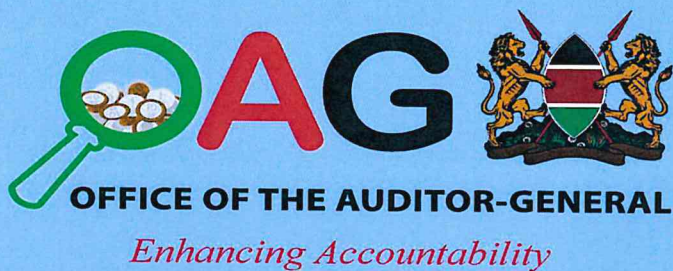


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE OF 3 DEC 2020

DAY
THURSDAY

TABLED
BY:

LOM

THE AUDITOR-GENERAL

ON

**STATE DEPARTMENT FOR SHIPPING
AND MARITIME**

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

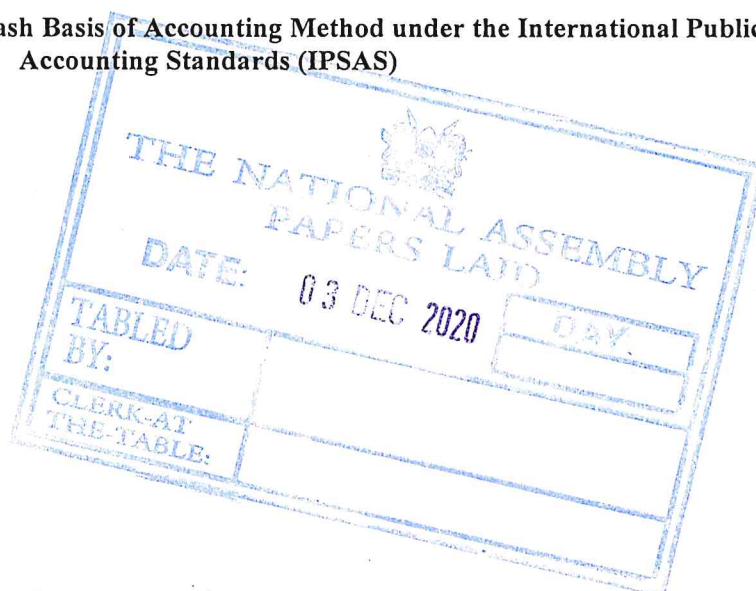


STATE DEPARTMENT FOR SHIPPING AND MARITIME

REPORTS AND FINANCIAL STATEMENTS

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

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



STATE DEPARTMENT FOR SHIPPING AND MARITIME
Reports and Financial Statements
For the year ended June 30, 2019

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STATE DEPARTMENT FOR SHIPPING AND MARITIME
Reports and Financial Statements
For the year ended June 30, 2019

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The *State Department for Shipping and Maritime* was established through an Executive Order No. 1/2016 of May 2016. At cabinet level, the *State Department for Shipping and Maritime* is represented by the Cabinet Secretary for Ministry of Transport, Infrastructure, Housing & Urban Development and Public Works who is responsible for the general policy and strategic direction of the *State Department for Shipping and Maritime*.

Our Vision

A leader in the promotion of maritime and shipping affairs

Our Mission

To promote and develop Maritime and Shipping Industry in Kenya through policy formulation and implementation, coordination and fostering regional and global cooperation.

Our Mandate

- Promotion of Maritime and Shipping Industry;
- Ship Registration in Kenya;
- Marine Cargo Insurance;
- Establishment of Effective Admiralty Jurisdiction;
- Development of a Central Data and Information Centre; and
- Human Resource Development, Management and Research in Support of Kenya's Shipping Industry; and
- Monitoring and advising on usage of Kenya's Exclusive Economic Zone in collaboration with other actors.

Core Values

The State Department is committed to upholding the following values: Good Governance; Integrity; Transparency and Accountability; High standards of Professional Ethics; Efficient, Effective and Economic use of Resources; Responsive, Prompt, Effective, Impartial and Equitable Provision of Services.

