


REPUBLIC OF KENYA



Enhancing Accountability

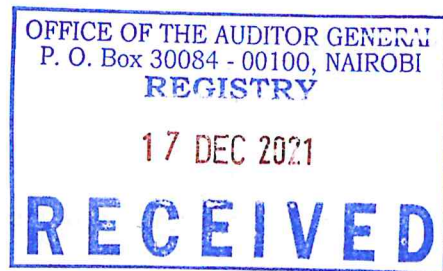
 REPORT THE NATIONAL ASSEMBLY	
DATE: 15 FEB 2022	Day: Tuesday
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THE AUDITOR-GENERAL

ON

**STATE DEPARTMENT FOR TRADE AND
ENTERPRISE DEVELOPMENT**

**FOR THE YEAR ENDED
30 JUNE, 2021**



MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT

STATE DEPARTMENT FOR TRADE AND ENTERPRISE DEVELOPMENT

ANNUAL REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background Information

The Ministry of Industry, Trade and Enterprise Development was formed through Presidential Executive Order No. 1 of May 2020. The Executive Order also transferred the State Department of Cooperatives Development which was under the Ministry of Industrialization, Trade and Cooperatives to the Ministry of Agriculture, Livestock, Fisheries and Cooperatives. The State Department for Trade was also renamed as State Department of Trade and Enterprise Development after the transfer of the Micro Small Enterprises Authority (MSEA) to the State Department of Trade. At the Cabinet level, the State Department is represented by the Cabinet Secretary Hon. Betty C. Maina, who is responsible for providing the general policy and strategic direction of the Ministry.

The Ministry is made up of Two State Departments namely: The State Department of Industrialization and the State Department for Trade and Enterprise Development. Each of the State Department is headed by a Principal Secretary responsible for coordination of formulation and implementation of policies, programmes and projects.

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

- i) Amb. Johnson Weru, CBS - State Department for Trade & Enterprise Development; and
- ii) Amb. Peter Kaberia, CBS - State Department for Industrialization.

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

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

Vision

To be a leader in promoting trade and investment.

Mission Statement

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

Core Values

- i. **Integrity and Transparency:** The State Department shall be accountable and devoid of corrupt practices in service delivery.
- ii. **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,

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stakeholders and partners in order to effectively play a central role coordinating Kenya's participation in Trade.

- iii. **Innovativeness and Creativity:** The State Department shall be open and proactive in seeking better and more efficient methods of service delivery.
- iv. **Professionalism, Commitment and Customer focus:** The State Department shall maintain high professionalism through continuous skills development, training and accountability to enhance customer satisfaction.
- v. **Equity, Fairness and Inclusion:** The State Department shall mainstream gender, youth and special groups' issues in its Programme.
- vi. **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.

Strategic Goals/Objectives

The following are the Strategic Objectives of the State Department:

- i. To facilitate the growth of domestic Trade and Enterprise Development;
- ii. To ensure fair trade practices and consumer protection;
- iii. To promote export trade and brand reputation; and
- iv. To strengthen institutional capacity for service delivery

Core Functions

As per the Executive Order No. 1 of 2018 (Revised May, 2020) the mandate of the State Department includes the following:

- i. Trade Policy;
- ii. Exports Policy;
- iii. Trade Negotiations and Advisory Services;
- iv. Export Promotion and Branding initiatives to promote Kenyan goods and services in export markets;
- v. Capacity Development for Entrepreneurship;
- vi. Liaising and Coordinating with UNCTAD and WTO on Trade Matters;
- vii. Enforcement of International Trade Laws, Negotiations and Agreements;
- viii. Protection of Kenyan Goods Against Dumping and Subsidized imports and Recommending of Countervailing Measures;
- ix. Coordinating of Multi-Agency Task Force on the Elimination of Illicit Trade and Counterfeits;
- x. Liaison with International Trade bodies for National Development;
- xi. To Combat Counterfeiting, Trade and Other Dealings in Counterfeit Goods;
- xii. Management of Weights and Measurements in Trade;

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- xiii. Oversight, Administration and Enforcement of the Local Content Policy;
- xiv. Promotion and Regulation of the Wholesale and Retail Trade;
- xv. Promotion and Development of Small, Medium Business Enterprises; and
- xvi. Promotion of Fair Trade Practices and Consumer Protection.

b) Key Management

The State Department implements its core mandate through five (5) Technical Departments while the General Administration Directorate which provides auxiliary services to support the technical departments achievement the set objectives as spelt out in the Strategic Plan. The following are the directorates responsible for the implementation of the core mandate of the Department:

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

c) Fiduciary Management

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

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No.	Designation	Name
1.	Cabinet Secretary, Ministry of Industrialization, Trade and Enterprise Development	Hon. Betty C. Maina, EGH
2.	Principal Secretary, State Department for Trade and Enterprise Development	Amb. Johnson Weru, CBS
3.	Secretary Trade	Dr. Bruno Linyiru
4.	Secretary Administration	Mr. Osman Warfa
5.	Director, Internal Trade	Ms. Juliah Heya
6.	Director, External Trade	Mr. Oliver Konje
7.	Director, Weights and Measures	Mr. John Mwaura
8.	Director, Research and Trade Policy	Mr. Eric Ronge
9.	Director, Kenya Institute of Business Training	Ms. Catherine Waweru
10.	Director, Human Resource Management and Development	Mrs. Jayne Asuma
11.	Deputy Accountant General	CPA. Milly Eve Akoth
12.	Chief Finance Officer	Mr. Joash Akuma
13.	Assistant Internal Auditor General	Mr. Francis Omondi Oyoo

d) Fiduciary Oversight Arrangements

a) Audit and finance committee activities

The Audit and Finance Committees form a key element in the governance process by providing an independent expert assessment of the activities of top management, the quality of the risk management, financial reporting, financial management and internal audit.

b) Parliamentary committee activities

Committees are agents which enable Legislatures organize their work in such a way as to perform numerous activities simultaneously and expeditiously. The Committee on Trade, Industry and Cooperatives provides oversight to the State Department of Trade and Enterprise Development in the following areas: reviewing and approving the budget and expenditures for the execution of governance; Scrutinizing governance activities, policies and programmes; assessing whether programmes meet the intended objectives of legislation, policy frameworks and development plans.

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- c) **Development partner oversight activities**
Development Partners regularly evaluate programmes and projects to ensure that resources disbursed are used for the intended purpose and the objectives set are met.

e) State Department for Trade and Enterprise Development Headquarters

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

State Department Contacts

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

f) State Department for Trade and Enterprise Development Headquarters Bank

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

g) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

h) Principal Legal Adviser

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

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2. FORWARD BY THE CABINET SECRETARY



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

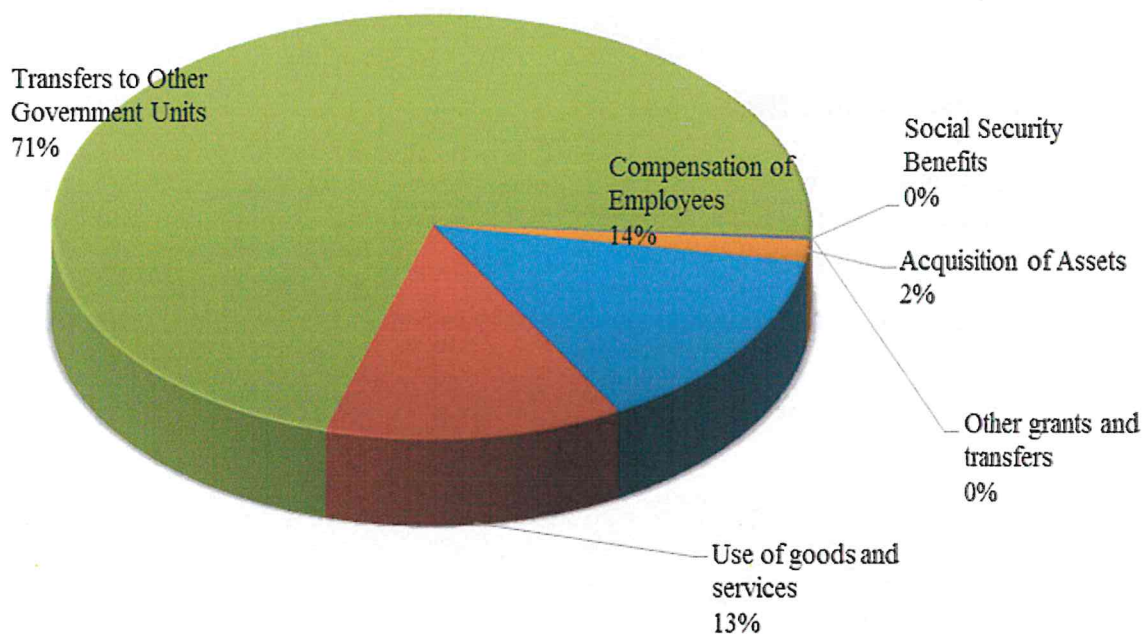
During the review period, the State Department and Enterprise Development applied its budgetary allocation in promoting Domestic Trade and Exports which is the main mandate of the Department. The key achievements realised during the review period include the following: Initiated the capitalization process towards raising Kshs.2 Billion required for operationalization of Kenya National Multi-Commodities Exchange (KOMEX); procured and installed the Market Information System (MIS); trained 5,674 Micro Small and Medium Enterprises (MSME) operators on entrepreneurship and business management; initiated the Kenya-USA Free Trade Area negotiations; signed the Kenya-UK Free Trade Area; verified 31 instruments at strategic national installations; coordinated the procurement of locally produced goods worth Kshs.108 Billion by MDAs; and resolved nine (9) Non-Tariff Barriers to facilitate market access of goods in the regional markets, among others.

