000		
14. Quilcom Investments Ltd				743,000		
15. Finetouch Solutions				426,500		
16. Njefanwel Enterprises				109,700		
17. Mwemut Suppliers				85,000		
				5,170,650		
				5,170,650		
Sub-Total						
Supply of services						
18. Standard Group Ltd				1,856,000		
19. Socialight Media Ltd				464,000		
20. Nisisi Band				180,000		
21. Ronricha Enterprises				1,295,000		
22. Speedman Commercial Agencies Ltd				94,767.36		
23. Aimat Company Limited				382,800		
24. Cleanse Hygiene Plus Ltd				475,608		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
25. Ministry of Culture and Sports				350,000		
26. Attic Tours and Travel Ltd				1,653,920		
27. Attic Tours and Travel Ltd				514,7000		
28. The Elite Times Ventures				74,350		
29. Attic Tours and Travel Ltd				285,010		
30. Dynasty Tours and Travel Ltd				79,600		
31. The Elite Times Ventures				2,037,370		
32. Attic Tours and Travel Ltd				227,605		
33. Attic Tours and Travel Ltd				88,615		
34. Attic Tours and Travel Ltd				1,241,705		
35. Primate Tours				769,250		
36. Primate Tours				758,400		
37. Primate Tours				640,400		
38. Pogo Airways				41,480		
39. Freestem Travel Agency				112,950		
40. The premier Travel				16,000		
41. Attic Tours and Travel Ltd				88,275		
42. Attic Tours and Travel Ltd				150,695		
43. Attic Tours and Travel Ltd				285,010		
44. Attic Tours and Travel Ltd				72,720		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
45. Attic Tours and Travel Ltd				887,330		
Sub-Total				19,755,860		
Grand Total				36,493,295		

It is worth noting that the above bills had the following challenges,

The pending bills under construction of buildings relate running contracts some already complete and being utilized while others are still under Construction.

There was no budgetary provision during the year to meet the pending bills.

The bills for Services include services provided on the last week of June 2017 they could not have been paid during the year, Attic Tours and Travel provided services and did not submit invoices on time and were therefore affected by budget cuts.

Their invoices were received at the end of financial year.

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
		Sub-Total					
Middle Management							
4.							
5.							
6.							
		Sub-Total					
Unionisable Employees							
7.							
8.							
9.							
		Sub-Total					
Others (specify)							

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Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
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 2017	Outstanding Balance 2016	Comments
Amounts due to National Govt Entities							
1.		a	b	c	d=a-c		
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)							

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Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
10.							
11.							
12.							
	Sub-Total						
	Grand Total						

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2015/2016	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land	Nil	Nil	Nil	Nil
Buildings and structures	Nil	Nil	Nil	35,766,853
Transport equipment	NIL	N/A	N/A	11,000,000
Office equipment, furniture and fittings	NIL	Nil	Nil	16,814,000
ICT Equipment, Software and Other ICT Assets	NIL	Nil	Nil	
Other Machinery and Equipment	NIL	Nil	Nil	5,246,935
Heritage and cultural assets	N/A	Nil	Nil	
Intangible assets	NIL	N/A	N/A	60,384,207
Total	0	0		129,211,995

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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	Construction of National Occupational Safety and Health Institute(Phase 1)	Occupational safety and health in the workplace	Accounting Officer, State Dept for Labour	yes
2	Construction of the National Employment Promotion Centre (Kabete)	National Employment Authority Headquarters office	Accounting Officer, State Dept. for Labour	yes
3	Kenya Youth Employment opportunities project (KYEOP)	Improving employability	Accounting Officer, State Dept for Labour	Yes

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ANNEX 6 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE ENTITY (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	Directorate of Occupational Safety and Health	Ensuring security at work place public and Private	Accounting Officer, State Dept for Labour	6,000,000	yes
2	National Employment authority (NEA)	Improving employment in the country	Accounting Officer, State Dept for Labour	195,000,000	yes
3	National Industrial Training Authority	Providing Apprenticeship and implementation of KYEOP Project training component	Accounting Officer, State Dept for Labour	225,606,303	yes

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 IFMIS Comparison Trial Balance ✓
- ii. FO30 (Bank reconciliations) for all bank accounts – not from the system but Manual
- iii. GOK IFMIS Receipts and Payments Statement ✓
- iv. GOK IFMIS Statement of Financial Position ✓
- v. GOK IFMIS Statement of Cash Flows ✓
- vi. GOK IFMIS Notes to the Financial Statements ✓
- vii. GOK IFMIS Statement of Budget Execution ✓
- viii. GOK IFMIS Statement of Deposits ✓
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification ✓
- x. GOK IFMIS Budget Execution by Heads and Programmes ✓