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019

(b) Key Management



James W. Macharia, EGH
Cabinet Secretary,
Ministry of Transport,
Infrastructure, Housing,
Urban Development &
Public Works

Mr. James W. Macharia, EGH is the Cabinet Secretary for Transport, Infrastructure, Housing Urban Development and Public Works. Prior to this appointment Mr. Macharia was Cabinet Secretary, Ministry of Health. Prior to joining government, Mr. Macharia had undertaken various leadership roles in the financial and banking industries, including the appointment as Group Managing Director of a listed banking institution. Mr. Macharia is a Chartered Accountant with the Institute of Chartered Accountants in England and Wales, Certified Public Accountant with Institute of Certified Public Accountants; he holds a Bachelor of Commerce degree and an MBA from Henley Management College, UK.



Mrs. Nancy Karigithu,
CBS
PS – State Department for
Maritime & Shipping

Mrs. Nancy Karigithu, CBS assumed the position of Principal Secretary, State Department for Maritime & Shipping in May 2016. She has a working experience of 30 years, 26 of them in the maritime industry. She holds a Bachelor's degree in law from the University of Nairobi and a master's degree in International Maritime law from the IMO International Maritime Law Institute, Malta. She was the Director General (DG) of Kenya Maritime Authority (KMA) where she served as such for nine (9) years. She also served as the Chair of the International Maritime Authority (IMO) for three (3) terms and she currently sits on the Board of Governors of the World Maritime University (WMU), based in Malmo, Sweden.



Ms. Josephine A. A. Onunga
Secretary Administration
State Department for Maritime and
Shipping

Ms' Josephine A. A. Onunga joined the State Department for Maritime and Shipping as the Secretary Administration to head Administrative Services in January 2019. She has a work experience spanning 25 years in Government. In Central Government, at the Ministry of Education, Ministry of Water and Irrigation and most recently State Department for Industrialization. She has served in the field for some years in Provincial Administration, and recently in National Government Administration in the Ministry of Interior for over 10 years. She holds a Bachelor of Arts Degree in Political Science, Public Administration and Economics from Osmania University, Hyderabad, India.

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019



CPA John Bogonko (Mr)
Assistant Accountant General
State Department for
Maritime and Shipping
Head of Accounting services

CPA John Bogonko (Mr.) assumed the position of Head of Accounting Unit, State Department for Maritime & Shipping in December 2018 and is responsible for prudent public financial management. He has a working experience of 21 years in the public service. He is a Certified Public Accountant of Kenya (CPA-K).

The *State Department for Shipping and Maritime* day-to-day management is under the following key organs:

- Cabinet Secretary-James Wainaina Macharia, EGH;
- Principal Secretary-Nancy Wakarima Karigithu, CBS;
- Senior Management;
 - Josephine A.A. Onunga- Head Administrative Services
 - John M. Bogonko- Head Accounting Services
 - Daniel Mwaura- Head Economic, Planning & Statistics
 - David M. Kitalinga-Head Supply Chain Management
 - Francis Muraya –Head Human Resource Management
 - Joash O. Akuma- Head Finance Services

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	- Nancy Wakarima Karigithu, CBS
2.	Head Accounting Services	- John M. Bogonko, CPA
3.	Head Human Resource	- Francis Muraya
4.	Head Supply Chain	- David M. Kitalinga
5.	Head Finance Services	-Joash O. Akuma

(d) Fiduciary Oversight Arrangements

Audit and finance committee activities

Ministerial Audit Committee

Parliamentary committee activities

KENAO & PAC

Other oversight activities

Internal Audit

(e) Entity Headquarters

P.O. Box 52692-00200
Transcom House Annex
Nairobi, KENYA

Entity Contacts

Telephone: (020) 2729200
E-mail: psmaritimeshipping@gmail.com
Website: www.transport.go.ke

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019

(f) Entity Bankers

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

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

II. FORWARD BY THE CABINET SECRETARY

During the period under review, the department was allocated Ksh. 257,301,767.00 and spent Ksh. 241,847,559.00 representing 94% absorption. Personnel emoluments were allocated Ksh 74,660,000.00 and spent Ksh. 73,615,121.00 representing 99% absorption rate.

Use of goods and services was allocated Ksh 96,373,856.00 and spent Ksh 86,282,596.00 representing 90% absorption while transfers were allocated Ksh 44,590,000.00 and utilized Ksh 44,590,000.00 representing 100% absorption rate.

In pursuit of her mandate the State Department will ensure prudent Financial Management in accordance with Public Finance Management (PFM) Act. We further call upon the National Treasury to upscale the allocation of the department. Further, the Department will seek for both Technical and Support Staff in order to fully operationalize the department. Capacity building to the existing staff will also be undertaken to further improve the Department's capacity to achieve its objectives.