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In the financial year **2020/2021**, the State Department for Trade had a gross budget of **KShs. 3,450,437,732** which was made up of **KShs. 2,164,888,727** and **KShs. 1,285,549,005** for recurrent and development vote, respectively.

The State Department was to expend the gross budget of **KShs. 3,450,437,732** under the following economic item as tabulated below against the actual Expenditure incurred based on the Total Receipts Available to the Department of **KShs 3,401,811,887**; **KShs 3,363,202,763** representing Exchequer Issues from National Treasury and **KShs 38,609,123** representing Appropriation in Aid Collected.

Budget Utilisation as Per Economic Items



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S/NO	ECONOMIC ITEM	BUDGET (KSHS)	ACTUAL PAYMENTS (KSHS)	DIFFERENCE (KSHS)
1.	Compensation of Employees	472,990,740	476,768,501	(3,777,761)
2.	Use of goods and services	425,268,786	425,264,212	4,574
3.	Transfers to Other	2,458,170,765	2,417,654,293	40,516,472
	Government Units			
4.	Other grants and transfers	29,000,000	11,305,004	17,694,996
5.	Social Security Benefits	3,484,858	2,859,478	625,381
6.	Acquisition of Assets	61,522,583	55,437,920	6,084,663
	TOTALS	3,450,437,732	3,389,289,408	61,148,324

It is noted that 71% of the State Department's budget was used in Transfers to Other Government entities i.e. State Corporations, Semi-Autonomous Government Agencies (SAGAs) 13% of the budget was utilised on Use of Goods and Services, 14% on employee compensation 2% was utilised on Acquisition of assets, while Social Security Benefit and Other Grants and Transfers represented less than 1% of the total budget.

Key Performance Highlights

Below is an overview of the financial performance for the year ended 30th June 2020 as reported in the detailed financial statements together with the commentary and comparative analysis against budget and prior year for the key items in the financial statements.

Financial Performance Summary

Actual Performance against Budget for Year to 30th June 2021

Financial Performance	Printed Estimates	Actual	Variance	%
	KShs	KShs	KShs	Utilisation Variance
Total Receipts	3,450,437,732	3,401,811,887	48,625,845	99%

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Total Payments	3,450,437,732	3,389,289,408	61,148,324	98%
Surplus for the Year	-	12,522,479	(12,522,479)	

Actual receipts by the MDAs stood at 1% below budget while actual payments were 2% below budget. This is Foreign Mission which is treated as receivable in Financial Statements since Expenditure returns were yet to be received.

Budget Utilisation

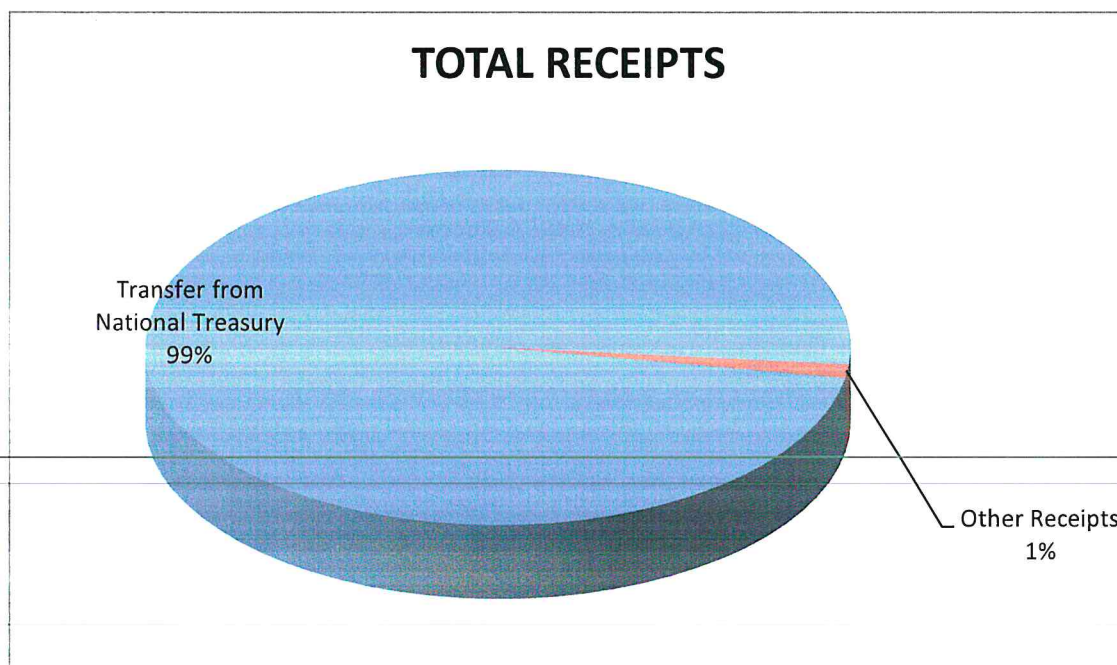
The State Department spent **Kshs 3,389,289,408** against an approved budget of **KShs. 3,450,437,732** representing absorption of **98%**. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the chart below:

Economic Item	Approved Budget Allocation	Actual Payments	Variance
Description	KShs	KShs	KShs
Compensation of Employees	472,990,740	476,768,501	(3,777,761)
Use of goods and services	425,268,786	425,264,212	4,574
Transfers to Other Government Units	2,458,170,765	2,417,654,293	40,516,472
Other grants and transfers	29,000,000	11,305,004	17,694,996
Social Security Benefits	3,484,858	2,859,478	625,381
Acquisition of Assets	61,522,583	55,437,920	6,084,663
Total Payments	3,450,437,732	3,389,289,408	61,148,324

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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 3,363,202,764 as **Exchequer Issue from National Treasury and Appropriation in Aid (A.I.A)** amounting to Kshs 38,609,123 against a budget of **KShs. 3,408,737,732** and **KShs 41,700,000** Respectively.



Financial Assets Summary

The Departments Financial Assets as at 30th June 2021 was as shown here below;

Item Description	Amount
	KShs
Bank Balances	26,900,368
Cash Balances	1,456,964
Accounts Receivables - Outstanding Imprest & foreign Missions	31,443,610
Total Financial Assets	59,800,941

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Financial liability

Funds held for third parties as at 30th June 2021 was as shown here below;

Item Description	Amount
	Kshs
Retention fees & Rent Tribunal Deposits	26,897,879
TOTAL	26,897,879

Cash Flows and Cash Position

The cash and bank balances held by the State Department for Trade as at 30th June 2021 was **KShs. 28,357,331**. The breakdown of the cash and bank balances is as summarized in the table below.

