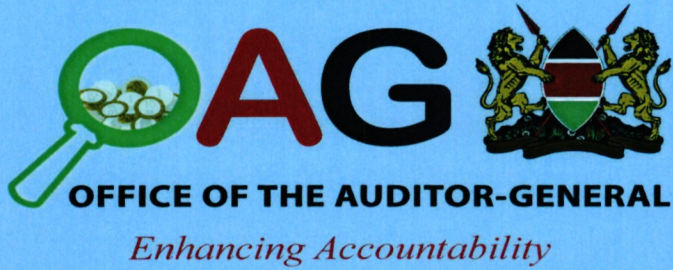



REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT 11 NOV 2020	
DAY: <i>Tuesday</i>	
TABLED BY:	<i>Leader of the Majority Party</i>
CLERK OF THE HOUSE:	<i>G. Gazamba</i>

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THE AUDITOR-GENERAL

ON

STATE DEPARTMENT FOR TRADE

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

MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES
STATE DEPARTMENT FOR TRADE
Reports and Financial Statements
For the year ended June 30, 2019



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

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MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES
STATE DEPARTMENT FOR TRADE

Revised
REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019

**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

(a) Background information

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

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

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

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

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

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

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

1.1 Vision

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

1.2 Mission

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

1.3 Core Values

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

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

1.4 Core Functions

The core functions of the State Department for Trade include:

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

(b) Key Management

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

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

(c) Fiduciary Management

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

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

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 <p style="text-align: center;">Hon. Peter .G. Munya Cabinet Secretary Industry, Trade and Cooperatives</p>	<p>Hon. Peter .G. Munya is the Cabinet Secretary for Ministry of Industry, Trade and Co-operatives.</p> <p>Prior to his appointment, Hon. Peter Munya was the cabinet Secretary Ministry of East African Community and Northern Corridor Development.</p> <p>Hon. Peter Munya is an MBA graduate from University of Brussels, Belgium, where he attained a master’s degree in International Law (International Economic Integration Law). He proceeded to University of Georgia, US, where he attained a second master’s degree in Law (Public International Law). Hon.Peter Munya is also an alumni of the University of Nairobi, Kenya where he graduated with Bachelor of Law degree (LLB Hons), and was twice elected, in 1992 and 1993, chair of the Kenya Law Students Society (KLLS)</p>
 <p>Dr. Chris Kiptoo, CBS Principal Secretary for Trade</p>	<p>Dr Chris Kiptoo is the Principal Secretary for the State Department of Trade in the Ministry of Industry, Trade and Co-operatives.</p> <p>Before his current appointment, Dr Kiptoo worked for three years at TradeMark East Africa’s (TMEA) as the Kenya Country Director.</p> <p>Dr Kiptoo is widely credited for having competently grown the Kenya Country Program at TMEA especially the Mombasa Port infrastructure capacity and efficiency improvement</p> <p>Dr Kiptoo holds several qualifications including a Doctor of Philosophy Degree (PhD) - International Macroeconomics Finance Specialization - from the University of Nairobi. He is also an Accredited Fellow of the Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI), in the field of macroeconomic management. He is also an Associate of Kenya Chartered Institute of Bankers (A.K.I.B).</p>
 <p>Dr. (Mrs.) Joyce Ogundo Secretary Trade</p>	<p>Dr. (Mrs.) Joyce Ogundo is the Secretary Trade, a post she has held since October, 2009. She holds Master of Science in Entrepreneurship, from Jomo Kenyatta University of Agriculture and Technology. She is involved in interpretation of Trade policies to draw projects/ activities for promotion and development of trade. She has specifically focused on planning, developing and implementation of trade and investment development and promotion strategies and facilitated implementation of capacity development programs for Micro, Small and Medium Enterprise sector.</p>

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 <p>Jayne Asuma, Director Human Resource Management and Development</p>	<p>Mrs. Jayne Asuma is the Director Human Resource Management and Development. She is a certified Human Resource Practitioner and holds a Master's degree from Egerton University, Bachelor of Education (Arts) from Kenyatta University, Higher National Diploma in Human Resource Management and Post Graduate Diploma in Educational Management from Strathmore University. She has attended several short Courses, Seminars and Workshops. Has over thirty [28] years' experience public service and has served in various Ministries and Teachers Service Commission. She has been instrumental in restructuring the State Department Organization Structure, Capacity Building and Career Development</p>
 <p>Mr. Michael Onyancha, Director Weights and measures</p>	<p>Mr. Michael Onyancha currently is, the Director of Weights and Measures Ministry of Industry, Trade and Cooperatives State Department of Trade. He joined Public Service in 19 84 as Inspector Trainee in the Ministry of Commerce and Industry rising through ranks to the current position. He holds Bachelor of Education (Hons) Degree in (Mathematics) and Masters of Business Administration Degree from the University of Nairobi. Mr Onyancha is the Country Representative to the International Organization of Legal Metrology (OIML) and a Member of the International Legal Metrology Committee (CIML). He is a Board Member of East Africa Standard Committee and a member of the Institute of Trade Standard Administration, Kenya (ITSA).</p>
 <p>Ms. Catherine Waweru, Ag. Director KIBT</p>	<p>Ms. Catherine Waweru joined the civil service as a lecturer in 1989 and worked in Ministry of Education as a quality Assurance and Standards Officer for over 10 years and in Ministry of Trade and Industry in various capacities. She is currently the Acting Director of KIBT. She Hold Master in Business Administration and Bachelors of Education. Currently She is pursuing a PHD degree in the University of Mount Kenya.</p>
 <p>Mr. Eric Ronge, Director Research and Trade Policy</p>	<p>Mr. Eric Ronge joined the State Department of Trade in February 2016 and was appointed the Founding Director of the Department of Research and Trade Policy Analysis. Prior to that, he worked in the Department of Intergovernmental Fiscal Affairs, National Treasury and in the Former Department of External Trade as the Director to which he was appointed in July 2007 from The Kenya Institute of Public Policy Research and Analysis. Mr. Ronge holds a Master's in economics from the University of Nairobi. He has an MSc in Economics and Finance from Loughborough University, MA (DES) in International and Development Economics from University of Mamur and Professional Certificate in International Trade from University of Adelaide.</p>

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 <p>Mr Peter Njoroge, Director International Trade</p>	<p>Mr Peter Njoroge Joined Civil Service as an economist/Statistician II in 1991 and has worked in various Ministries and department in different capacities. He joined State Department for Trade in April, 2018 as the Director International Trade. Mr. Njoroge holds a Master's in Planning and Economic Policy Management from Makerere University and Bachelors degree of Planning from University of Nairobi.</p>
 <p>CPA. Mildred Akoth, Assistant Accountant. General</p>	<p>CPA. Mildred Akoth joined Civil service in 1990 and has worked in various ministries and departments in different capacities. She joined the Department for Trade in June, 2018 as the Head of Accounting Unit. She is in charge of accounting and financial reporting as well as designing, implementing and monitoring internal controls relevant to the preparation and fair presentation of Financial Statements.</p> <p>Mrs Akoth holds a Masters in Finance and Bachelor's Degree in Commerce and She is a Certified Public Accountant and member of Institute of Certificate Public Accountants of Kenya (ICPAK).</p>
 <p>Ambrose Ogango Chief Finance Officer</p>	<p>Mr. Ambrose Ogango assumed the position of Chief Finance Officer in December 2015. He is in charge of monitoring the planning and execution of budgets so as to ensure efficient utilization of funds in implementing the programmes and sub-programmes within the state department. He holds a Masters of Arts (Economics) degree and a Bachelor's degree in Economics from Kenyatta University. He has wide experience in public sector having served as an economist and currently a finance officer across Government Ministries and constitutional Commissions.</p>
 <p>Rose Kanyuku Principal Internal Auditor</p>	<p>Mrs. Rose Kanyuku is the Principal Internal Auditor in the State Department for Trade as head of Internal Audit in August, 2016. She is a member of the Institute of Internal Auditors. She is in charge of evaluating the effectiveness of Internal controls, reviewing compliance with stipulated laws, regulations policies and procedures. She has work in various Ministries including Ministry of Finance, Energy and Petroleum and Ministry of Cooperatives and Development. She holds a B.com degree from Osmania University and is a member of Institute of Internal Auditors – Kenya.</p>

