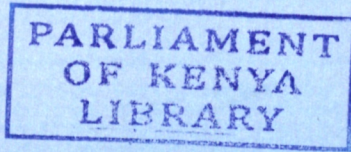


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

PAPER LAID BY
THE LEADER OF THE
MAJORITY PARTY
ON TUESDAY 16TH

REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
STATE DEPARTMENT OF COMMERCE AND
TOURISM - VOTE 1181

FOR THE YEAR ENDED
30 JUNE 2016



STATE DEPARTMENT FOR COMMERCE AND TOURISM

REVENUE STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

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

STATE DEPARTMENT FOR COMMERCE AND TOURISM
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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STATE DEPARTMENT FOR COMMERCE AND TOURISM
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

II. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The State Department for Commerce and Tourism is under the Ministry of Commerce and Tourism. At cabinet level, the Department for Commerce and Tourism is represented by the Cabinet Secretary for Commerce and Tourism who is responsible for the general policy and strategic direction of the State Department for Commerce and Tourism. The Accounting Officer for State Department for Commerce and Tourism was appointed as a receiver on 1st July, 2015.

(b) Principal activities

The receiver of revenue collects revenue from Fees on use of goods and services. Revenue collected is remitted to the National Treasury and used for Financing Recurrent Expenditure.

(c) Key Management

The State Department for Commerce and Tourism day-to-day management is under the following key organs:

- | | |
|---|------------------------|
| - Cabinet Secretary – | Hon. Najib Balala |
| - Permanent Secretary – | Fatuma M. Hirsi (Mrs.) |
| - Senior Management; | |
| ▪ Tourism Secretary - | Dr. Ann Kinyua |
| ▪ Director of Administration - | Amb. Leonard Ngaithe |
| ▪ Director, Economic Affairs - | Richard Sindiga |
| ▪ Director, Weights and Measures - | Michael Onyanch |
| ▪ Ag. Director, Internal Trade - | Jarred Nyaundi |
| ▪ Director, Kenya Institute of Business Training- | Stephen Kirui |
| ▪ Ag. Chief Finance Officer - | Ambrose Ogango |
| ▪ Senior Assistant Accountant General - | Elijah Kabiru |
| ▪ Chief Economist - | Simon Korir |

(d) Entity Headquarters

P.O. Box 30430-00100
Teleposta Towers
14th, 16th-18th Floor
Kenyatta Avenue
Nairobi, KENYA

STATE DEPARTMENT FOR COMMERCE AND TOURISM
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

(e) Entity Contacts

Telephone: (254) 20 315001-6
E-mail: ps@trade.go.ke
info@tourism.go.ke
Website: www.commerce.go.ke

(f) Independent Auditors

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

(g) Principal Legal Adviser

The Attorney General
State Law Office
P.O Box 40112-00200
Nairobi, Kenya
Telephone: (254) 020 2227461
E-mail: attorneygeneral@kenya.go.ke
Website: www.statelaw.go.ke

(h) Bankers

Central Bank of Kenya
Haile Selasie Avenue P.O Box 60000
City Square 00200
Nairobi, Kenya
Telephone: (254) 202860000
E-mail: comms@centralbank.go.ke
Website: www.centralbank.go.ke

**STATE DEPARTMENT FOR COMMERCE AND TOURISM
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

III. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue shall prepare an account of the revenue received and collected by that receiver during that financial year.

The Principal Secretary in charge of the State Department for Commerce and Tourism is responsible for the preparation and presentation of the State Department for Commerce and Tourism revenue account, which gives a true and fair view of the state of affairs of the State Department for Commerce and Tourism for and as at the end of the financial year (period) ended on June 30, 2016. 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 State Department for Commerce and Tourism; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary in charge of the State Department for Commerce and Tourism accepts responsibility for the State Department for Commerce and Tourism accounts, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the State Department for Commerce and Tourism account gives a true and fair view of the state of State Department for Commerce and Tourism transactions during the financial year ended June 30, 2016 and of the State Department for Commerce and Tourism financial position as at that date. The Principal Secretary charge of State Department for Commerce and Tourism further confirms the completeness of the accounting records maintained for the State Department for Commerce and Tourism which have been relied upon in the preparation of the State Department for Commerce and Tourism account as well as the adequacy of the systems of internal financial control.

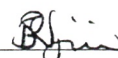
The Principal Secretary in charge of the State Department for Commerce and Tourism confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Principal Secretary confirms that the State Department for Commerce and Tourism accounts 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 Revenue Statements

The *revenue* statement were approved and signed by the Principal Secretary on 30th September, 2016.



Principal Secretary



Principal Accounts Controller

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT OF COMMERCE AND TOURISM - VOTE 1181 FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON REVENUE STATEMENT

I have audited the accompanying revenue statement of State Department of Commerce and Tourism (Vote 1181) set out on pages 2 to 6, which comprise the statement of revenue and transfers for the year ended 30 June 2016, 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.