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

Actual Performance against Budget for Year 30th June 2019

Financial Performance	Printed Estimates	Actual	Variance	%
Total Receipts	257,301,767	247,739,582	9,562,185	96%
Total Payments	257,301,767	241,847,558	15,454,209	92%
Surplus		5,892,024	(5,892,024)	

Key Achievements

Major achievements for the State Department during the FY 2018/2019 included:

- Finalization of the Departmental and the Kenya National Shipping Line Strategic plans;
- conducted (2) stakeholders/sensitization/awareness campaigns on potentials in the blue economy;
- Participated in developing Seafarers' wage council;
- Prepared a draft National Maritime Spatial Plan;
- Prepared a draft National Maritime Transport Policy;
- 62 seafarers passed out and were recruited by the MSC; and
- Operationalized Bandari Maritime Academy by preparing de-linking documents

Emerging Issues.

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019

The successful hosting of the Sustainable Blue Economy Conference in November 2018 catapulted Kenya's image in the international arena. Building on this and in recognition of immense potentials in the maritime shipping sub sector and the Blue Economy Sector in general, the government has operationalized Bandari Maritime Academy by preparing de-linking documents so as to make it the premier institution in maritime related studies in the region. Further, the merchant shipping Act has been amended to support the revival of the KNSL which is crucial in ensuring the growth of Kenya's maritime economy.

Challenges.

Among the major challenges faced by the Ste Department include:

- Inadequate funding;
- Inadequate technical and support staff;
- Limited office space;
- Inadequate office equipment; and
- Legislative gaps.

Recommended Way Forward.

In pursuit of her mandate the State Department will ensure prudent Financial Management in accordance with Public Finance Management (PFM) Act. In addition, the Department is in the process of engaging Technical and Support Staff and move to the new premises at the NSSF Annex building in order to fully operationalize the department. Capacity building to the existing staff will also be undertaken to further improve the Department's capacity to achieve its objectives.

Sign



JAMES W. MACHARIA, EGH

Cabinet Secretary

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

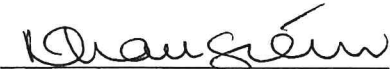
The Accounting Officer in charge of the *State Department for Shipping and Maritime* is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended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

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

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

Approval of the financial statements

The *State Department for Shipping and Maritime's* financial statements were approved and signed by the Accounting Officer on 2nd Dec 2019.



Principal Secretary

Name: NANCY W. KARIGITHU, CBS



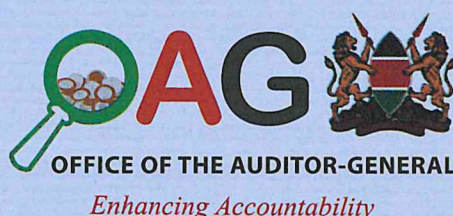
Principal Accounts Controller

Name: JOHN M. BOGONKO

ICPAK Member Number: 5445

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the State Department for Shipping and Maritime set out on pages 10 to 29, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Variances between Financial Statements and Integrated Financial Management Information Systems (IFMIS) Balances

The financial statements presented for audit and the Integrated Financial Management Information Systems (IFMIS) Trial Balance presented in support had significant variances amounting to Kshs.1,266,253,221 as detailed below: -

Item	Financial statements Balance (Kshs.)	IFMIS Balance (Kshs.)	Variance (Kshs.)
Cash and Cash Equivalents	8,332,456	434,421,804	426,089,348
Other debtors and prepayments	0	52,941,558	52,941,558
Recurrent Bank account	5,969,083	341,687,905	335,718,822
Exchequer Releases	247,739,582	699,243,075	451,503,493
Total	262,041,121	1,528,294,342	1,266,253,221

Report of the Auditor-General on State Department of Shipping and Maritime for the year ended 30 June, 2019

Management has not provided explanations or reconciliations for the variances casting doubt on the accuracy and completeness of the financial statements for the year ended 30 June, 2019.

2. Unconfirmed Motor Vehicle Maintenance Cost

The statement of receipts and payments reflects a balance of Kshs.86,282,596 under use of goods and services which as disclosed under Note 3 to the financial statements includes an expenditure of Kshs.3,784,997 on routine maintenance – vehicles and other transport equipment. The latter balance includes an expenditure of Kshs.1,974,371 on account of motor vehicles repairs to GKA 665V. However, there was no proof of the repairs having been undertaken by way of pre and post repairs report by the engineer, Mechanical and Transport Fund detailing out the nature of repairs to be undertaken and confirmation of works done. Further, the vehicle has continued to remain grounded since July, 2018 casting doubt on whether the repairs were undertaken.