(d) Fiduciary Oversight Arrangements

i. Budget Implementation Committee Activities

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

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

ii. Budget Committee Activities

This is the committee charged with the responsibility of implementation of the state department's budget and its prudent management. The duties of the committee include:

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

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iii. Human Resources Management Advisory Committee Activities

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

- | | |
|---------------------|--------------|
| 1. Dr. Chris Kiptoo | (Chairman) |
| 2. Osman Warfa | (Alt. Chair) |
| 3. Jayne Asuma | (Secretary) |
| 4. Joyce Ogundo | (Member) |
| 5. Michael Onyancha | (Member) |
| 6. Catherine Waweru | (Member) |
| 7. Eric Ronge | (Member) |
| 8. Peter Njoroge | (Member) |
| 9. Mildred Akoth | (Member) |
| 10. Ambrose Ogango | (Member) |
| 11. Jared Nyaundi | (Member) |

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

Their duties include:

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

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(e) State Department of Trade Headquarters

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

(f) Entity Contacts

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

(g) Entity Bankers

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

(h) Independent Auditors

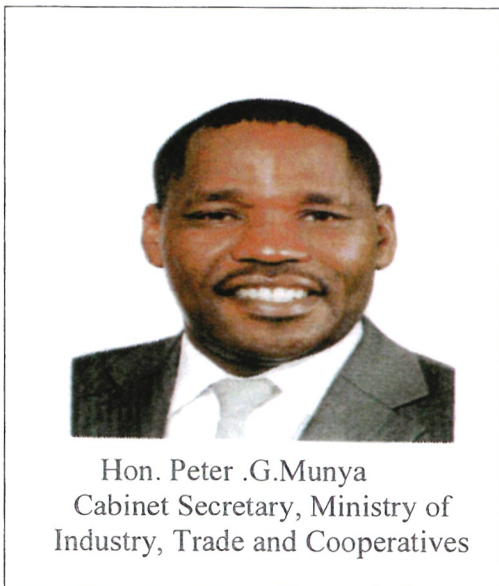
Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

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II. COMMENTARY BY THE CABINET SECRETARY



The State Department of Trade (SDT) was established vide Executive Order No.1/2016 of May, 2016 on the organization of the Government of the Republic of Kenya.

State Department for Trade was constituted by bringing together the International Trade docket from the former Ministry of Foreign Affairs and International Trade and the Commerce Department in the former Ministry of East African Affairs, Commerce and Tourism. The Mandate of the SDT is

to manage the development and promotion of Kenya's Domestic and International Trade. .

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

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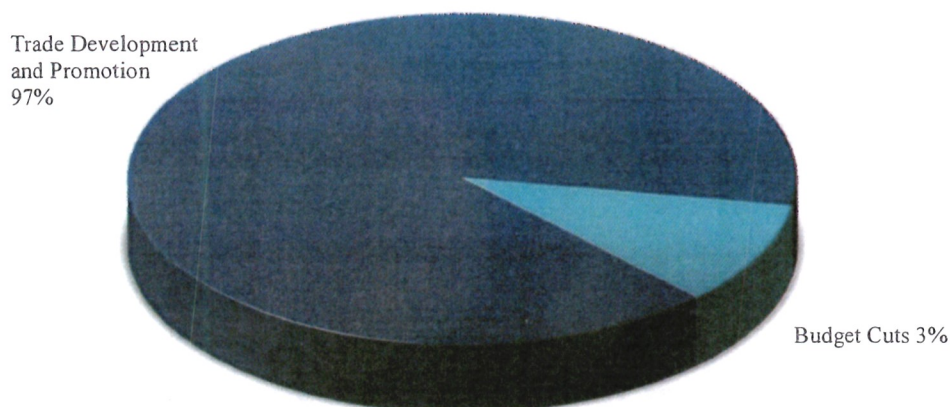
BUDGET ALLOCATION

In the financial year 2018/2019, the State Department for Trade had a gross budget of **KShs. 1,916,245,840** which was made up of **KShs. 1,644,245,840** and **KShs. 272,000,000** for recurrent and development vote, respectively.

The State Department was to expend the gross budget of **KShs. 1,916,245,840** under the Trade and Development and Promotion programme. The objective of this programme is to promote trade, investments and broaden export base. This programme was allocated **Kshs 1,854,237,148** representing 97% of the budget as shown in chart below.

This programme was allocated **Kshs 1,854,237** Kshs representing 97% of the budget.

Chart 1: Budget Utilisation as Per Economic Items

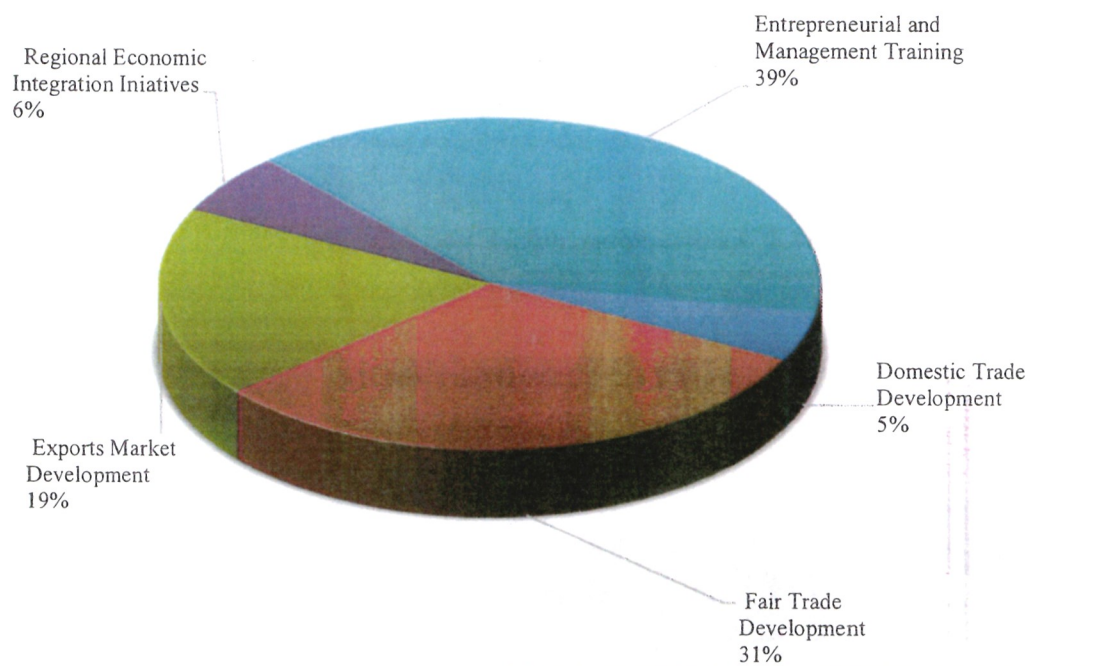


The Sub-Programmes under this program were:

1. Domestic Trade Development;
2. Fair Trade Development;
3. Exports Market Development;
4. Regional Economic Integration Initiatives; and,
5. Entrepreneurial and Management Training.

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Chart 2: Budget Utilisation as Per Sub Programmes



It is noted that 39% of the State Department's budget was on Entrepreneurial and Management Training Sub Programme, 31% on Fair Trade Development, 19% under Export Market Development 6% on Regional Economic Integration Initiative and 5% on Domestic Trade Development.

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Key Performance Highlights

Below is an overview of the financial performance for the year ended 30th June 2019 as reported in the detailed financial statements together with the commentary and comparative analysis against budget and prior year for the key items in the financial statements.