Cash and Bank Balances	Amount
	KShs
Bank Balances	26,900,368
Cash Balances	1,456,964
Total	28,357,331

Cash Flow Activities

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

Cash Flow Activities	Year to 30th June 2021
	KShs
Net Cash Flows generated from Operating activities	(80,540,312)
Net Cash Flows used in Investing activities	(55,437,920)
Net increase in Cash and Cash Equivalents at 30th June 2021	(135,978,232)

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Key Achievements of the State Department in the FY 2020/21

a) Key Achievements of the State Department in the FY 2020/21

a) Domestic trade Development

- i. Operationalized the Kenya e-Trade Portal Governance and Management Framework.
- ii. Developed sectoral guidelines on local content to support the procurement of locally manufactured goods and services by Government entities.
- iii. Coordinated the implementation of the Presidential Directive on purchase of locally produced goods by Government. A total of Kshs.108 Billion worth of goods were procured by the Government agencies during the review period.
- iv. Business Membership Organizations (BMOs) were strengthened through sensitization and training of Kenya National Chamber of Commerce and Mitumba Association officials,
- v. The Draft Trade Bill was developed and submitted to the Office of the Attorney General for processing,
- vi. Profiled products with export potential in collaboration with the counties,

b) Fair Trade and Consumer Protection

- i. 31 weighing and measuring equipment were verified at strategic national installations.
- ii. Kenya Trade Remedy Agency was operationalized and staff seconded to operationalize the Agency.
- iii. KETRA has developed investigative manuals and instruments
- iv. The draft legal metrology bill has been developed and submitted to the Attorney General's office for processing; and
- v. Amendment of the Consumer Protection Act no. 46 of 2012 Act is ongoing as scheduled.
- vi. The process of developing the Consumer Protection Policy was initiated

c) Regional Economic Integration Initiatives

- i. The capitalization exercise was initiated to attract investment for KOMEX Limited. The State Department has had several meetings with the potential investors A few potential investors have committed to invest a total of Kshs.600 Million,
- ii. Developed KOMEX Website and Procured the Management Information System have been completed.
- iii. The Chief Executive Officer and Staff were seconded to KOMEX.
- iv. Office space at the KIBT building in Parklands was secured.
- v. The State Department also coordinated the development and processing of the Commodities Market Regulations and Warehouse Receipt Regulations,
- vi. Warehouse Receipt Regulations is undergoing processing before approval by the relevant Government Agencies.
- vii. The Ministry coordinated assessment of sixteen (16) NCPB and KNTC warehouses for use by National Commodity Exchange.

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d) International Trade

- i. Sensitized 600 Stakeholders on the WTO's SPS agreement and SPS related market access requirements.
- ii. Initiated bilateral negotiations towards signing the Kenya-USA Free Trade Area to create market access for Kenya produced goods to the USA markets
- iii. Signed Kenya-UK Free Trade Area to facilitate flow of Kenyan products to the UK market.
- iv. Resolved nine Non-Tariff Barriers to facilitate market access to key markets in the region. Verification missions to resolve NTBs with URT and UG not finalized due to Covid-19 Pandemic.
- v. Initiated negotiations towards harmonizing the EAC CET Tariffs within the region to create predictability on tariffs.
- vi. Category B & C measures were identified and notified to the World Trade Organization Committee on Trade Facilitation Agreement in August 2019.
- vii. Coordination of Kenya's participation in the AFCFTA and TFTA Phase negotiations.

e) Entrepreneurship and Management Training.

- i. The State Department undertook management training to 1950 MSMEs.
- ii. Developed Concept paper to guide transformation of the Kenya Institute of Business Training (KIBT)
- iii. Partitioning and fitting of the office wing of the KIBT Building Complex is 98% complete. Partitioning works on the residential wing are at 90%. Works on the amphitheater and KOMEX offices is on-going.

f) General Administration, Planning and Support.

- i. Service Delivery Charter was reviewed and disseminated.
- ii. The Report on National Cohesion and Values was developed and submitted to the Directorate of National Cohesion and Values.
- iii. Quarterly monitoring & Evaluation was carried out and an annual report developed.
- iv. The Program Based Budget (PBB) Report developed.
- v. Review on Programme performance was carried out and the Medium Term Budget was developed.
- vi. The Annual Procurement Plan developed and approved; and
- vii. Staff appraisal currently on-going and the report will be submitted to PSC once complete.

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b) Emerging Issues related to the State Department

Despite the continued contribution of the Trade Sector to the GDP and growth of the national economy, the Sector is faced with challenges and emerging issues which need to be addressed to support the sector attain full potential. The emerging issues and challenges that impede the implementation of various activities, projects and programmes include:

i) Inadequate funding

The Trade Sector contributes more than 12.03% to the GDP (World Bank, 2019) and employment creation. However, its budget allocation has been below 0.2% of the allocation to Government programmes. This has hindered effective delivery of the mandate.

ii) Delay in enactment of Legislation

Enactment of legislation is essential for effective service delivery by the Sector. Delays in enacting legislation such as the Legal Metrology Bill, Trade Descriptions Bill, MSE Development Fund Regulations 2019 and delay in the passing of the amendment to the Consumer Protection Act adversely affect the operations and implementation of priority programmes. This is due to legal procedures outside the control of the Sub-Sector.

iii) Covid-19 Pandemic.

The Covid-19 pandemic forced the State Department to scale down operations in order to contain the spread of the disease. Working from home and the containment measures that affected inter-county movement affected delivery of service to stakeholders.

iv) Difficulties in implementing regulations on e-Commerce and e-Business

The emergence of unregulated e-Commerce and e-Business has attracted fraudulent practices including online counterfeiting and cyber crimes in the sector resulting to consumers and businesses losing money to fraudsters.

c) Implementation Challenges

i) Covid-19 Pandemic.

The COVID-19 global health pandemic resulted in an unprecedented economic crisis as countries shut down their borders and instituted containment measures. Traders and manufacturers faced challenges in accessing domestic and regional markets while the rate of unemployment increased sharply from loss of income due to closed businesses, reduced working hours and stoppage of local and international travel.

ii) Rising wave of protectionism in Europe, USA and Asia

There has been an increase in protectionism in the global market through setting high standards and requirements thus making it difficult for Kenya's products to penetrate the foreign market.

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iii) Influx of sub-standard, counterfeits and contra-band goods

The influx of sub-standard, counterfeit and contra-band products into the local market through border points has reduced the market share for locally manufactured goods. This has discouraged Kenyan Enterprises from innovation, thereby negatively impacting local industrial growth and government revenue. It also affects public health and safety. The exit of ACA from the port has hindered its ability to control the entry of counterfeit products into the country.

iv) Access to Credit Facilities

The Sector experiences limited access to credit facilities which inhibits competitiveness and growth of businesses especially MSMEs. This is due to limited access to information on procedures of accessing credit, strict requirements by lenders, informality of MSMEs and high cost of borrowing. This has led to stagnation of MSMEs while others have collapsed after a short duration of operation.

v) Multiple Trade Regulations, existence and Non-Tariff Barriers in foreign markets

Kenya is a member of various trading blocs. The Common External Tariff (CET), Rules of Origin (RoO) and trade facilitation measures such as axle-load limits and transport insurance requirements in the blocs are not implemented uniformly resulting in un-harmonized regulations. This has led to non-tariff barriers which pose a challenge to the business community in complying with the different trading arrangements. In addition, the Sub-Sector is faced with the challenge of dealing with unfair competition that is posed by the flow of imports through other Partner States which belong to other trading blocs where the RoO are not strictly enforced. The protectionism is slowly creeping in from Partner States which is affecting Kenyan export to those markets.

vi) Inadequate business premises

Majority of MSMEs lack adequate business premises, leading to unplanned and informal development of markets and business premises which are temporary. Most MSMEs are not able to receive credit from financial institutions since their businesses are seen as temporary and risky. Inadequate prioritization on funding for business premises and appropriate modern retail market development from the Government has made this a perennial problem.

vii) Unfavorable Business Environment

In the attempts to raise revenues most counties have introduced multiple licenses, levies and regulations leading to double taxation. This has led to high cost of doing business and un-competitiveness. The inter-county trade fees and business permits have resulted to increased cost of doing business leading to reduced gains.

viii) High cost of energy

In spite of the increased production of energy, businesses are still faced with high energy cost hence contributing to high cost of production thus discouraging entrepreneurial development. This also leads to unpredictability in forecasting the levels of production.

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ix) Low level of awareness on Regional Integration Opportunities/Benefits

There is generally low level of awareness by the business community on the socio-economic benefits and provisions of the EAC, AfCFTA, TFTA and COMESA integration processes. Without information on the business opportunities and markets available, most of the producers are not able to exploit their potential.

x) Weak Business Membership Organizations (BMOs)

Trade Sub-Sector being dynamic, the business membership organizations have to constantly advocate and lobby government to have their interests considered in government's policies and decisions. However, this has not been the case due to BMOs inability to effectively represent business interests in the counties.

xi) Weak Compliance with International Regulations

Kenyan exports are increasingly being subjected to increased surveillance in major markets like Europe due to non-compliance to sanitary and phyto-sanitary regulations as well as technical regulations in the region. This calls for investment in the institutions supporting plant and animal health and technical regulations to ensure our exports meet the stringent standards. This should be combined with investments in local value chains.

d) Recommendations

To ensure that the State Department contributes effectively to the attainment of targets set in the medium term and contribute to the economy, the State Department recommends the following:

- i. Increase funding for product and market development and promotion towards achieving 25% exports growth annually to reduce Balance of Trade deficit;
- ii. Operationalize KOMEX to enhance commodity value and supply chains;
- iii. Fast track enactment of various pending Bills;
- iv. Establish Commercial Centers in key markets to promote and expand market access for Kenya's products in the international market;
- v. Establish distribution channels for Kenya's products in key foreign selected markets;
- vi. Allocate funds for the operationalization of KETRA, National Trade Facilitation Council (NTFC) and National Trade Negotiation Committee (NTNC)

Hon. Betty C. Maina, EGH

CABINET SECRETARY

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT.