Consequently, the accuracy of the expenditure on use of goods and services of Kshs.86,282,596 for the year ended 30 June, 2019 cannot be ascertained.

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

Key Audit Matters

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

Pending Bills

As disclosed under Note 14 to the financial statements, the State Department for Shipping and Maritime had pending bills totalling Kshs.674,800 as at 30 June, 2019 that were not settled during the year 2018/2019 but were instead carried forward to 2019/2020. Failure to settle bills during the year in which they relate to distorts the financial statements for that year and adversely affects the provisions of the subsequent year to which they have to be charged.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter 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

Contracts Without Performance Security

During the year under review, the State Department contracted the provision of cleaning, sanitary and security services at contract sums of Kshs.3,250,520 and Kshs.1,760,000 respectively for its offices at NSSF Annex Building. However, there was no performance security from the service providers. This was contrary to Clause 3.6 of the conditions of the contract which stipulated that within thirty (30) days of receipt of the notification of contract award, the successful tenderer shall furnish to the procuring entity the performance security where applicable in the amounts specified in the special conditions of contract.

To the extent, the State Department is in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the State Department's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the State Department or 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 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way in compliance 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the State Department to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the State Department to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

11 November, 2020

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018-2019	2017-2018
		Kshs	Kshs
RECEIPTS			
Exchequer releases	1	247,739,582	211,603,493
TOTAL RECEIPTS		247,739,582	211,603,493
PAYMENTS			
Compensation of Employees	2	73,615,121	57,554,713
Use of goods and services	3	86,282,596	54,358,311
Transfers to Other Government Units	4	44,590,000	45,500,000
Other grants and transfers	5	-	41,714,377
Social Security Benefits	6	1,638,331	8,129,530
Acquisition of Assets	7	35,721,510	4,269,500
TOTAL PAYMENTS		241,847,559	211,526,431
SURPLUS/DEFICIT		5,892,023	77,062

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 2nd Dec 2019 and signed by:

Nancy W. Karigithu

Principal Secretary

Name: NANCY W. KARIGITHU, CBS

John M. Bogonko

Principal Accounts Controller

Name: JOHN M. BOGONKO

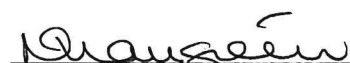
ICPAK Member Number: 5445


STATE DEPARTMENT FOR SHIPPING AND MARITIME
Reports and Financial Statements
For the year ended June 30, 2019

VI. STATEMENT OF ASSETS AND LIABILITIES

	Note	2018-2019	2017-2018
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	8,332,456.00	419,062.00
Cash Balances			
Total Cash and cash equivalent		8,332,456.00	419,062.00
Accounts receivables – Outstanding Imprests			
TOTAL FINANCIAL ASSETS		8,332,456.00	419,062.00
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	9	2,363,373.00	342,000.00
NET FINANCIAL ASSETS		5,969,083.00	77,062.00
REPRESENTED BY			
Fund balance b/fwd	10	77,062.00	8,106,801.00
Prior year adjustment	11	(2)	(8,106,801.00)
Surplus/Deficit for the year		5,892,023	77,062.00
NET FINANCIAL POSSITION		5,969,085.00	77,062.00

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 2nd Dec 2019 and signed by:


Principal Secretary
Name: NANCY W. KARIGITHU, CBS


Principal Accounts Controller
Name: JOHN M. BOGONKO
ICPAK Member Number: 5445

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019

VII. STATEMENT OF CASH FLOWS

		2018-2019	2017-2018
		Kshs	Kshs
Receipts for operating income			
Exchequer Releases	1	247,739,582.00	211,603,493.00
Payments for operating expenses			
Compensation of Employees	2	(73,615,121.00)	(57,554,713.00)
Use of goods and services	3	(86,282,596.00)	(54,358,311.00)
Transfers to Other Government Units	4	(44,590,000.00)	(45,500,000.00)
Other grants and transfers		-	(41,714,377.00)
Social Security Benefits	6	(1,638,331.00)	(8,129,530.00)
Adjusted for:			
Changes in Receivables		-	-
Changes in Payables		2,021,373.00	342,000.00
Adjustments during the year		(3)	8,106,801.00
Net cash flow from operating activities		43,634,904.00	12,795,363.00
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(35,721,510.00)	(4,269,500.00)
Net cash flows from Investing Activities		(35,721,510.00)	(4,269,500.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		7,913,394.00	8,525,863.00
Cash and cash equivalent at BEGINNING of the year	10	419,062.00	8,106,801.00
Cash and cash equivalent at END of the year	10	8,332,456.00	419,062.00