Financial Performance Summary

Actual Performance against Budget for Year to 30th June 2019

Financial Performance	Printed Estimates	Actual	Variance	%
	KShs	KShs	KShs	Utilisation Variance
Total Receipts	1,916,245,840	1,854,237,148	62,008,692	97%
Total Payments	1,916,245,840	1,821,285,839	94,960,001	95%
Surplus for the Year	-	32,951,309	(32,951,309)	

Actual receipts by the MDAs stood at 3% below budget while actual payments were 5% below budget. This is attributable to underutilisation of budget allocation for Acquisition of Assets due to inadequate exchequer and Foreign Mission which is treated as receivable in Financial Statements since Expenditure returns were yet to be received.

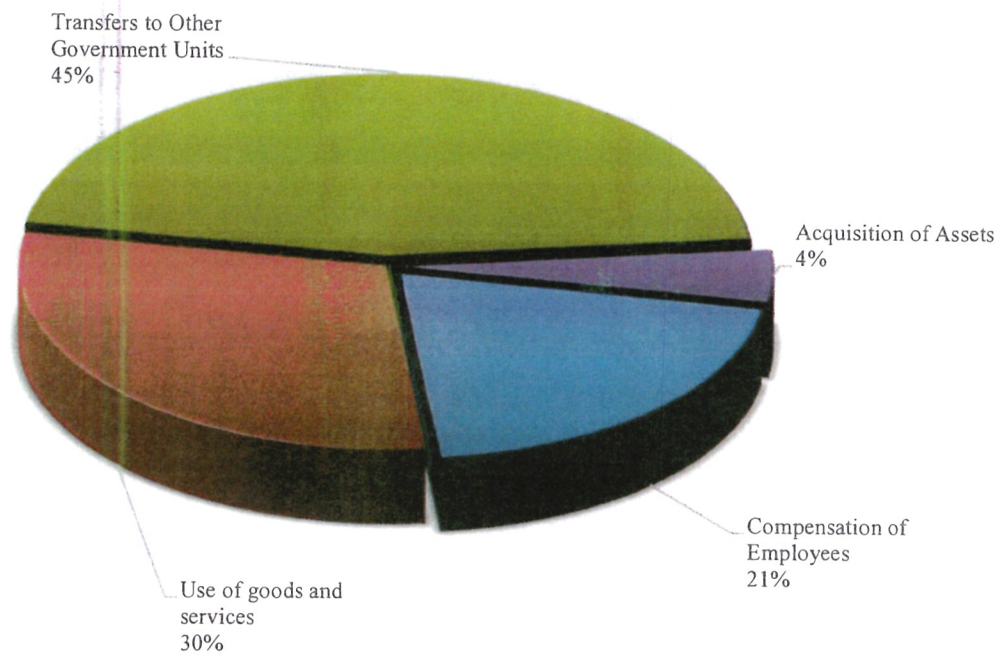
Budget Utilisation

The State Department spent **Kshs 1,854,237,148** against an approved budget of **KShs. 1,916,245,840** representing absorption of **97%**. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the chart below:

	Approved Budget Allocation	Actual Payments	Variance
	KShs	KShs	KShs
Compensation of Employees	358,000,439	358,000,439	-
Use of goods and services	612,197,660	595,243,227	16,954,433
Transfers to Other Government Units	806,638,570	795,461,446	11,177,124
Other grants and transfers	27,635,000	21,695,328	5,939,672
Acquisition of Assets	111,774,171	50,885,399	60,888,772
Total Payments	1,916,245,840	1,821,285,839	94,960,001

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Budget Utilisation as Per Economic Items



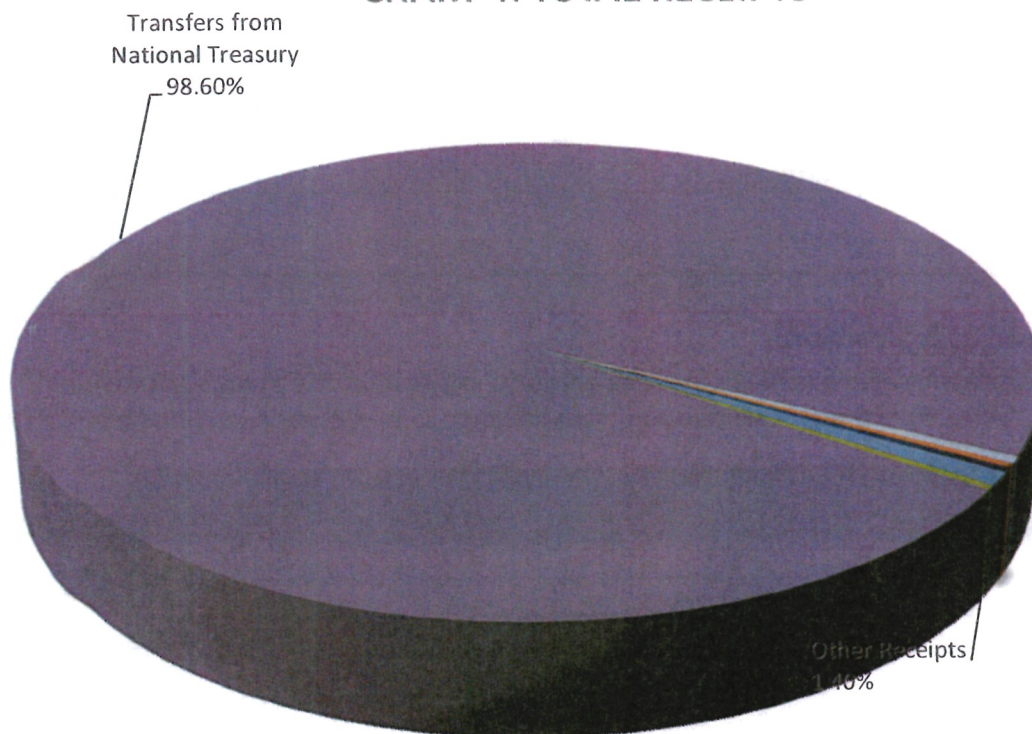
It is noted that 45% of the State Department's budget was used in Transfers to Other Government entities i.e. State Corporations, Semi-Autonomous Government Agencies (SAGAs) 30% of the budget was utilised on Use of Goods and Services, 21% on employee compensation, while 4% was utilised on Acquisition of assets.

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Receipts

The major source of funding for the State Department for Trade is exchequer releases that account for 99% of total receipt. During the year the Department received Kshs **1,828,003,345** and Appropriation in Aid (A.I.A) amounting to Kshs **26,233,803** against a budget of KShs. **1,916,245,840**

CHART 4: TOTAL RECEIPTS



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Financial Assets Summary

The Departments Financial Assets as at 30th June 2019 was as shown here below;

Item Description	Amount
	KShs
Bank Balances	22,632,381
Cash Balances	155,238
Accounts Receivables - Outstanding Imprest & foreign Missions	23,541,573
Total Financial Assets	46,329,192

Financial liability

Funds held for third parties as at 30th June 2019 was as shown here below;

Item Description	Amount
	KShs
Retention fees & Rent Tribunal Deposits	12,152,425
TOTAL	12,152,425

Cash Flows and Cash Position

The cash and bank balances held by the State Department for Trade as at 30th June 2019 was KShs. 22,787,619. The breakdown of the cash and bank balances is as summarized in the table below.

Cash and Bank Balances	Amount
	KShs
Bank Balances	22,632,381
Cash Balances	155,238
Total	22,787,619

Cash Flow Activities

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

Cash Flow Activities	Year to 30 th June 2019
	KShs
Net Cash Flows generated from Operating activities	57,369,598
Net Cash Flows used in Investing activities	(50,885,399)
Net increase in Cash and Cash Equivalents at 30th June 2019	6,484,199

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Key Achievements of the State Department in the FY 2018/19

The State Department for trade through its Departments and Agencies implemented one (1) Programme (Trade Development and Promotion) and Five (5) Sub-Programmes (Domestic Trade Development, Fair Trade Development, Export Market Development, Regional Economic Integration Initiatives and Entrepreneurial and Management Training).