Management's Responsibility for the Revenue Statement

The Accounting Officer is responsible for the preparation and presentation of the revenue statement 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 revenue statement that is free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the revenue statement to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on the revenue statement based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the revenue statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the revenue statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the revenue statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State Department's internal control. An audit also includes

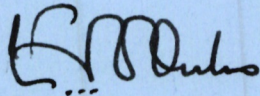
*Report of the Auditor-General on the Financial Statements of State Department of Commerce and Tourism
for the year ended 30 June 2016*

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the revenue statement.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the revenue statement presents fairly, in all material respects, the revenue collected by the State Department of Commerce and Tourism for the year ended 30 June 2016, and comply with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012.



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

Nairobi

23 February 2017

STATE DEPARTMENT FOR COMMERCE AND TOURISM
 REVENUE STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

IV. STATEMENT OF REVENUES AND TRANSFERS

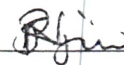
	Note	2015/2016 Kshs	2014/2015 Kshs
TAX REVENUES		0.00	0.00
TOTAL TAX RECEIPTS		0.00	0.00
NON TAX REVENUES			
Sale of Goods and Services	1	36,032,717.00	51,174,607.00
TOTAL NON TAX RECEIPTS		36,032,717.00	51,174,607.00
TOTAL REVENUE COLLECTED		36,032,717.00	51,174,607.00
TRANSFERS TO EXCHEQUER ACCOUNT		36,032,717.00	55,536,756.00
BALANCE BROUGHT FORWARD	IV	0.00	4,362,149.00
BALANCE CARRIED FORWARD		0.00	0.00

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 30th September, 2016 and signed by:



Principal Secretary

(Ref: PFM ACT section 82,2(a))

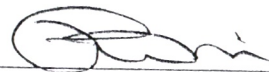


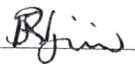
Principal Account's controller

**REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

V. STATEMENT OF ARREARS OF REVENUE AS AT 30 JUNE 2016

Classification of Revenue	Accumulated amount in arrears from prior periods to June 2016	Amount in arrears for the immediate previous year to 30 June 2016	Amount in arrears for the current year to June 30, 2016	Total arrears as at 30 June 2016	Measures taken to recover the arrears	Assessment to the recoverability of arrears
<u>Tax Revenues</u>						
Taxes on income profits and capital gains	0.00	0.00	0.00	0.00	0.00	0.00
Taxes on property	0.00	0.00	0.00	0.00	0.00	0.00
Taxes on goods and services	0.00	0.00	0.00	0.00	0.00	0.00
Taxes on International Trade and Transactions	0.00	0.00	0.00	0.00	0.00	0.00
Other Taxes	0.00	0.00	0.00	0.00	0.00	0.00
<u>Non Tax Revenues</u>						
Fees on Use of Goods and services	0.00	0.00	0.00	0.00	0.00	0.00
Social security contributions	0.00	0.00	0.00	0.00	0.00	0.00
Property Income	0.00	0.00	0.00	0.00	0.00	0.00
Fines, penalties and Forfeitures	0.00	0.00	0.00	0.00	0.00	0.00
Receipts from sale of non financial assets	0.00	0.00	0.00	0.00	0.00	0.00
Total arrears	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>		


Principal Secretary
(Ref: PFM ACT section 82, 2(b))


Principal Accounts Controller

**STATE DEPARTMENT FOR COMMERCE AND TOURISM
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

VI. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these revenue statements are set out below:

1. Statement of Compliance and Basis of Preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the State Department for Commerce and Tourism. The accounting policies adopted have been consistently applied to all the years presented.

The revenue statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the State Department for Commerce and Tourism.

2. Recognition of Revenue

The State Department for Commerce and Tourism recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the State Department for Commerce and Tourism.

3. Budget

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

4. Cash and cash equivalents

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

5. Revenue in Arrears

This relates to revenue earned and is yet to be received or collected by the receiver of revenue.

STATE DEPARTMENT FOR COMMERCE AND TOURISM
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

6. Comparative Figures

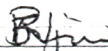
Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

7. Subsequent Events.

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2016.



Principal Secretary



† Principal Accounts Controller

STATE DEPARTMENT FOR COMMERCE AND TOURISM
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

11. SALE OF GOODS AND SERVICES

	Original Estimates	Revised Estimates	Actual	% Realized
Administrative Fees and Charges	1,252,319.00	6,153,204.00	36,032,717.00	585.59%
Incidental Sales by Non-Market Establishments	-	-	-	-
Sale of Tender Documents	-	-	-	-
Total Revenue	-	-	36,032,717.00	-
Balance brought forward	-	-	-	-
Transfers to the Exchequer account	-	-	36,032,717.00	-
Balance carried forward	-	-	-	-

Commentary on Actual Revenue against the Revised Estimates