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 2nd Dec 2019 and signed by:

N. Karigithu

Principal Secretary

Name: NANCY W. KARIGITHU, CBS

John M. Bogonko

Principal Accounts Controller

Name: JOHN M. BOGONKO

ICPAK Member Number: 5445

Reports and Financial Statements
For the year ended June 30, 2019


III. 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	268,659,873.00	11,358,106.00	257,301,767.00	247,739,582.00	9,562,185.00	96%
TOTAL RECEIPTS	268,659,873.00	(11,358,106.00)	257,301,767.00	247,739,582.00	9,562,185.00	96%
PAYMENTS						
Compensation of Employees	79,000,000.00	(4,340,000.00)	74,660,000.00	73,615,121.00	1,044,879.00	99%
Use of goods and services	119,736,062.00	(23,362,206.00)	96,373,856.00	86,282,596.00	10,091,260.00	90%
Transfers to Other Government Units	45,500,000.00	(910,000.00)	44,590,000.00	44,590,000.00	-	100%
Social Security Benefits	-	1,700,000.00	1,700,000.00	1,638,331.00	61,669.00	96%
Acquisition of Assets	24,423,811.00	15,554,100.00	39,977,911.00	35,721,510.00	4,256,401.00	89%
TOTAL PAYMENTS	268,659,873.00	(11,358,106)	257,301,767.00	241,847,558.00	15,454,209.00	94%
Surplus/ Deficit	-	-	-	5,892,024.00	(5,892,024.00)	

Notes

- Underutilisation on use of goods was due to Unutilised balance on Rent and Rates due to savings on this item
- Underutilisation on Acquisition of Assets was due late approval and uploading of the Supplementary II Budget into the IFMIS System in late May 2019. This made it impossible to start and finalise the procurement of IPPD server and Mail server.
- The changes between Original and Approved Estimates were due to Reallocations and Austerity measures by the National Government.

The entity financial statements were approved on 2nd Dec 2019 and signed by:


Principal Secretary
Name: NANCY W. KARIGITHU, CBS


Principal Accounts Controller
Name: JOHN M. BOGONKO
ICPAK Member Number: 5445

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019

IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense/Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	268,659,873.00	11,358,106.00	257,301,767.00	247,739,582.00	9,562,185.00	96%
TOTAL RECEIPTS	268,659,873.00	11,358,106.00	257,301,767.00	247,739,582.00	9,562,185.00	96%
PAYMENTS						
Compensation of Employees	79,000,000.00	(4,340,000.00)	74,660,000.00	73,615,121.00	1,044,879.00	99%
Use of goods and services	119,736,062.00	(23,362,206.00)	96,373,856.00	86,282,596.00	10,091,260.00	90%
Transfers to Other Government Units	45,500,000.00	(910,000.00)	44,590,000.00	44,590,000.00	-	100%
Social Security Benefits	-	1,700,000.00	1,700,000.00	1,638,331.00	61,669.00	96%
Acquisition of Assets	24,423,811.00	15,554,100.00	39,977,911.00	35,721,510.00	4,256,401.00	89%
TOTAL PAYMENTS	268,659,873.00	(11,358,106)	257,301,767.00	241,847,558.00	15,454,209.00	94%
Surplus/Deficit	-	-	-	5,892,024.00	(5,892,024.00)	

Notes

- iv. Underutilisation on use of goods was due to Unutilised balance on Rent and Rates due overestimation on this item
- v. Underutilisation on Acquisition of Assets was due to an error by National Treasury when entering the Budget in IFMIS by doubling the allocation on this item in the IFMIS system. The allocated amount as per the final approved estimates remain at Ksh 2,452,600.00
- The changes between Original and Approved Estimates were due to Reallocations and Austerity measures by the National Government.