The Departments and Agency's achievements are hereby underlined;

1. Department of Internal Trade

- Coordinated the development and implementation of the Buy Kenya Build Kenya Strategy;
- Developed a Code of Practice and regulations for the retail trade; and,
- finalized the Development of the National e-Trade Portal.

2. Weights and Measures

- Approved thirty-three (33) equipment;
- Calibrated 1,020 weighing and measuring equipment; and,
- Finalized the consumer protection policy in order to guide in awareness creation for consumers, governance and registration of bodies championing consumer protection in the Country.

3. Department of International Trade

- Grew Kenya's exports by 3.2% from Ksh. 594 billion in 2017/2018 to Ksh. 613 billion in 2018/2019;
- Concluded 80% of Tripartite Free Trade Area (TFTA) Rules of Origin (RoO) and 70% of Africa Continental Free Trade Area (AfCFTA) Rules of Origin to facilitate market access of Kenya wholly produced goods;
- Negotiated removal of Non-Tariff Barriers (NTBs);
- Reviewed the East African Common External Tariff (EAC CET) ; and,
- Negotiated tariff offers with Southern African Custom Union (SACU).

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- Organized and coordinated out-bound trade and investment fora on the sidelines of Presidential/State visits to Mauritius, Mozambique, and Namibia in order to increase Foreign Direct Investments (FDIs).

4. Kenya Institute of Business Training

- Trained 7,742 Micro, Small and Medium entrepreneurs;
- Provided on-site consultancy to twenty (20) firms under the Human Resource Development for Industrial Development (HRDID/JICA Project);
- Conducted Training of Trainers (ToTs) under the Empretec Programme; and,
- Finalized partitioning of two (2) floors of the new KIBT Parklands Complex.

5. Regional Trade and Exports

- Approval of shareholding structure Cabinet;
- Registered the “Kenya National Multi-Commodities Exchange”;
- Enacted the Warehouse Receipt System Act 2019;
- Developed The Warehouse Receipt System (WRS) and Commodities Market Regulations and subjected them to stakeholders;
- Developed standards for priority commodities;
- Advertised for Capitalization of the Exchange where four (4) potential investors have expressed interest;
- Developed warehouse standards and identified sixteen (16) warehouses for storage infrastructure;
- Developed specifications for Market Information System (MIS) and initiated the procurement process for purchase of the same; and,
- Identified KOMEX office location at the new KIBT Parklands Building.

6. Anti-Counterfeit agency

- Seized counterfeit goods estimated to be worth Ksh.2.13 Billion;
- Concluded cases in courts and destroyed goods worth Ksh.504 Million;

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- Strengthened the institution by reviewing the Anti-Counterfeit Act 2008 through the Statute Law (Miscellaneous Amendments) of 2018;
- Launched the National Action Plan to Combat Illicit Trade; and,
- Strengthened the institutions capacity by recruiting forty-six (46) additional staff.

7. Export Promotion Council

- Held Cross Border Stakeholders engagements on intra EAC trade opportunities to identify and address challenges in Malaba, Busia and Kwale;
- Producer groups and exporters were profiled and trained in thika, kisumu and eldoret to prepare them for market linkage programmes;
- Conducted export trade promotion in China for export products such as fruits, nuts, avocados, legumes, flowers, vegetables, meat and meat products, leather and leather products, among others;
- Carried out Export promotion in Uganda resulting to growth in exports to Uganda by 0.1% from Ksh.61.81 billion in 2017/2018 to KShs.61.88 billion in 2018/2019;
- Engaged and developed a database of 300 potential buyers willing to import Kenyan products during the Egypt Trade Fair in 2018 resulting to an increase in Kenya's exports to Egypt from KSh.19.01 billion to KSh.20.13 billion reflecting a 5.9% increase; and,
- Carried out export promotion in Kazakhstan where Kenyan brands were showcased and Kenyan enterprises matched with Kazakhstan and international companies with a view to strengthen business relations.

8. General Administration, Planning and Support Services

- Facilitated the implementation of programmes, projects and activities through coordination in preparation of budgets, work plans, performance contracts, procurement plans, human resource development and policies;
- Ensured monitoring, evaluation and reporting of projects/programmes during the implementation period that guaranteed targets set during the review period were tracked and realized;

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- Undertook research on the impact of multiple licensing regimes operating in the counties with emphasis to the leading supermarket stores and wholesale business in the country;
- Conducted analysis of Kenya's imports for the last 20 years; and,
- Developed an Import Substitution Investment (ISI) strategy.

Challenges

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

- i. **Budgetary constraints:** Inadequate funding coupled with budget cuts resulted in delays in competition of planned projects and programs. The pending projects will be included in the next year's budget to ensure their completion.
- ii. **Human Resource capacity gaps:** Under staffing of professional/technical levels hampered effective service delivery. The human resource department has now recruited more technical staff. However, there exists staff shortage in some support services departments whose scheme of the staff is not administered by the State Department.
- iii. **Delay in enactment of Legislations:** Delays in enacting legislations adversely affect the operations and implementation of priority programmes eg Legal Metrology Bill Forwarded to Parliament.
- iv. **Unfavourable Business Environment:** Un-conducive licensing and regulations by several agencies including County Governments has led to high cost of doing business and un-competiveness.
- v. **Influx of sub-standard, counterfeits and contra-band goods:** The influx of substandard, counterfeit and contra-band products into the local market has reduced the market share for locally manufactured goods with Ksh. 526 million shillings worth of goods destroyed.
- vi. **Existence of Non-Tariff Barriers:** Continued imposition of NTBs by Partner States leads to loss of business and jobs.

Peter G. Munya, MGH
CABINET SECRETARY

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III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

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

The Accounting Officer in charge of the State Department for Trade accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that The State Department for Trade financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer in charge of the State Department for Trade further confirms the completeness of the accounting records maintained for the State Department for Trade which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the State Department for Trade confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The State Department for Trade financial statements were approved and signed by the Accounting Officer on 27th September, 2019.



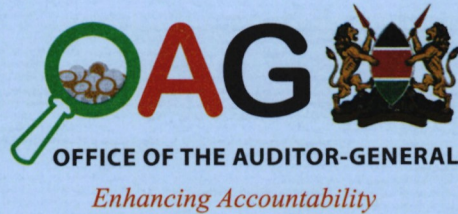
Principal Secretary
Dr. Chris Kiptoo



Assistant Accountant General
Mildred Akoth
ICPAK Member Number: 20112

REPUBLIC OF KENYA

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NAIROBI

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the State Department for Trade set out on pages 1 to 23, which comprise the statement of assets and liabilities as at 30 June, 2019 and the statement of receipts and payments, statement of cash flows and summary statement of appropriation- recurrent and development for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the State Department for Trade as at 30 June, 2019 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Cash and Cash Equivalents

The statement of assets and liabilities reflects bank balances of Kshs.22,632,381. However, examination of the State Department's cashbooks, bank statements and bank reconciliation statements for the month of June, 2019, revealed the following anomalies:

a) Receipts in Bank Statement not in Cashbook

The bank reconciliation statements for the recurrent and deposits bank accounts reflected receipts in the bank but not recorded in the cashbooks totalling Kshs.1,183,840 as at 30 June, 2019. Although the Management has explained that receipts totalling Kshs.1,169,303 have now been updated in the cash books, the recurrent and deposit cash books have not been provided to confirm the postings.

b) Receipts in Cash Book not in Bank Statement

The bank reconciliation statements for the recurrent, development and deposits bank accounts for the month of June, 2019 reflect receipts in cash books but not in the bank statements totalling Kshs.272,057,297 some dating back to the year 2016. Although the Management explained that receipts totalling Kshs.261,944,309 were cleared in the month of July, 2019, the bank reconciliation statements for the recurrent, development and deposit accounts for the month of July, 2019 were not provided to confirm the clearance. Further, no explanation has been provided for failure to clear the remaining outstanding balance of Kshs.10,052,158.

c) Payment in Bank Statements not in Cash Book

The bank reconciliation statements for the recurrent and development accounts reflect payments in bank statements not in cashbook totalling to Kshs.37,887,574 some of which have remained outstanding since 2016. Although the Management explained that payments totalling Kshs.27,835,416 had since been cleared, the recurrent and development cash books and respective bank reconciliation statements for the periods the amounts were cleared have not been provided for audit verification. Further, no explanation has been provided for failure to clear the remaining outstanding balance of Kshs.10,112,988.

d) Payment in Cash Book not in Bank Statement

The bank reconciliation statements for the recurrent, development and deposits bank accounts reflected payments in cashbook not in bank totalling Kshs.307,776,819 out of which payments totalling, Kshs.40,027,065 had remained unrepresented in the bank for over six months and hence stale. Although the Management explained that Kshs.230,470,194 of the payments were cleared as per the February, 2020 bank reconciliation statement, it is not clear how stale cheques amounting to Kshs.40,027,065 were cleared yet they had not been reversed in cash books.