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3. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

The Key Result Areas identified include:

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

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

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

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Implementation Matrix and Progress on Attainment of Strategic Development Objectives

MDA Program	Objective	Outcome	Indicator	Performance
Domestic Trade Development	To operationalize Kenya Trade	Facilitate access to trade data by stakeholders.	% operationalization of Kenya	75% operational
	Portal Governance and Management Framework		e-Trade Portal Governance and Management Framework	
	To finalize the Kenya Trade Bill	Create a conducive regulatory environment for businesses to thrive	% development of Trade Bill	The Draft Trade Bill is 40% complete.
	To monitor the implementation of the 40% procurement rule.	Enhanced uptake of locally manufactured goods by MDAs	% increase in purchase of locally produced goods	Increased uptake of locally manufactured goods by MDAs by 20%. Kshs.108 Billion worth of goods was purchased by Government Agencies.
Fair Trade and Consumer Protection	To verify weighing and measuring equipment.	Promote fair trade in the Country	No. of weighing and measuring equipment at strategic national installations.	31 Weighing and Measuring equipment have been verified and a verification report prepared.
	To operationalize KETRA.	Local manufacturers protected against dumping of cheap goods.	% operationalization of KETRA	Kenya Trade Remedy Agency is 25% operational. The KETRA Board was gazetted. Human Resource instruments for Kenya Trade Remedies Agency (KETRA) developed.
	To strengthen Compliance and standards	Strengthened Compliance and standards	% approval of new weighing or measuring equipment.	Amendment of the Consumer Protection Act no. 46 of 2012 Act is ongoing as scheduled.
Regional Economic	To initiate capitalization	Improve efficiency in the	Amount of capital	The capitalization exercise was initiated to attract

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MDA Program	Objective	Outcome	Indicator	Performance
Integration Initiatives	of KOMEX.	supply chain by providing structured trading for commodities	committed by investors to the Exchange.	investment for KOMEX Limited. A few potential investors have committed to invest a total of Kshs.600 Million.
	To establish KOMEX office space.	Conducive working environment and Adequate working space for staff	Percentage establishment.	90%. Office space for KOMEX secured at Parklands KIBT Building.
	To develop Bills and Regulations for operationalization of KOMEX	Regulatory framework for establishment and operationalization of Commodities Exchanges developed	No. of Bills and Regulations enacted/gazetted	WRS regulations finalized, Commodity Market Regulations 2020 gazetted and WRS Act 2019 enacted.
International Trade	To reduce Non-Tariff Barriers (NTBs) facing Kenyan products in EAC, COMESA, AfCTA	Increased trade volumes with our trading partners.	No. of NTBs eliminated	Nine (9) NTBs eliminated
	To conduct outreach Programme/sensitization for business community on opportunities available	Informed/Knowledgeable stakeholders on opportunities and challenges of the negotiated agreements in AfCFTA, COMESA, EAC, TFTA	No. of Stakeholders sensitized on the WTO's SPS agreement and SPS related market access requirements	600 Producers/exporters sensitized on available opportunities and market requirements (buyer and regulatory) for AfCFTA, AGOA, EPA, TFTA and other bilateral markets.
	To Harmonize EAC CET Tariffs within the region to create predictability	Increased export earnings.	No. of Harmonized EAC CET Tariffs within the region to create	10 Harmonized EAC CET Tariffs

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MDA Program	Objective	Outcome	Indicator	Performance
	on tariffs		predictability on tariffs	
	To organize and coordinate inward and outbound trade and investment	Increase Foreign Direct Investment.	No. of business and investment fora organized.	Hosted a successful Source21 COMESA High Level Business Summit and International Trade Fair.
	forum.			
	To expand Market access for Kenyan goods and services	Increased exports earnings to the African market	Value of exports to Africa (Kshs. Billion)	Kshs.246B
Entrepreneurship and Management Training.	To facilitate Entrepreneurship and business counselling to MSMEs.	Improved business performance.	No. of MSMEs counselled.	The State Department undertook business training and counseling for 1950 MSMEs.
	To establish EMPRETEC Centre.	Centre Established and furnished.	Percentage establishment.	KIBT staffs were sensitized but none has been certified.
General Administration, Planning and Support.	To develop a new service charter.	Timely and efficient service delivery.	Percentage of completion.	Service Delivery Charter reviewed awaiting publication and launch.
	To coordinate preparation of National Values and Principles of Governance Report for the SDT.	Adherence to National Values and Principles of Governance.	No. of reports.	National Cohesion and Values commitments implemented. National Cohesion and Values Report developed and submitted to the Directorate of National Cohesion and Values.
	To carry out Monitoring and Evaluation of projects and Programme.	Timely implementation and reporting of projects and Programme.	No. of M&E Reports.	M&E carried out and 4 quarterly, 1 mid-year and 1 annual reports developed.

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

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4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Sustainability Strategy and Profile -

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

Global Arena.

a) Market Diversification.

Kenya's export to the world is made up of predominantly agricultural products which are semi-processed or raw in nature. The State Department is implementing strategies aimed at diversifying export products to increase export earnings by moving from the traditional export products.

b) Competition

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

c) Value Addition on Export Products.

Kenyan exports consist of unprocessed and low value added products which fetch low earnings. Export of semi-processed products such as tea and coffee which fetch low international prices has resulted into low returns from these goods. The State Department in conjunction with stakeholders is implementing strategies to ensure products are fully processed to grow the export earnings.

d) Non-Tariff Barriers.

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

National Arena

a) National Coordination Framework for Inter-County Trade Development

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

b) Counterfeit, Substandard, and Contraband Goods.

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

c) Business Regulatory Framework

The State Department is in the process of finalizing the Trade Development Bill towards creating a conducive regulatory framework to support opening and running of businesses in the Country.

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d) Access to Affordable Credit.

The State Department in collaboration with the National Treasury, is in the process of establishing the MSME Fund to ease access to credit. The Credit Guarantee Scheme was operationalized to support MSMEs in accessing credit from financial institutions.

e) Supply Chains

The State Department is in the process of operationalizing the Kenya National Multi-Commodities Exchange (KOMEX) to improve the supply chain efficiency for agricultural and non-agricultural commodities.

f) Market Infrastructure

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

g) Inter-Agency and Intra-Agency Coordination Framework

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

Employee Welfare

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

Market place practices-

- a) The State Department established a Complaints Management and Access to Information Framework and appointed officers to the Complaints Committee to address public complaints.
- b) The Corruption Prevention Committee was established to mitigate against loss of public resources and improve efficiency in provision of services. The committee developed a Corruption Risk Assessment and mitigation plan was developed. Measures emanating from the Corruption Risk Mitigation Plan were implemented.
- c) Consumer rights within the State Department are being safeguarded through the Trade Bill which is under development.

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5. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department for Trade and Enterprise Development is responsible for the preparation and presentation of the State Department's financial statements, which give a true and fair view of the state of affairs of the State Department for and as at the end of the financial year (period) ended on June 30, 2021. 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 State Department; (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; (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 and Enterprise Development accepts responsibility for the State Department'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's financial statements give a true and fair view of the state of State Department's transactions during the financial year ended June 30, 2021, and of the State Department's financial position as at that date. The Accounting Officer in charge of the State Department for Trade and Enterprise Development further confirms the completeness of the accounting records maintained for the State Department which have been relied upon in the preparation of the State Department'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 and Enterprise Development confirms that the State Department has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the State Department'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 State Department'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 Department's financial statements were approved and signed by the Accounting Officer on 28th September 2021.