The entity financial statements were approved on 2nd Dec 2019 and signed by:



Principal Secretary

Name: NANCY W. KARIGITHU, CBS



Principal Accounts Controller

Name: JOHN M. BOGONKO

ICPAK Member Number: 5445

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019

X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases						
TOTAL RECEIPTS						
PAYMENTS						
TOTAL PAYMENTS						
Surplus/Deficit						

Note.

There was no allocation under the Development Budget in the financial year.

The entity financial statements were approved on 2nd Dec 20 19 and signed by:

Nancy W. Karigithu

Principal Secretary

Name: NANCY W. KARIGITHU, CBS

John M. Bogonko

Principal Accounts Controller

Name: JOHN M. BOGONKO

ICPAK Member Number: 5445

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements
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XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2018-2019	Adjustments	Final Budget 2018-2019	Actual on comparable basis Date, 30-JUN-2019	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
Programme 1 (Shipping and Maritime Affairs)					
Sub-programme 1 (Headquarters Administrative Services)	160,267,536.00	54,321,766.00	214,589,302.00	176,914,411.95	37,674,890.05
Sub-programme 2 (Shipping Affairs)	55,866,334.00	(4,707,695.00)	51,158,639.00	51,161,270.65	(2,631.65)
Sub-programme 3 (Maritime Affairs/Bandari College)	7,926,003.00	5,627,823.00	13,553,826.00	13,771,876.05	(218,239.95)
National Maritime Spatial Plan (Reallocated to the sub programmes)	44,600,000.00	-66,600,000.00	-22,000,000.00	-	-22,000,000.00
	268,659,873.00	-11,358,106.00	257,301,767.00	241,847,558.65	19,920,719.35

XII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

SIGNIFICANT ACCOUNTING POLICIES

• Transfers from the Exchequer

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

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

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b) Recognition of payments

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

- **Compensation of Employees**

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

- **Use of Goods and Services**

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

SIGNIFICANT ACCOUNTING POLICIES

- **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. Cash and Cash Equivalents

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

Restriction on Cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2019, this amounted to Kshs 2,363,372.65 compared to Kshs 342,000.00 in prior period as indicated on note 8

There were no other restrictions on cash during the year.

SIGNIFICANT ACCOUNTING POLICIES

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

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6. 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.

7. 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.

8. 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.

9. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2018 for the period 1st July 2018 to 30th June 2019 as required by Law and there were two supplementary adjustments to the original budget during the year.

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

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

10. Comparative Figures

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

SIGNIFICANT ACCOUNTING POLICIES

11. Subsequent Events

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019

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 2019.

12. Errors

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

During the year, errors that have been corrected are disclosed under note 26 explaining the nature and amounts.

13. 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.

STATE DEPARTMENT FOR SHIPPING AND MARITIME
Reports and Financial Statements
For the year ended June 30, 2019

XIII. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHEQUER RELEASES

Description	20 18 -20 19	20 17 -20 18
	Kshs	Kshs
Total Exchequer Releases for quarter 1	46,170,507.00	43,418,483.00
Total Exchequer Releases for quarter 2	45,597,500.00	61,698,358.00
Total Exchequer Releases for quarter 3	65,994,280.00	59,378,658.00
Total Exchequer Releases for quarter 4	89,977,295.00	47,107,994.00
Total	247,739,582.00	211,603,493.00

Budgeted Exchequer was Ksh 257,301,767.00 against Received exchequer of Ksh 247,739,582.00

2 COMPENSATION OF EMPLOYEES

	2018 -2019	2017 -2018
	Kshs	Kshs
Basic salaries of permanent employees	40,896,810.00	33,110,696.00
Personal allowances paid as part of salary	32,718,311.00	24,444,017.00
Total	73,615,121.00	57,554,713.00

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019

3 USE OF GOODS AND SERVICES

	2018 -2019	2017 -2018
	Kshs	Kshs
Utilities, supplies and services	1,000,000.00	240,587.00
Communication, supplies and services	3,346,944.00	487,874.00
Domestic travel and subsistence	19,975,428.00	19,383,048.00
Foreign travel and subsistence	10,171,791.00	9,567,749.00
Printing, advertising and information supplies & services	1,399,037.00	344,300.00
Rentals of produced assets	24,252,476.00	12,000,000.00
Training expenses	3,357,016.00	1,463,396.00
Hospitality supplies and services	10,630,877.00	4,837,810.00
Specialized materials and services	127,460.00	878,752.00
Office and general supplies and services	1,323,785.00	1,076,584.00
Other operating expenses	3,789,890.00	1,529,973.00
Routine maintenance – vehicles and other transport equipment	3,784,997.00	828,290.00
Fuel Oil and Lubricants	2,712,635.00	1,459,400.00
Routine maintenance – other assets	410,260.00	260,550.00
Total	86,282,596.00	54,358,313.00