Consequently, it has not been possible to confirm that the bank balances figure of Kshs.22,632,381 as reflected in the statement of assets and liabilities is fairly stated.

2. Unsupported Adjustments on Acquisition of Assets

The statement of receipts and payments reflected a figure of Kshs.50,885,399 for acquisition of assets. However, supporting documents and journal entries in support of adjustment of the figure by Kshs.24,507,436 from the Kshs.75,392,835 reported in the first set of financial statements submitted for audit were not provided.

Under the circumstances, the accuracy of acquisition of assets balance of Kshs.50,885,399 could not be confirmed.

3. Unsupported Communication, Supplies and Services Expenditure

The statement of receipts and payments reflects expenditure on use of goods and services amounting to Kshs.595,243,227. Included in this amount as disclosed in Note 5 to the financial statements is Kshs.16,679,574 in respect of communication, supplies and services whose analysis or breakdown and supporting documentation was not provided for audit review.

Consequently, the accuracy and completeness of communication, supplies and service balance of Kshs.16,679,574 could not be confirmed.

4. Non-Compliance with Reporting Template

The financial statements presented for audit did not comply with the annual reports and financial statements reporting template prescribed by the Public Sector Accounting Standards Board (PSASB). The following prior year issues are not disclosed in the progress on follow up of auditor recommendations.

- i) Unsupported scholarship and other educational benefits expenditure of Kshs.28,040,000.
- ii) Variations between balances reflected in the financial statements, the Trial Balance and Information Financial Management System (IFMIS) figures.

In the circumstances, the financial statements do not comply with International Public Sector Accounting Standards -1 on presentation of financial statements.

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

Key Audit Matters

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

Other Matter

1. Pending Bills

Note 16.1 to the financial statements reflects pending bills totalling Kshs.36,500,026 which were not settled during the year under review but were instead carried forward to 2019/20. Management has cited liquidity problems due to inadequate Exchequer

releases as the main reason for non-payment of the pending bills. Failure to settle bills in the year in which they relate adversely affects the implementation of the subsequent year's budgeted programmes as the pending bills form a first charge to that year's budget provision.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delayed Completion of Contract - Kenya Institute of Business Training (KIBT)

The State Department for Trade engaged a contractor for the proposed partitioning of offices for Kenya Institute of Business Training (KIBT) at Parklands Complex at a contract sum of Kshs.146,600,150. The six months' contract period commenced on 17 September, 2018 and the expected completion date was 17 March, 2019.

An examination of the project file revealed that the contractor sought and obtained several contract completion period extensions from 17 March, 2019 to 17 May, 2019, then to 30 June, 2019 and 24 September, 2019. However, audit inspection of the Project carried out in October, 2019 revealed that the contractor was still on site carrying out partitioning works at the fourth floor of the complex. Similarly, partitioning works on ground and first floors were yet to commence. It is imperative to note that despite the several revisions of the completion dates, the contractor had not delivered at the expected time. This is a clear indication of weak contract administration which can lead to substantial losses to the Department in the event the Project stalls.

Failure to discharge the contract fully in time as agreed in the contract contravenes the agreement terms and this may leave the Department exposed and at the convenience of the contractor.

Further, an audit inspection carried out on 31 October, 2019 revealed that the underground room (basement two) was flooded. The water in the lower basement was almost overflowing to the upper basement floor while the lower basement floor and walls appeared to have cracks which allowed water to the underground rooms. In addition, there were roof leakages at the amphitheater section of the building which had not been repaired as at the time of the inspection. The cause of the flooding was not explained neither did Management explain the measures put in place to ensure that the building is safeguarded against water and moisture leakage to the underground floors.

Consequently, the Department may not have achieved the set performance targets and benefited from the use of the building, thus affecting service delivery.

2. Unaccounted for Authorities to Incur Expenditure (AIEs) to Foreign Missions

The statement of assets and liabilities reflects accounts receivable balance of Kshs.23,541,573 which as disclosed under Note 11 to the financial statements included Kshs.23,276,010 being AIEs sent to foreign missions not accounted for or surrendered by the AIE holders as at 30 June, 2019. Evidence of communication on the unutilized balances from the AIE holders to the accounting officer as required under Section 117(1) of Public Finance Management (National Government) Regulations, 2015 was not provided. In addition, the funds were not surrendered to The National Treasury for re-voting as required under Section 117(2) of Public Finance Management (National Government) Regulations, 2015.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the State Department to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

19 October, 2020

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V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018-2019	2017-2018
		Kshs	Kshs
RECEIPTS			
Exchequer releases	1	1,828,003,345	2,033,155,388
Disposal and Sale of Non-Produced Assets	2	4,296,790	-
Other Receipts	3	21,937,013	43,271,058
TOTAL RECEIPTS		1,854,237,148	2,076,426,446
PAYMENTS			
Compensation of Employees	4	358,000,439	320,636,682
Use of goods and services	5	595,243,227	370,929,815
Transfers to Other Government Units	6	795,461,446	999,032,878
Other grants and transfers	7	21,695,328	361,610,320
Social Security Benefits	8	-	5,567,250
Acquisition of Assets	9	50,885,399	20,234,993
TOTAL PAYMENTS		1,821,285,839	2,078,011,937
SURPLUS/DEFICIT		32,951,309	(1,585,491)

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 27th September, 2019 and signed by:



Principal Secretary
Dr. Chris Kiptoo, CBS




Assistant Accountant General
Mildred Akoth
 ICPAK Member Number: 20112

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

	Note	2018-2019	2017-2018
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10A	22,632,381	16,148,578
Cash Balances	10B	155,238	154,844
Total Cash and cash equivalent		22,787,619	16,303,422
Accounts receivables – Outstanding Imprests and A.I.E to Foreign Missions	11	23,541,573	1,090,028
TOTAL FINANCIAL ASSETS		46,329,192	17,393,450
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	12	12,152,425	14,961,567
NET FINANCIAL ASSETS		34,176,767	2,431,883
REPRESENTED BY			
Fund balance b/fwd.	13	2,431,883	5,260,362
Prior year adjustment	14	(1,206,423)	(1,242,988)
Surplus/Deficit for the year		32,951,309	(1,585,491)
NET FINANCIAL POSITION		34,176,767	2,431,883

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 27th September, 2019 and signed by:



Principal Secretary
Dr. Chris Kiptoo, CBS




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


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

		2018-2019	2017-2018
		Kshs	Kshs
Receipts for operating income			
Exchequer Releases	1	1,828,003,345	2,033,155,388
Disposal and Sale of Non-Produced Assets	2	4,296,790	-
Other Revenues	3	21,937,013	43,271,058
		1,854,237,148	2,076,426,446
Payments for operating expenses			
Compensation of Employees	4	358,000,439	320,636,682
Use of goods and services	5	595,243,227	370,929,815
Transfers to Other Government Units	6	795,461,446	999,032,878
Other grants and transfers	7	21,695,328	361,610,320
Social Security Benefits	8	-	5,567,250
Adjusted for:			
Changes in receivables		(22,451,545)	41,449
Changes in payables		(2,809,142)	(14,480,375)
Adjustments during the year	14	(1,206,423)	(1,242,988)
Net cash flow from operating activities		57,369,598	2,967,588
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	9	(50,885,399)	(20,234,993)
Net cash flows from Investing Activities		(50,885,399)	(20,234,993)
NET INCREASE IN CASH AND CASH EQUIVALENT			
Cash and cash equivalent at BEGINNING of the year		16,303,422	33,570,828
Cash and cash equivalent at END of the year		22,787,619	16,303,423