Principal Secretary

Name: Amb, Johnson Weru


Deputy Accountant General

Name: CPA Milly Eve Akoth

ICPAK Member Number: 20112

REPUBLIC OF KENYA

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Enhancing Accountability

HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR TRADE AND ENTERPRISE DEVELOPMENT FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements which considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations which have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of State Department for Trade and Enterprise Development set out on pages 1 to 37, which comprise the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement

of cash flows, summary statement of appropriation - recurrent and development combined, budget execution by programmes and sub-programmes 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, 2010 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, the financial statements present fairly, in all material respects, the financial position of State Department for Trade and Enterprise Development as at 30 June, 2021, 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 comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

1.0 Government Assets

1.1 Loss of Motor Vehicles

The financial statements reflect non-current assets with a historical cost of Kshs.303,997,644, as disclosed in the summary of fixed assets register at Annex 3 of the financial statements. Included in these assets are transport equipment with a historical cost of Kshs.12,142,954, the figure includes two vehicles, registration numbers GK H604 Isuzu pick-up and GK A589T Toyota Pick-up all of unknown value, that were reported stolen at the Thika Police Station on 27 August, 2007 and the Kabete Police Station on 09 February, 2013 respectively. Although, the Management indicated that the issues are still under investigations and awaiting conclusion and recommendations of the cases from the investigating agency, the matter has taken an unexceptionally too long to conclude.

1.2 Lack of Ownership Documents for Parcel of Land in South C Nairobi

Information available and as disclosed under Annex 3 to the financial statements indicates that the State Department owns the Weights and Measures Complex in South C Nairobi, which is built on a parcel of land measuring approximately seven (7) acres of unknown value. However, the title ownership documents were not provided for audit review.

In the circumstances, it was not possible to confirm the ownership status of the parcel of land in South C Nairobi as at 30 June, 2021.

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. Budget Performance and Control

The State Department received Exchequer receipts totalling Kshs.3,401,811,887 against an approved budget of Kshs.3,450,437,732 resulting to a shortfall of Kshs.48,625,845 or 1.4% of the approved budget. Similarly, actual expenditure amounted to Kshs.3,389,289,408 against the approved budget of Kshs.3,450,437,732 resulting to an under absorption of Kshs.61,148,324 or 1.8% which occurred mainly under other grants and transfers and social security benefits as follows;

Payments	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	% Variance
Other Grants and Transfers	29,000,000	11,305,004	17,694,996	61
Social Security Benefits	3,484,858	2,859,478	625,381	18

The shortfall in budgeted receipts and under-absorption implies that the overall goals and objectives of the State Department were not achieved as planned.

2. Lack of Expenditure Returns for Disbursements to Foreign Missions

As disclosed in Note 10 to the financial statements, the statement of assets and liabilities reflects an accounts receivables balance of Kshs.31,443,610 in respect to disbursements by the State Department to foreign missions whose expenditure returns were not provided for audit review. Although the Management had previously explained that the responsibility of providing the expenditure returns for the expenditure in foreign missions lies with the Principal Secretary, Ministry of Foreign Affairs, no evidence was provided for verification showing the actions being taken by the Department to ensure that returns are made available as and when required.

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

Other Information

The Management is responsible for the other information, which comprises State Department information and overall performance, statement of performance against the State Department's predetermined objectives, corporate social responsibility statement/sustainability reporting and statement of State Department Management responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

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 matters 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. Exchequer Releases Received After Year End

The statement of receipts and payments reflects Exchequer releases amounting to Kshs.3,363,202,764, as disclosed in Note 1 to the financial statements. Included in this figure is Kshs.1,330,015,992 relating to Exchequer released by The National Treasury to the State Department for Quarter 4, which further includes Kshs.150,000,000, which was released and received on 02 July, 2021.

The delayed Exchequer releases may have affected the State Department's ability to implement its planned programmes and possible underutilization of the budget, resulting to negative impact on service delivery to the public.

2. Delayed Completion of Contract - Kenya Institute of Business Training (KIBT) Phase II

The State Department for Trade entered into a contract with a contractor for partitioning of offices for the Kenya Institute of Business Training (KIBT) at Parklands Complex at a contract sum of Kshs.146,600,150 which was to be implemented in six months commencing on 17 September, 2018 and ending on 17 March, 2019.

Review of the project file revealed that the contractor sought and obtained several extensions of time, with the first being from 17 March, 2019 to 17 May, 2019, then to 30 June, 2019 and thereafter to 24 September, 2019. However, an audit inspection carried out on the Project in the month of October, 2021 revealed that the contractor was not on site and partitioning works had not been completed.

In addition, the second basement floor of the Project was overflowing with water from underground. The Management explained that the water was pumped out regularly to avoid overflows. However, Management did not explain the measures put in place to ensure the safety of the building in view of the current water leakage and moisture in the basement floor.

No plausible explanation was provided for not completing the project within the duration provided for under the contract.

In the Circumstance, the delays may result in cost overrun and delayed occupation of the building by the State Department for purposes of provision of services to the public.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the State Department for Trade and Enterprise Development financial reporting process, reviewing the effectiveness of how the State Department 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 which includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control which 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 which would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the State Department's ability 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 sustaining 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 which 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 December, 2021

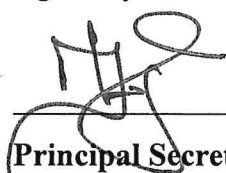


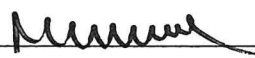
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7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
RECEIPTS			
Exchequer releases	1	3,363,202,764	2,701,009,602
Other Receipts	2	38,609,123	30,107,468
TOTAL RECEIPTS		3,401,811,887	2,731,117,070
PAYMENTS			
Compensation of Employees	3	476,768,501	388,668,604
Use of goods and services	4	425,264,212	392,864,803
Transfers to Other Government Entities	5	2,417,654,293	1,624,938,247
Other grants and transfers	6	11,305,004	11,335,704
Social Security Benefits	7	2,859,478	4,697,145
Acquisition of Assets	8	55,437,920	197,674,324
TOTAL PAYMENTS		3,389,289,408	2,620,178,826
SURPLUS		12,522,479	110,938,244

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 28TH September 2021 and signed by:


Principal Secretary
Name: Amb, Johnson Weru


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

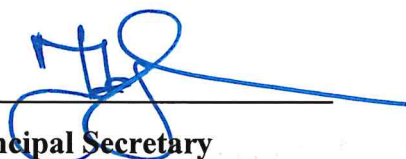


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8. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9A	26,900,368	164,001,293
Cash Balances	9B	1,456,964	334,271
Total Cash and cash equivalent		28,357,331	164,335,564
Accounts Receivables	10	31,443,610	20,380,584
TOTAL FINANCIAL ASSETS		59,800,941	184,716,148
FINANCIAL LIABILITIES			
Accounts Payables	11	26,897,879	52,069,994
NET FINANCIAL ASSETS		32,903,062	132,646,154
REPRESENTED BY			
Fund balance b/fwd	12	132,646,154	34,176,767
Prior year adjustment	13	(112,265,570)	(12,468,857)
Surplus/Deficit for the year		12,522,479	110,938,244
NET FINANCIAL POSSITION		32,903,062	132,646,154

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 28Th September 2021 and signed by:


Principal Secretary

Name: Amb, Johnson Weru



Deputy Accountant General

Name: CPA Milly Eve Akoth

ICPAK Member Number: 20112

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
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9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2021

		2020-2021	2019 -2020
		Kshs	Kshs
Receipts for operating income			
Exchequer Releases	1	3,363,202,764	2,701,009,602
Other Receipts	2	38,609,123	30,107,468
Payments for operating expenses			
Compensation of Employees	3	476,768,501	388,668,604
Use of goods and services	4	425,264,212	392,864,803
Transfers to Other Government Units	5	2,417,654,293	1,624,938,247
Other grants and transfers	6	11,305,004	11,335,704
Social Security Benefits	7	2,859,478	4,697,145
Adjusted for:			
Adjustments during the year			
Decrease/(Increase) in Accounts Receivable	14	(11,063,026)	3,160,989
Increase/(Decrease) in Accounts Payable	15	(25,172,115)	39,917,569
Prior Year Adjustments	13	(112,265,570)	(12,468,857)
Net cash flow from operating activities			
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	(55,437,920)	(197,674,324)
Net cash flows from Investing Activities		(55,437,920)	(197,674,324)
CASHFLOW FROM BORROWING ACTIVITIES			
NET INCREASE IN CASH AND CASH EQUIVALENT		(135,978,232)	141,547,945
Cash and cash equivalent at BEGINNING of the year		164,335,564	22,787,619
Cash and cash equivalent at END of the year	9A+9B	28,357,332	164,335,564

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 28th September 2021 and signed by:


Principal Secretary

Name: Amb, Johnson Weru


Deputy Accountant General

Name: CPA Milly Eve Akoth

ICPAK Member Number: 20112

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
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10. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