4 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2018 -2019	2017 -2018
	Kshs	Kshs
Transfers to National Government entities (SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)	44,590,000.00	45,500,000.00
See attached list		
TOTAL	44,590,000.00	45,500,000.00

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

KENYA NATIONAL SHIPPING LINE(KNSL) -Ksh 44,590,000.00

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

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019

5 OTHER GRANTS AND TRANSFERS

Explanation	2018 -2019	2017 -2018
	Kshs	Kshs
Other Capital Grants and Transfers	-	41,714,377.00
Total	-	41,714,377.00

6 SOCIAL SECURITY BENEFITS

Explanation	2018 -2019	2017 -2018
	Kshs	Kshs
Government pension and retirement benefits(Gratuity)	1,638,331.00	8,129,530.00
Total	1,638,331.00	8,129,530.00

These were payments for gratuity to the Principal Secretary and The advisor to the Principal Secretary.

7 ACQUISITION OF ASSETS

Non Financial Assets	2018 -2019	2017 -2018
	Kshs	Kshs
Refurbishment of Buildings	26,806,760.00	-
Purchase of Vehicles and Other Transport Equipment	2,452,600.00	4,237,500.00
Purchase of Office Furniture and General Equipment	5,460,650.00	32,000.00
Purchase of ICT Equipment, Software and Other ICT Assets	1,001,500.00	-
Total	35,721,510.00	4,269,500.00

STATE DEPARTMENT FOR SHIPPING AND MARITIME
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8 : 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)	2018 -2019 Kshs	2017-2018 Kshs
<i>Central Bank of Kenya, 1000384344, Recurrent Kes-State Department for Shipping and Maritime.</i>	Ksh	Recurrent	-	5,969,083.00	77,062.00
<i>Central Bank of Kenya, 1000384352, Development Kes-State Department for Shipping and Maritime.</i>	Ksh	Development	-	-	-
<i>Central Bank of Kenya, 1000384368, Deposit Kes-State Department for Shipping and Maritime.</i>	Ksh	Deposit	-	2,363,373.00	342,000.00
Total				8,332,456.00	419,062.00

9 ACCOUNTS PAYABLE

Description	2018 -2019 Kshs	2017 -2018 Kshs
Retention	1,556,222.65	-
Deposits	807,150.00	342,000.00
Total	2,363,372.65	342,000.00

Analysis of Deposits

Date	Source/Payee	Amount Kshs	Remarks
22/08/2017	Transfer from old Deposit Account	300,000.00	Deposit for procurement of Branded Bags
14/03/2018	Direct Deposit-Beatrice Nyamoita	42,000.00	Direct Deposit
04/09/2018	Direct Deposit-David M. Gachua	465,150.00	Direct Deposit
	Total	807,150.00	
14/03/2019	Petmart Services Ltd	1,099,673.65	Retention on Refurbishment
13/06/2019	Powerware Systems Ltd	456,549.00	Retention on Cabling
	Total	1,556,222.65	

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019

10 FUND BALANCE BROUGHT FORWARD

Description	2018 -2019	2017 -2018
	Kshs	Kshs
Bank accounts	8,332,456.00	419,062.00
Cash in hand	-	-
Accounts Receivables	-	-
Accounts Payables	2,363,373.00	342,000.00
Total	5,969,083.00	77,062.00

These are Recoverable bank balances in Recurrent bank Account. Deposits and Retentions in Deposit bank Account

11 PRIOR YEAR ADJUSTMENTS

Description of the error	2018 -2019	2017 -2018
	Kshs	Kshs
Adjustments on bank account balances	-	8,106,799.00
	-	8,106,799.00

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

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13. RELATED PARTY DISCLOSURES

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

The following comprise of related parties to the *State Department for Shipping and Maritime*

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

Related party transactions:

	2018- 2019	2017- 2018
	Kshs	Kshs
Key Management Compensation (@765,188.00 pm, Gratuity 559,680.00 & Car Allowance 10M)	19,741,936.00	11,256,752.00
<u>Transfers to related parties</u>		
Transfers to other MDAs	-	-
Transfers to SCs and SAGAs	44,590,000.00	45,500,000.00
Transfers to Development Project	-	-
Transfers to County Governments	-	-
Transfers to non reporting secondary and primary Schools	-	-
Total Transfers to related parties	44,590,000.00	45,500,000.00
<u>Transfers from related parties</u>		
Transfers from the Exchequer	247,739,582.00	211,603,493.00
Total Transfers from related parties	247,739,582.00	211,603,493.00

STATE DEPARTMENT FOR SHIPPING AND MARITIME
Reports and Financial Statements
For the year ended June 30, 2019

14. OTHER IMPORTANT DISCLOSURES

ANNEX 1- PENDING ACCOUNTS PAYABLE

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2018/2019
Description	Kshs	Kshs	Kshs	Kshs
D.T Dobie	47,635.00		47,635.00	
GB Zell Enterprises	77,550.00		77,550.00	
Nattyna Enterprises	192,000.00		192,000.00	
Rex Kiosk	272,800.00		272,800.00	
Third Lane Technologies	465,500.00		465,500.00	
Jenmea Enterprises	490,300.00		490,300.00	
CMC	2,452,600.00		2,452,600.00	
NSSF	6,728,893.20		6,728,893.20	
Petmart Services	22,000,000.00		22,000,000.00	
Abdalla Mohamed Hatimy	371,304.80		371,304.80	
Nancy W. Karigithu	399,119.75		399,119.75	
Supply of goods Swindomax Enterprises		640,000.00		640,000.00
Supply of services Zaras Travel		34,800.00		34,800.00
Total	33,497,702.75	674,800.00	33,497,702.75	674,800.00

15. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
1(i)	Cash and Bank Balances in Financial Statements for 2017/18 financial year differ with Cash and Bank Balances in Trial Balance from IFMIS System	This is due to IFMIS system challenges resulting from missing bank statements and receipt of statements that belong to other entities in the Cash Management Module. The issue has been referred to IFMIS department.	Oscar Odongo Ombwayo- Chief Accountant – Responsible for Cash Management function.	Not Resolved	Following up/Awaiting response from IFMIS
1(ii)	Outstanding Imprest as at 30 th June 2018	There were no outstanding imprests as reflected in the financial statements for 2017/18.		Resolved	
2	Pending Bills as at 30 th June 2018	Cleared as first charge in 2018/2019.		Resolved	

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;

STATE DEPARTMENT FOR SHIPPING AND MARITIME

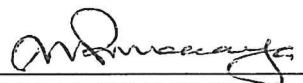
Reports and Financial Statements

For the year ended June 30, 2019

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



NANCY W. KARIGITHU, CBS
Principal Secretary



JOHN M. BOGONKO
Principal Accounts Controller

STATE DEPARTMENT FOR SHIPPING AND MARITIME
Reports and Financial Statements
For the year ended June 30, 2019

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2018/2019	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 2018/2019
Buildings and structures		26,806,760.00			26,806,760.00
Transport equipment	20,880,500.00	2,452,600.00			23,333,100.00
Office equipment, furniture and fittings	10,982,445.00	5,926,150.00			16,908,595.00
ICT Equipment	5,839,910.00	536,000.00			6,375,910.00
Total	37,702,855.00	35,721,510.00			73,424,365.00

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 7 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets)

STATE DEPARTMENT FOR SHIPPING AND MARITIME

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For the year ended June 30, 2019**

ANNEX 3 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE ENTITY (State Department for Shipping and Maritime)

Ref	SC, SAGA or Public Fund's name	Principal activity of entity	Accounting Officer	Amount transferred during the year	Enter- entity reconciliations done? (yes/no)
1	Kenya Maritime Authority	Regulation, coordination and oversight of maritime affairs	Principal Secretary State Department for Shipping and Maritime	A.I.A. Budgeted to be Collected and used by the SAGA-Budget for 2018/19 FY Ksh 1,656,560.00	No
2	Kenya National Shipping Line-Transferred to State Department for Transport in the financial year 2018/19.	Shipping services	Principal Secretary State Department for Transport	Ksh 44,590,000.00	Confirmation of Ksh 44,590,000.00 attached as received.

STATE DEPARTMENT FOR SHIPPING AND MARITIME

Reports and Financial Statements

For the year ended June 30, 2019

ANNEX 4 - REPORTS GENERATED FROM IFMIS

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

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



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