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 27th September, 2019 and signed by:


Principal Secretary
Dr. Chris Kiptoo, CBS


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

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VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	1,101,522,230	789,863,611	1,891,385,840	1,828,003,345	63,382,495	97%
Disposal and Sale of Non-Produced Assets	1,000,000	1,000,000	2,000,000	4,296,790	(2,296,790)	215%
Other Receipts	7,930,000	14,930,000	22,860,000	21,937,013	922,987	96%
TOTAL RECEIPTS	1,110,452,230	805,793,611	1,916,245,840	1,854,237,148	62,008,692	97%
PAYMENTS						
Compensation of Employees	161,000,000	197,000,439	358,000,439	358,000,439	-	100%
Use of goods and services	421,476,415	190,721,246	612,197,660	595,243,227	16,954,433	97%
Transfers to Other Government Units	406,827,230	399,811,341	806,638,570	795,461,446	11,177,124	99%
Other grants and transfers	14,035,000	13,600,000	27,635,000	21,695,328	5,939,672	79%
Acquisition of Assets	107,113,586	4,660,586	111,774,171	50,885,399	60,888,772	46%
TOTAL PAYMENTS	1,110,452,230	805,793,611	1,916,245,840	1,821,285,839	94,960,001	95%

Notes

- i. Overutilization on Disposal and Sale of Non-Produced Assets was as a result of change in the supplementary budget.
- ii. The under expenditure on Acquisition of Assets was as a result of delay in the procurement process and exchequer releases by the National Treasury..

The entity financial statements were approved on 27th September, 2019 and signed by:



Principal Secretary
Dr. Chris Kiptoo, CBS



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

STATE DEPARTMENT FOR TRADE

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IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	790,522,230	829,863,611	1,619,385,840	1,618,185,720	1,200,120	100%
Disposal and Sale of Non-Produced Assets	1,000,000	1,000,000.00	2,000,000	4,296,790	(2,296,790)	215%
Other Receipts	7,930,000	14,930,000	22,860,000.00	21,937,013	922,987	96%
TOTAL RECEIPTS	798,452,223	845,793,611	1,644,245,840	1,644,419,523	(6,647,877)	100%
PAYMENTS						
Compensation of Employees	161,000,000	197,000,439	358,000,439	358,000,439		100%
Use of goods and services	261,476,415	230,721,246	492,197,660	483,976,933	8,220,727	98%
Transfers to Other Government Units	356,827,230	399,811,341	756,638,570	745,461,446	11,177,124	99%
Other grants and transfers	14,035,000	13,600,000	27,635,000	21,695,328	5,939,672	79%
Acquisition of Assets	5,113,586	4,660,586	9,774,171	9,544,952	229,219	98%
TOTAL PAYMENTS	798,452,230	845,793,611	1,644,245,840	1,618,679,097	25,566,743	98%

Notes

i. Overutilization on Disposal and Sale of Non-Produced Assets was as a result of change in the supplementary budget.

The State Department for Trade financial statements were approved on 27th September, 2019 and Signed by:



Principal Secretary
Dr. Chris Kiptoo, CBS



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

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


Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c= a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	312,000,000	(40,000,000)	272,000,000	209,817,625	62,182,375	77%
TOTAL RECEIPTS	312,000,000	(40,000,000)	272,000,000	209,817,625	62,182,375	77%
PAYMENTS						
Use of goods and services	160,000,000	(40,000,000)	120,000,000	111,266,294	8,733,706	93%
Transfers to Other Government Units	50,000,000	-	50,000,000	50,000,000	-	100%
Acquisition of Assets	102,000,000	-	102,000,000	41,340,448	60,659,552	41%
TOTAL PAYMENTS	312,000,000	(40,000,000)	272,000,000	202,606,742	69,393,258	74%

Notes;

- i. The Changes between the original and final budget are as a result of reduction in funding by exchequer of Kshs 62,182,375 by the National Treasury.
- ii. The under expenditure on Acquisition of Assets was as a results of delay in the procurement process and exchequer releases by the National Treasury.

The State Department for Trade financial statements were approved on 27th September, 2019 and Signed by:


Principal Secretary
Dr. Chris Kiptoo, CBS


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

STATE DEPARTMENT FOR TRADE

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XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2018/2019		Adjustments		Final Budget 2018/2019		Actual on comparable basis Date, 2018/2019		Budget utilization difference	
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Trade Development and promotion	1,916,245,840		-		1,916,245,840		1,821,285,839		94,960,001	
Domestic Trade Development	86,393,498		-		86,393,498		86,393,498		-	
Fair Trade Development	556,919,945		-		556,919,945		544,263,832		12,656,113	
Exports Market Development	327,300,000		-		327,300,000		392,924,637		(65,624,637)	
Regional Economic Integration Initiatives	125,566,269		-		125,566,269		104,156,768		21,409,502	
Entrepreneurial and Management Training	820,066,128		-		820,066,128		693,547,104		126,519,024	
TOTAL	1,916,245,840		-		1,916,245,840		1,821,285,839		94,960,001	

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XII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

• Tax Receipts

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

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- **Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

- **External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

- **Other receipts**

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

b) Recognition of payments

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

- **Compensation of Employees**

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

- **Use of Goods and Services**

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

- **Interest on Borrowing**

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

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

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

- **Acquisition of Fixed Assets**

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

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

5. In-kind contributions

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

6. Third Party Payments

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

7. Cash and Cash Equivalents

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

Restriction on Cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2019, this amounted to Kshs 12,152,425 compared to Kshs14, 961,567 in prior period as indicated on note 10A.

There were no other restrictions on cash during the year.

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8. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

9. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

10. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Entity at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

11. Comparative Figures

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

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XIII. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHEQUER RELEASES

Description	20 18-20 19	2017-2018
	Kshs	Kshs
Total Exchequer Releases for quarter 1	259,615,600	262,499,073
Total Exchequer Releases for quarter 2	310,417,000	403,123,015
Total Exchequer Releases for quarter 3	469,031,610	423,522,400
Total Exchequer Releases for quarter 4	788,939,135	944,010,900
Total	1,828,003,345	2,033,155,388

During the year the State Department was to receive KShs, 1,890,385,840, However, it received 1,828,003,345 falling short by KShs 62,382,495 due to delay in Exchequer releases.

2. DISPOSAL AND SALE OF NON PRODUCED ASSETS

Description	2018-2019	2017-2018
	Kshs	Kshs
Receipts from sale of Receipts of Non Produced Assets collected as AIA	4,296,790	-
Total	4,296,790	-

3. OTHER REVENUES

Description	2018-2019	2017-2018
	Kshs	Kshs
Receipts from Administrative Fees and Charges - Collected as AIA	21,937,013	43,271,058
Total	21,937,013	43,271,058

Analysis of A.I.As

S/No	Name of Agency	Amount Collected 2018/2019	Amount Collected 2017/2018
1.	Kenya Institute of Business Training	1,234,111	1,634,050
2.	Weights & Measures	2,782,605	6,131,995
3.	Anti-Counterfeit Agency	15,000,000	21,474,194
4.	Export Promotion Council	2,920,297	
5.	Brand Kenya		14,030,819
	Total	21,937,013	43,271,058

Anti-Counterfeit collected Kshs. 21,474,194.45 as AIA representing an over collection of Kshs.6,474,194.45 as they had budgeted for Kshs 15,000,000 as AIA due to be collected for the financial year 2018/2019. Since IFMIS cannot Accommodate more than the budget allocated (Excess).