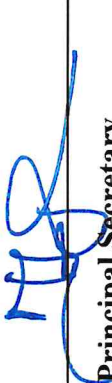
Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	2,468,705,619	940,032,114	3,408,737,732	3,363,202,764	45,534,968	99%
Other Receipts	20,850,000	20,850,000	41,700,000	38,609,123	3,090,877	93%
TOTAL RECEIPTS	2,489,555,619	960,882,114	3,450,437,732	3,401,811,887	48,625,845	99%
PAYMENTS						
Compensation of Employees	263,790,740	209,200,000	472,990,740	476,768,501	(3,777,761)	101%
Use of goods and services	235,672,074	189,596,712	425,268,786	425,264,212	4,574	100%
Transfers to Other Government Units	1,916,705,765	541,465,000	2,458,170,765	2,417,654,293	40,516,472	98%
Other grants and transfers	14,500,000	14,500,000	29,000,000	11,305,004	17,694,996	39%
Social Security Benefits	1,742,429	1,742,429	3,484,858	2,859,478	625,381	82%
Acquisition of Assets	57,144,611	4,377,973	61,522,583	55,437,920	6,084,663	90%
TOTAL PAYMENTS	2,489,555,619	960,882,114	3,450,437,732	3,389,289,408	61,148,324	98%

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Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Surplus/ Deficit	-	-	-	12,522,479	(12,522,479)	

- i. The underutilization of other Grants and Transfers by 61% was as a result of the Foreign Attaches from Berlin and Washington completing their term and therefore, reporting back with their families to the country in the middle of 2020/2021 Financial Year resulting under absorption of the budget and Covid 19 pandemic which affected schools and colleges.
- ii. There was an over utilization under the compensation of employees by 1% which was resulted by budget cuts and the succession promotions of officers across various cadres which were not anticipated
- iii. The underutilization of Social Security Benefit by 18% was occasioned by ravages of covid 19 pandemic which affected so many activities of the State Department.

The entity financial statements were approved on 28th September 2021 and signed by:


Principal Secretary

Name: Amb, Johnson Weru


Deputy Accountant General

Name: CPA Milly Eve Akoth

ICPAK Member Number: 20112

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
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11. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	1,183,156,614	940,032,114	2,123,188,727	2,121,573,912	1,614,815	100%
Other Receipts	20,850,000	20,850,000	41,700,000	38,609,123	3,090,877	93%
TOTAL RECEIPTS	1,204,006,614	960,882,114	2,164,888,727	2,160,183,035	4,705,692	100%
PAYMENTS						
Compensation of Employees	263,790,740	209,200,000	472,990,740	476,768,501	(3,777,761)	101%
Use of goods and services	226,172,074	189,596,712	415,768,786	415,770,012	(1,226)	100%
Transfers to Other Government Units	690,656,760	541,465,000	1,232,121,760	1,236,827,749	(4,705,989)	100%
Other grants and transfers	14,500,000	14,500,000	29,000,000	11,305,004	17,694,996	39%
Social Security Benefits	1,742,429	1,742,429	3,484,858	2,859,478	625,381	82%
Acquisition of Assets	7,144,611	4,377,973	11,522,583	5,438,220	6,084,363	47%
TOTAL PAYMENTS	1,204,006,614	960,882,114	2,164,888,727	2,148,968,963	15,919,764	99%
Surplus/Deficit	-	-	-	11,214,072	(11,214,072)	

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- i. The underutilization of other Grants and Transfers by 61% was as a result of the Foreign Attaches from Berlin and Washington completing their term and therefore, reporting back with their families to the country in the course of the 2020/2021 Financial Year resulting under absorption of the budget and Covid 19 pandemic which affected schools and colleges hence some items affected since the item is under scholarships and other education benefits.
- ii. There was an over utilization under the compensation of employees by 1% which was resulted by budget cuts and the succession promotions of officers across various cadres which were not anticipated
- iii. The underutilization of the Social Security Benefit of 18% was occasioned by ravages of covid 19 pandemic which affected so many activities of the State Department.
- iv. The underutilization of Acquisition of Assets of 53% was as a result of Covid 19 pandemic which hindered a lot of business activities.

The entity financial statements were approved on 28th September 2021 and signed by:


Principal Secretary

Name: Amb Johnson Weru



Deputy Accountant General

Name: CPA Milly Eve Akoth

ICPAK Member Number: 20112

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
State Department for Trade and Enterprise Development
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12. 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	1,285,549,005	-	1,285,549,005	1,241,628,852	43,920,153	97%
TOTAL RECEIPTS	1,285,549,005	-	1,285,549,005	1,241,628,852	43,920,153	97%
PAYMENTS						
Use of goods and services	9,500,000	-	9,500,000	9,494,200	5,800	100%
Transfers to Other Government Units	1,226,049,005	-	1,226,049,005	1,180,826,545	45,222,460	96%
Acquisition of Assets	50,000,000	-	50,000,000	49,999,700	300	100%
TOTAL PAYMENTS	1,285,549,005	-	1,285,549,005	1,240,320,445	45,228,560	96%
Surplus/Deficit	-	-	-	1,308,407	(1,308,407)	

The entity financial statements were approved on 28th September 2021 and signed by:


Principal Secretary

Name: Amb, Johnson Weru


Deputy Accountant General

Name: CPA Milly Eve Akoth

ICPAK Member Number: 20112

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13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
3070000000		Trade Development and Promotion	3,450,437,732	3,389,289,408	61,148,324
	307010000	Domestic Trade Development	1,567,754,385	1,522,279,808	45,474,577
	307020000	Fair Trade and Consumer Protection	475,531,008	472,981,098	2,549,910
	307040000	Regional Economic Integration Initiatives	60,791,200	61,627,585	(836,385)
	307050000	Entrepreneurial and Management Training	90,434,699	90,241,698	193,001
	307060000	International Trade	422,152,988	403,204,133	18,948,855
	307080000	General Administration, Planning and support services	317,173,452	324,822,043	(7,648,591)
	307100000	Export Market Development, Promotion and National Branding	516,600,000	514,133,043	2,466,957
		Grand Total	3,450,437,732	3,389,289,408	61,148,324

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

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 off 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.

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i) 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

ii) 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.

iii) 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 2021, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

iv) Other receipts

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

b) Recognition of payments

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

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i) Compensation of Employees

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

ii) 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.

iii) Interest on Borrowing

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

iv) 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.

v) 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

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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.

a) 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 2021, this amounted to Kshs 26,897,879 compared to KShs 52,069,994 in prior period as indicated on Note 11. There were no other restrictions on cash during the year

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.

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9. Accounts Payable

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

10. Pending Bills

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for Imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2021 for the period 1st July 2020 to 30th June 2021 as required by Law and there were two supplementary adjustments to the original budget during the year.

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

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

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12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021.

14. Errors

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

15. Related Party Transactions

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

16. Contingent Liabilities

Section 148 (9) of the PFM Act regulations 2015 requires the Accounting officer of a National Government entity to report on the payments made, or losses incurred, by the National government entity to meet contingent liabilities as a result of loans during the financial year.

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

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- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, and indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The department does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

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15. NOTES TO THE FINANCIAL STATEMENTS

1 Exchequer Releases

Description	2020-2021	2019-2020
	Kshs	Kshs
Total Exchequer Releases for quarter 1	599,307,523	259,615,600
Total Exchequer Releases for quarter 2	500,227,606	600,936,598
Total Exchequer Releases for quarter 3	933,651,643	1,239,535,261
Total Exchequer Releases for quarter 4	1,330,015,992	600,922,143
Total	3,363,202,764	2,701,009,602

2 Other Receipts

Description	2020-2021	2019-2020
	Kshs	Kshs
Receipts received from Administrative Fees and Charges- Collected as AIA	38,609,123	30,107,468
Total	38,609,123	30,107,468

ANALYSIS OF AIA COLLECTED

S/NO	NAME OF AGENCY	AMOUNT COLLECTED
1	Kenya Institute of Business Training	339,860
2	Department of Weights& Measures	3,236,220
3	Anti-Counterfeit Agency	20,000,000
4	KEPROBA	12,533,043
5	Micro and Small Enterprise Authority	2,500,000
TOTAL		38,609,123

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 Compensation of Employees

Description	2020-2021	2019-2020
	Kshs	Kshs
Basic Salaries for employees	271,539,680	240,000,648
Personal Allowances paid as Part of Salaries	205,228,821	148,667,955
TOTAL	476,768,501	388,668,603

4 Use of Goods and Services

	2020-2021	2019-2020
	Kshs	Kshs
Utilities, supplies and services	13,165,728	19,151,332
Communication, supplies and services	14,376,464	8,100,829
Domestic travel and subsistence	68,334,495	47,219,432
Foreign travel and subsistence	33,854,671	30,417,434
Printing, advertising and information supplies & services	4,725,708	7,649,227
Rentals of produced assets	131,229,333	143,657,085
Training expenses	4,419,100	10,431,959
Hospitality supplies and services	42,245,210	18,796,493
Insurance costs	1,599,999	2,830,500
Specialized materials and services	4,916,550	9,531,122
Office and general supplies and services	8,542,293	7,968,330

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Fuel Oil and Lubricants	8,441,539	7,088,493
Other operating expenses	81,772,008	70,128,655
Routine maintenance – vehicles and other transport equipment	3,946,725	4,507,408
Routine maintenance – other assets	2,694,388	4,636,461
Exchange Rate Losses	999,999	750,044
Total	425,264,212	392,864,803

5 (a) Grants and Transfers to Other Government Entities

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to National Government entities		
Current grants to government agencies and other level of government	1,236,827,749	894,938,247
Capital grants to government agencies and other level of government	1,180,826,545	730,000,000
TOTAL	2,417,654,293	1,624,938,247

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 (b) Transfers to other entities in the year

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

Description	Recurrent	Development	AIA Collected	Grand Total 2020-2021
	Kshs	Kshs	Kshs	
Transfers to SAGAs				
MSEA (<i>Self reporting</i>)	266,531,760	1,180,826,543	2,500,000	1,449,858,303
ANTI-COUNTERFEIT AGENCY (<i>Self reporting</i>)	360,490,000	-	20,000,000	380,490,000
KEPROBA (<i>Self reporting</i>)	501,600,000	-	12,533,043	514,133,043
KETRA (<i>under Head Quarters</i>)	26,981,865	-	-	26,981,865
KECOPAC (<i>under Head Quarters</i>)	46,191,083	-	-	46,191,083
TOTAL	1,201,794,708	1,180,826,543	35,033,043	2,417,654,293

We have confirmed these amounts with the recipient Self Reporting entities and attached these confirmations.

See hereby attached (Appendix 1)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 Other Grants and Transfers

Explanation	2020-2021	2019-2020
	Kshs	Kshs
Scholarships and other educational benefits	11,305,004	11,335,704
Total	11,305,004	11,335,704

7 Social Security Benefits

Explanation	2020-2021	2019-2020
	Kshs	Kshs
Government pension and retirement benefits	2,859,478	4,697,145
Total	2,859,478	4,697,145

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

S/NO	NAME	DESCRIPTION	AMOUNT
1	Joyce Ocholla Ogundo	Service Gratuity	1,055,221
2	Osman Warfa	Service Gratuity	1,324,791
3	Michael Onyancha	Service Gratuity	479,466
			2,859,478

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8 Acquisition of Assets

<u>Non -Financial Assets</u>	2020-2021	2019-2020
	Kshs	Kshs
Refurbishment of Buildings	1,119,352	146,606,706
Purchase of Household Furniture and Institutional Equipment	2,159,600	124,920
Purchase of Office Furniture and General Equipment	1,366,290	1,038,980
Purchase of Specialized Plant, Equipment and Machinery	792,978	4,668,986
Research, Studies, Project Preparation, Design & Supervision	49,999,700	45,234,732
Total	55,437,920	197,674,324

9 (a) Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency)	2020-2021	2019-2020
				Kshs	Kshs
Central Bank of Kenya,1000303085,KShs	KSHS	RECURRENT	-	99	8,975,119
Central Bank of Kenya, 1000303093,KShs	KSHS	DEVELOPMENT	-	2,390	102,956,179
Central Bank of Kenya, 1000303107,KShs	KSHS	DEPOSIT	-	26,897,879	52,069,994
Total				26,900,368	164,001,293

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9 (b) cash in hand

	2020-2021	2019-2020
	Kshs	Kshs
Cash in Hand – Held in domestic currency	1,456,964	334,271
Total	1,456,964	334,271

Cash in hand is analysed as follows:

	2020-2021	2019-2020
	Kshs	Kshs
Location 1 (Head Quarters C/Office)	1,456,964	334,271
Total	1,456,964	334,271

*(Attached herewith please find the Board of survey **Appendix 2)***

*(Copies of cashbook extracts for Development, Recurrent and Deposit **Appendix 3)***

*(Copies of bank statements **Appendix 4)***

*(Copies of Bank Certificate **Appendix 5)***

10 Accounts Receivable

Description	2020-2021	2019-2020
	Kshs	Kshs
Government Imprest	-	-
Foreign Mission	31,443,610	20,380,584
Total	31,443,610	20,380,584

*(Attached herewith please find analysis of the Foreign Missions **Appendix 6)***

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11. Accounts Payable

Description	2020-2021	2019-2020
	Kshs	Kshs
Deposits	26,897,879	52,069,994
Total	26,897,879	52,069,994

The above deposit balance comprises of Retention Money due to Contractors of KShs 21,303,831.65 and Regional Integration Implementation Program of KShs 5,594,047.35.

(Attached herewith please find the analysis of the Deposit Balance Appendix 7)

12. Fund Balance Brought Forward

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank accounts	164,001,293	22,632,381
Cash in hand	334,271	155,238
Accounts Receivables	20,380,584	23,541,573
Accounts Payables	(52,069,994)	(12,152,425)
Total	132,646,154	34,176,767

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13. Prior Year Adjustments

	Balance B/f	Adjustments	Adjusted **
	FY 2019/2020 as per audited financial statements	during the year relating to prior periods	Balance b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	164,001,293	(111,931,298)	52,069,994
Cash in hand	334,271	(334,271)	
Accounts Payables	20,380,584	-	20,380,584
Receivables	(52,069,994)	-	(52,069,994)
	132,646,154	(112,265,570)	20,380,584

The prior year Adjustments relate to Bank Balance swept to the exchequer, salary advances, Imprest, foreign mission surrendered during the year which result in the fund balance brought forward.

14.(Increase)/ Decrease in Receivable

	2020-2021	2019-2020
	Kshs	Kshs
Receivables as at 1 st July (a)	20,380,584	23,541,573
Receivables as at 30 th June (b)	31,443,610	20,380,584
Increase)/ Decrease in Receivables (c=(b-a))	(11,063,026)	3,160,989

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15. Increase/ (Decrease) in Accounts Payable

	2020-2021	2019-2020
	Kshs	Kshs
Payables as at 1 st July	52,069,994	12,152,425
Payables as at 30 th June	26,897,879	52,069,994
Increase/ (Decrease) in payables	(25,172,114)	39,917,569

16. 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 department

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

Related party transactions:

	2020-2021	2019-2020
	Kshs	Kshs
<u>Transfers to related parties</u>		
Transfers to other MDAs	2,417,654,293	1,624,938,247
Total Transfers to related parties	2,417,654,293	1,624,938,247
<u>Transfers from related parties</u>		
Transfers From The National Treasury – Exchequer	3,363,202,764	2,701,009,602
Total Transfers from related parties	3,363,202,764	2,701,009,602

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17. Other Important Disclosures

17.1: Pending Accounts Payable

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Supply of goods	934,198	75,966,100	62,798,309	14,101,989
Supply of services	19,999,800	107,045,965	105,191,239	21,854,526
Total	20,933,998	183,012,065	167,989,548	35,956,515

17.2: Other Pending Payables

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to third parties	52,069,995	11,553,709	(36,725,825)	26,897,879
Total	52,069,995	11,553,709	(36,725,825)	26,897,879

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

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1364	Cash and cash equivalent ; the statement of assets and liabilities showing items not reconciled between the cashbook, bank and ledger	Reconciliation undertaken in the period after closure of the financial year therefore cleared.	Resolved	
1365	Unsupported adjustments on Acquisition of assets	Journal and Account Analysis provided	Resolved	
1366	Unsupported Communication Supplies and services expenditure	Late submission of the Foreign Expenditure returns for the item however submitted with the account analysis	Resolved	
1367	Non-compliance with the reporting template	The prior year matters erroneously omitted from the Financial Statement	Resolved	