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4. COMPENSATION OF EMPLOYEES

	2018-2019	2017-2018
	Kshs	Kshs
Basic salaries of permanent employees	215,992,909	193,604,356
Personal allowances paid as part of salary	142,007,530	126,766,750
Personal allowances paid as reimbursements	-	265,576
Total	358,000,439	320,636,682

5. USE OF GOODS AND SERVICES

	2018-2019	2017-2018
	Kshs	Kshs
Utilities, supplies and services	19,277,006	13,856,244
Communication, supplies and servers	16,679,574	5,548,336
Domestic travel and subsistence	75,647,480	52,504,569
Foreign travel and subsistence	84,271,149	26,124,531
Printing, advertising and information supplies & services	12,510,974	2,381,454
Rentals of produced assets	131,262,082	135,037,748
Training expenses	11,103,575	3,809,175
Hospitality supplies and services	50,537,464	12,124,691
Insurance costs	1,941,085	3,024,000
Specialized materials and services	13,671,935	9,395,889
Office and general supplies and services	19,357,627	4,895,541
Other operating expenses	127,462,074	38,007,972
Routine maintenance – vehicles and other transport equipment	10,306,601	7,639,238
Routine maintenance – other assets	6,759,943	39,800,242
Fuel oil and Lubricants	13,184,591	14,650,864
Exchange Rate Losses	1,270,069	2,129,320
Total	595,243,227	370,929,815

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6. GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2018-2019	2017-2018
	Kshs	Kshs
Transfers to National Government entities		
See attached list		
Current Grants to Government Agencies	745,461,446	999,032,878
Capital Grants to Government Agencies	50,000,000	-
TOTAL	795,461,446	999,032,878

Description	Recurrent	Development	Total 2018/2019	2017-2018
Transfers to SAGAs	Kshs	Kshs	Kshs	Kshs
SELF REPORTING ENTITIES WITH CONFIRMATIONS				
Export Promotion Council	325,360,297	-	325,360,297	360,000,000
Anti-Counterfeit Agency	389,844,436	50,000,000	439,844,436	416,907,694
Brand Board Kenya	0	0	0	189,130,819
SUB TOTAL	715,204,733.00	50,000,000	765,204,733	966,038,513
NOT A SELF REPORTING ENTITY				
Kenya Consumer Protection Advisory Committee	30,256,713	-	30,256,713	32,994,365
GRAND TOTAL	745,461,446	50,000,000	795,461,446	999,032,878

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. OTHER GRANTS AND TRANSFERS

Explanation	2018-2019	2017-2018
	Kshs	Kshs
Membership dues and subscriptions to international organizations	-	333,570,320
Scholarships and other educational benefits	21,695,328	28,040,000
Total	21,695,328	361,610,320

Notes

- i. The expenditure under Scholarships and other educational benefits relates to Foreign Missions which was issued to them as A.I.Es but the expenditure returns from foreign missions were not received in good time hence the expenditure under the item has been treated as receivables in the Financial Statements.

8. SOCIAL SECURITY BENEFITS

Explanation	2018-2019	2017-2018
	Kshs	Kshs
Government Pension and retirement benefits	-	5,567,250
Total	-	5,567,250

Notes

- i. The State Department for Trade did not have a budget on Social Security Benefits for this period thus no expenditure was incurred.

9. ACQUISITION OF ASSETS

Non-Financial Assets	2018-2019	2017-2018
	Kshs	Kshs
Construction of Buildings	41,340,448	6,242,016
Refurbishment of Buildings	-	320,160
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	153,990
Purchase of Furniture and Institutional Equipment	1,046,802	248,437
Purchase of Office Furniture and General Equipment	1,817,160	2,669,182
Purchase of Specialized Plant, Equipment and Machinery	6,680,990	4,912,788
Research, Studies, Project Preparation, Design & Supervision	-	5,688,420
Total	50,885,399	20,234,993

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10A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account curren cy	Indicate whether recurrent, Developmen t, deposit e.t.c	Exc rate (if in foreign currency)	2018-2019	2017-2018
				Kshs	Kshs
<i>Central Bank of Kenya, 1000303085 Kshs</i>	KSh	Recurrent		1,398,270	399,761
<i>Central Bank of Kenya, 1000303093Kshs</i>	KSh	Development		9,081,686	787,250
<i>Central Bank of Kenya, 1000303107 Kshs</i>	KSh	Deposit		12,152,425	14,961,567
<i>Central Bank of Kenya,1000303115 Kshs</i>	Kshs	CBK		-	-
Total				22,632,381	16,148,578

10B: CASH IN HAND

	2018-2019	2017-2018
	Kshs	Kshs
Cash in Hand – Held in domestic currency	155,238	154,844
Cash in Hand – Held in foreign currency	-	-
Total	155,238	154,844

Cash in hand should also be analyzed as follows:

	2018-2019	2017-2018
	Kshs	Kshs
Location 1(cash Office)	155,238	154,844
Total	155,238	154,844

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11: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

<i>Description</i>	2018-2019	2017-2018
	Kshs	Kshs
Government Imprest	239,703	1,065,678
Salary advances	25,860	24,350
A.I.E to Foreign Missions	23,276,010	-
Total	23,541,573	1,090,028

Below is detailed listing of the outstanding imprests and A.I.E to Foreign Missions

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
Gachanja Gerald Tumbuti		30,000	NIL	30,000
Ngeno Reuben Kipkoech		42,000	NIL	42,000
Erastus Mwenda Ekai		84,500	NIL	84,500
Dickson Rutere Gichovi		50,003	NIL	50,003
Stephen Malau		15,000	NIL	15,000
Njoroge Stephen Karanja		61,100	61,000	100
Osome Simon Tilla		17,800	NIL	17,800
Ben Nyagake Getange		196,800	196,500	300
Sub Total				239,703
Salary Advance(Geraldine Mutua)				25,860
A.I.E to Foreign Missions				23,276,010
Total				23,541,573

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12. ACCOUNTS PAYABLE

Description	2018-2019	2017-2018
	Kshs	Kshs
Deposits	12,152,425	14,961,567
Total	12,152,425	14,961,567

Deposits are comprised of Retention fee to consultants and RD Cheques to Parambano General Services and Laico Regency at the closure of the period as listed below;

	PAYEES NAME	RECEIPTS
1	Business Premises Rent Tribunal	54,802.30
2	Splash General Agencies	1,542,287.20
3	Selem Investment ltd	126,741.70
4	Florizz Contractor -Cert 1	874,714.90
5	Florizz Contractor -Cert 2	974,714.90
6	Florizz Contractor -Cert 3	397,591.75
7	Floche Agencies	1,705,266.95
8	Floche Agencies	595,945.00
9	Atomic Electronics	502,245.05
10	Mycal General Services	640,529.20
11	Infity G.S LTD	160,029.70
12	Angels Nine One one Ventures	383,490.30
13	Mycal General Services	826,183.65
14	Atomic Electronics	247,866.35
15	Top Choice Survelliance	100,415.90
16	Parambano General Services	2,909,500.00
17	Laico Regency	110,100.00
	TOTAL	12,152,424.85

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13. FUND BALANCE BROUGHT FORWARD

Description	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	16,148,578	33,421,407
Cash in hand	154,844	149,420
Accounts Receivables	1,090,028	1,131,477
Accounts Payables	(14,961,567)	(29,441,942)
TOTAL	2,431,883	5,260,362

14. PRIOR YEAR ADJUSTMENTS

Description	2018-2019	2017-2018
	Kshs	Kshs
Adjustment on Receivables	(1,090,028)	(1,126,593)
Adjustment on Bank Account Balances	(116,395)	(116,395)
TOTAL	(1,206,423)	(1,242,988)

Below is the detailed listing of prior year adjustments.