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Sl/NO	Supplier of Goods or Services	Original Amount	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
11.	HARDWELL SUPPLIER	757,730	0	757,730	0	insufficient funds to pay
12.	HARDWELL ENTERPRISE	167,650	0	167,650	0	insufficient funds to pay
13.	PHILSAM AGENCIES	167,500	0	167,500	0	insufficient funds to pay
14.	WELL ENDOWED COMPANY	167,500	0	167,500	0	insufficient funds to pay
15.	THE KENETOS GENERAL SUPPLIES	2,793,000	0	2,793,000	0	insufficient funds to pay
16.	FRANCIS MUNGAI	202,440	0	202,440	0	insufficient funds to pay
17.	MFI DOCUMENT SOLUTIONS	579,500	0	579,500	0	insufficient funds to pay
18.	COMPUTER WAYS LTD	1,265,310	0	1,265,310	0	insufficient funds to pay
19.	VISROM COMPANY LTD	2,076,122	0	2,076,122	0	insufficient funds to pay
20.	DYLANNS SUPPLIES	78,000	0	78,000	0	insufficient funds to pay
21.	GORDIAN AUTO SUPPLIES	485,780	0	485,780	0	insufficient funds to pay
22.	TRANSAPLA LIMITED	217,000	0	217,000	0	insufficient funds to pay
23.	MECHANICAL AND TRANSPORT FUND	40,300	0	40,300	0	insufficient funds to pay
24.	EUTYCHIA GENERAL SUPPLIES	133,500	0	133,500	0	insufficient funds to pay
25.	BEN CARSONS	113,708	0	113,708	0	insufficient funds to pay

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Sub-Total		14,101,989	0	14,101,989	0	
Supply of services						
26.	AKARIM AGENCIES COMPANY	28,650	0	28,650	0	insufficient funds to pay
27.	AKARIM AGENCIES COMPANY	75,600	0	75,600	0	insufficient funds to pay
28.	AKARIM AGENCIES COMPANY	72,930	0	72,930	0	insufficient funds to pay
29.	AKARIM AGENCIES COMPANY	120,620	0	120,620	0	insufficient funds to pay
30.	AKARIM AGENCIES COMPANY	28,650	0	28,650	0	insufficient funds to pay
31.	LAKE NAIVASHA SIMBA LODGE	223,100	0	223,100	0	insufficient funds to pay
32.	ATTIC TOURS AND TRAVEL LIMITED	75,700	0	75,700	0	insufficient funds to pay
33.	GLOBUS TOURS AND TRAVEL LIMITED	38,900	0	38,900	0	insufficient funds to pay
34.	AFTER 40 HOTEL LTD.	84,000	0	84,000	0	insufficient funds to pay
35.	SIRIKWA HOTEL ELDORET	195,000	0	195,000	0	insufficient funds to pay
36.	BOMA INN HOTEL	205,600	0	205,600	0	insufficient funds to pay
37.	AGRICULTURAL SOCIETY OF KENYA	82,940	0	82,940	0	insufficient funds to pay

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S/N/O	Supplier of Goods or Services	Original Amount	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
38.	KICC	3,115,200	0	3,115,200	0	insufficient funds to pay
39.	GOVERNMENT PROTECTION SECURITY OFFICE	645,420	0	645,420	0	insufficient funds to pay
40.	LAVINGTON SECURITY	156,000	0	156,000	0	insufficient funds to pay
41.	TELEPOSTA PENSION SCHEME	7,300,000	0	7,300,000	0	insufficient funds to pay
42.	MASHARIKI COMMUNICTIONS	820,800	0	820,800	0	insufficient funds to pay
43.	ANGANI TOURS AND TRAVEL	65,505	0	65,505	0	insufficient funds to pay
44.	NAIROBI SERENA HOTEL	158,150	0	158,150	0	insufficient funds to pay
45.	AKARIM AGENCIES COMPANY	342,000	0	342,000	0	insufficient funds to pay
46.	KICC	4,531,250	0	4,531,250	0	insufficient funds to pay
47.	TIN TIN RESTAURANT	132,000	0	132,000	0	insufficient funds to pay
48.	WAGONJI AGENCIES	600,000	0	600,000	0	insufficient funds to pay
49.	NATION MEDIA GROUP	300,000	0	300,000	0	insufficient funds to pay
50.	TIN TIN RESTAURANT	40,000	0	40,000	0	insufficient funds to pay
51.	TUSMO TRAVLEERS AND TOURS	32,000	0	32,000	0	insufficient funds to pay
52.	PS- STATE DEPARTMENT FOR LIVESTOCK	81,600	0	81,600	0	insufficient funds to pay

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S/NO	Supplier of Goods or Services	Original Amount	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
53.	PS- STATE DEPARTMENT FOR LIVESTOCK	145,250	0	145,250	0	insufficient funds to pay
54.	JIBILEE INSURANCE	412,361	0	412,361	0	insufficient funds to pay
55.	BURCH'S RESORT NAIVASHA	300,000	0	300,000	0	insufficient funds to pay
56.	MERICA HOTEL NAKURU	305,600	0	305,600	0	insufficient funds to pay
57.	MASADA HOTEL NAIROBI	361,000	0	361,000	0	insufficient funds to pay
58.	LAKE NAIVASHA RESORT LTD	352,700	0	352,700	0	insufficient funds to pay
59.	LAKE NAIVASHA RESORT LTD	286,000	0	286,000	0	insufficient funds to pay
60.	BURCH'S RESORT NAIVASHA	140,000	0	140,000	0	insufficient funds to pay
	Sub-Total	21,854,526	0	21,854,526	0	
KIBT PARKLANDS PENDING CERTIFICATES						
61	BENRIS	3,360,492	0	3,360,492	0	No Budget Allocation
62	CEBETH	3,092,950	0	3,092,950	0	No Budget Allocation
63	KAPUTTEI	9,224,360	0	9,224,360	0	No Budget Allocation
64	MUGA	1,527,992	0	1,527,992	0	No Budget Allocation
65	INFINITY	6,742,910	0	6,742,910	0	No Budget Allocation

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Sl./NO	Supplier of Goods or Services	Original Amount	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
66	MASTER POWER SYSTEMS	414,434	0	414,434	0	No Budget Allocation
67	ELEVATORS	960,000	0	960,000	0	No Budget Allocation
68	MASTER POWER SYSTEMS	2,401,859	0	2,401,859	0	No Budget Allocation
69	GLAMA	864,745	0	864,745	0	No Budget Allocation
70	ELEVATORS	1,470,250	0	1,470,250	0	No Budget Allocation
71	TROPICAL COOLING SYSTEMS	3,466,300	0	3,466,300	0	No Budget Allocation
	Sub Total	33,526,293	0	33,526,293	0	
	Grand Total	69,482,808	0	69,482,808		

ANNEX 2 - ANALYSIS OF OTHER PENDING PAYABLES

(See Appendix 7 Attached)

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ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/2020	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 2020/21
Buildings and structures	233,181,886	51,119,052	-	-	284,300,938
Transport equipment	11,349,976	792,978	-	-	12,142,954
Office equipment, furniture and fittings	4,027,862	3,525,890	-	-	7,553,752
Total	248,559,724	55,437,920	-	-	303,997,644

NB: *The State Department owns two pieces of land as follows:-*

1. *Kenya Institute of Business Training Land at Parklands - L.R No.209/67/5*
2. *Weights and Measures Complex Land 7 acres plot at South C along Popo Road -209/10474 Industrial Area Off Mombasa Road*

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ANNEX 4 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER STATE DEPARTMENT FOR TRADE AND ENTERPRISE DEVELOPMENT

Ref	SC, SAGA or Public Fund's name	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Anti-Counterfeit Agency	To enlighten and inform the public on matters relating to counterfeiting, combat trade and other delays in counterfeit goods.	Fridah Kaberia	380,490,000	YES
2	Kenya Export Promotions and Branding Agency	To facilitate exporters and producers of export goods and services to overcome bottlenecks in order to achieve higher levels of export performance.	Dr Wifred M arube	514,133,043	YES
3	Micro & Small Enterprise Authority	To promote the development of competitive and sustainable Micro and Small Enterprises	Henry M. Rithaa	1,449,858,303	YES
4	Kenya Trade Remedies Agency	To investigate and evaluate allegations of dumping and subsidization of imported products to the country.	Samuel Chemisto	26,981,865	YES
5	Kenya Consumer Protection Agency	To protect consumers and prevent unfair trade practices in consumer transactions	Redemptor Oyeyo	46,191,083	YES

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ANNEX 5- REPORTS GENERATED FROM IFMIS

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

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

ANNEX 6- OTHER DISCLOSURES

- i. Appendix 1- Confirmation of SAGAs Disbursement
- ii. Appendix 2-Board of Survey Report
- iii. Appendix 3-Copies of Cash Book Extracts
- iv. Appendix 4-Copies of Bank Statement
- v. Appendix 5-Copies of Bank Certificates
- vi. Appendix 6-Foreign Mission Analysis
- vii. Appendix 7-Deposit Analysis
- viii. Fixed Asset register