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PRIOR YEAR ADJUSTMENTS ANNALYSIS	2018/2019
<i>Name of Officer or Institution</i>	<i>Amount Kshs</i>
Peterson Kamau	300
Francis Mutibo	2,000.00
Nelson Musolo	4,300.00
Kibet Kiprof	14,700.00
Julia Mwangi	15,000.00
Michael Ndungu	17,000.00
Pauline Wandabwa	17,200.00
Michael Onyancha	23,178.00
Samuel Kipsuit	25,200.00
Kelvin Wanjala	29,400.00
Sam Kerio	30,500.00
Japheth Kabiti	37,800.00
Beatrice Gikuru	46,600.00
Julius Ndubi	51,500.00
Erastus Mwenda	58,800.00
Mary Kinuthia	66,000.00
Michael Mandu	68,000.00
Job Ogollah	71,800.00
Simon Tilla	78,400.00
Peter Kilungya	78,400.00
Joseah Rotich	229,600.00
Meshack Koima	100,000.00
Salary Advance	
Geraldine Mutua	24,350
Adjustment on Account Balances	116,395
TOTAL	1,206,423.00

All the previous year Government Imprest was cleared during the reported financial year.

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15. RELATED PARTY DISCLOSURES

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

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

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

Related party transactions:

Description	2018-2019	2017-2018
	Kshs	Kshs
Transfers to SCs and SAGAs	795,461,446	999,032,878
Total Transfers from related parties	795,461,446	999,032,878

16. OTHER IMPORTANT DISCLOSURES

16.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	2018 -2019	2017-2018
	Kshs	Kshs
Supply of goods	36,500,026	43,205,958
TOTAL	36,500,026	43,205,958

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16. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Unsupported Expenditure foreign missions	The evidence of expenditure wasn't availed because it had not been received by Ministry of Foreign affairs but will be availed once Received	George Nyaundi (ACC I) & Mathew Kinyua (ACC II)	Not Resolved	Within December, 2019
2	Outstanding Imprest of 1,131,477 not Accounted for or Recovered.	The outstanding imprest of 1,131,477 had not been accounted for or recovered as at 30 th June 2017 but has since been recovered and accounted in full.	George Nyaundi (ACC I) & Mathew Kinyua (ACC II)	Resolved	
3	The department hasn't maintained a comprehensive fixed asset register	The list did not reflect the location and condition of Assets as we were still in the process of compiling a fixed Asset Register in liaison with Ministry of Tourism however the list is now ready and submitted	George Nyaundi (ACC I) & Mathew Kinyua (ACC II)	Resolved	
4	Expenditure related to RIIP amounting to 3,247,604 was not supported with reports and expenditure	Report for the activities undertaken in RIIP is now ready and submitted. The under expenditure however was due to the funds being received late	George Nyaundi (ACC I) & Mathew Kinyua (ACC II)	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	returns were not availed for audit.				
5	Budget Performance There was 72% shortfall in collection of AIA and 5% in Exchequer issues. There was also 5% under Expenditure of Expenditure	There was under collection of AIA by Ksh 19,925,295 (72%). Of this, 54% relate to AIA due to SAGAS which they collect and account for directly. The difference related to SDT Headquarters and its Departments. The underfunding of core-technical departments (KIBT and W&M), thus limiting their ability to carry out training satisfaction of Equipment respectively from where AIA is raised.	George Nyaundi (ACC I) & Mathew Kinyua (ACC II)	Resolved	



Principal Secretary
 Dr. Chris Kiptoo, CBS



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

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XIV. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Outstanding Balance June 2019	Comments
1) Castumu Enterprises	85,000	Insufficient Exchequer
2) Peridot Services	122,070	Insufficient Exchequer
3) Zoomtech Holding	435,000	Insufficient Exchequer
4) Zipjoe Agencies	39,980	Insufficient Exchequer
5) Neo Logistics	53,100	Insufficient Exchequer
6) Topwise General Supplies	50,000	Insufficient Exchequer
7) Haddamac Technologies	244,000	Insufficient Exchequer
8) Topwise General Supplies	196,950	Insufficient Exchequer
9) Galaxy Cleaning and floral works	124,932	Insufficient Exchequer
10) Miggan Enterprises Limited	59,600	Insufficient Exchequer
11) Life Supplies	205,000	Insufficient Exchequer
12) Patrox Fair Ventures Trading	180,000	Insufficient Exchequer
13) Elicom Enterprises	75,000	Insufficient Exchequer
14) Navictowa Marketing Enterprises	259,900	Insufficient Exchequer
15) Mbukana enterprises	99,900	Insufficient Exchequer
16) Reana Enterprises	280,000	Insufficient Exchequer
17) Kabola Workshop Ltd	310,000	Insufficient Exchequer
18) Kabola Workshop Ltd	360,000	Insufficient Exchequer
19) Tusmo Travel and Cargo Tours Ltd	39,950	Insufficient Exchequer
20) Deers Feet Merchants	165,400	Insufficient Exchequer
21) Janzik Enterprises	650,800	Insufficient Exchequer

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Supplier of Goods or Services	Outstanding Balance June 2019	Comments
22) yatab Favor Supplies	249,910	Insufficient Exchequer
23) Twenty Two Ten Enterprises	168,900	Insufficient Exchequer
24) Tramoh Ventures	88,500	Insufficient Exchequer
25) Topwise General Supplies	489,900	Insufficient Exchequer
26) Pajama investments	410,380	Insufficient Exchequer
27) Steflo Enterprises	258,850	Insufficient Exchequer
28) Jarowachu General Suupplies	695,800	Insufficient Exchequer
29) Galaxy Cleaning and floral works	41,967	Insufficient Exchequer
30) Ewana Traders	96,000	Insufficient Exchequer
31) Galaxy Cleaning and floral works	83,288	Insufficient Exchequer
32) Vanten East Africa Ltd	339,500	Insufficient Exchequer
33) Zakan Enterprenuers	102,700	Insufficient Exchequer
34) Sweet Lake Resort	98,600	Insufficient Exchequer
35) Johnalic Enterprises	43,700	Tax Obligation Issue
36) Havin Enterprises	77,200	Tax Obligation Issue
37) Design Three sixty Five Ltd	176,255	Insufficient Exchequer
38) Sarova Panafric	1,287,798	Insufficient Exchequer
39) Design Three sixty Five Ltd	301,600	Insufficient Exchequer
40) Lake Naivasha Resort Ltd	363,400	Insufficient Exchequer
41) Brits Allegro Builders and Suppliers	3,060,000	Insufficient Exchequer
42) Starcool Investments	450,840	Insufficient Exchequer
43) Trans Sapla Limited	2,257,600	Insufficient Exchequer
44) Major Rayon Supplies	375,000	Insufficient Exchequer

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Supplier of Goods or Services	Outstanding Balance June 2019	Comments
45) Nayram Supplies	423,000	Insufficient Exchequer
46) Peridot Services	3,043,650	Insufficient Exchequer
47) Pajma Investment Limited	1,912,500	Insufficient Exchequer
48) Branold Enterprises	6,240	Insufficient Exchequer
49) Lordstown Travel Group Ltd	145,200	Insufficient Exchequer
50) Citywide Star Links Enterprises	480,000	Insufficient Exchequer
51) Topchoice Surveillance	5,121,091.64	Insufficient Exchequer
52) Infinity Ltd	1,015,891.05	Insufficient Exchequer
53) Hotel Intercontinental	122,000.00	Insufficient Exchequer
54) Hotel Intercontinental	135,000.00	Insufficient Exchequer
55) ShriKaam Fincom Consulting	4,525,907.00	Insufficient Exchequer
56) Angels Nine One One	4,015,276.00	Insufficient Exchequer
	36,500,026	

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

Ref	SAGA	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Export Promotion Council	Promoting of exports and market Diversification	Peter Biwott	325,360,297	YES
3	Anti-Counterfeit Kenya	Elimination of Counterfeit goods	Elenna Halake	439,844,436	YES

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XV. ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/2018	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2018/2019
Buildings and structures	12,250,596	41,340,448	-	53,591,044
Transport equipment	153,990	-	-	153,990
Office equipment, furniture and fittings	2,917,619	2,192,060	-	5,109,678
Other Machinery and Equipment	4,912,788	6,680,990	-	11,593,778
Total	20,234,993	50,213,498	-	70,448,490

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

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

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XVIII. ANNEX 5- REPORTS GENERATED FROM IFMIS

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

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