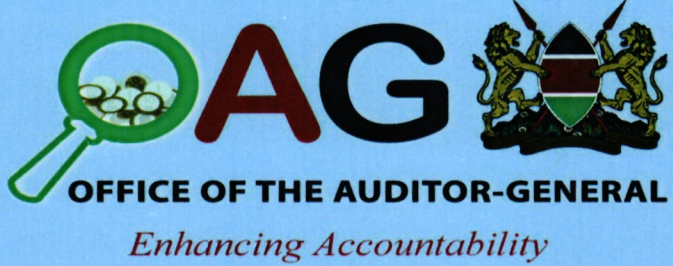
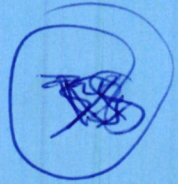


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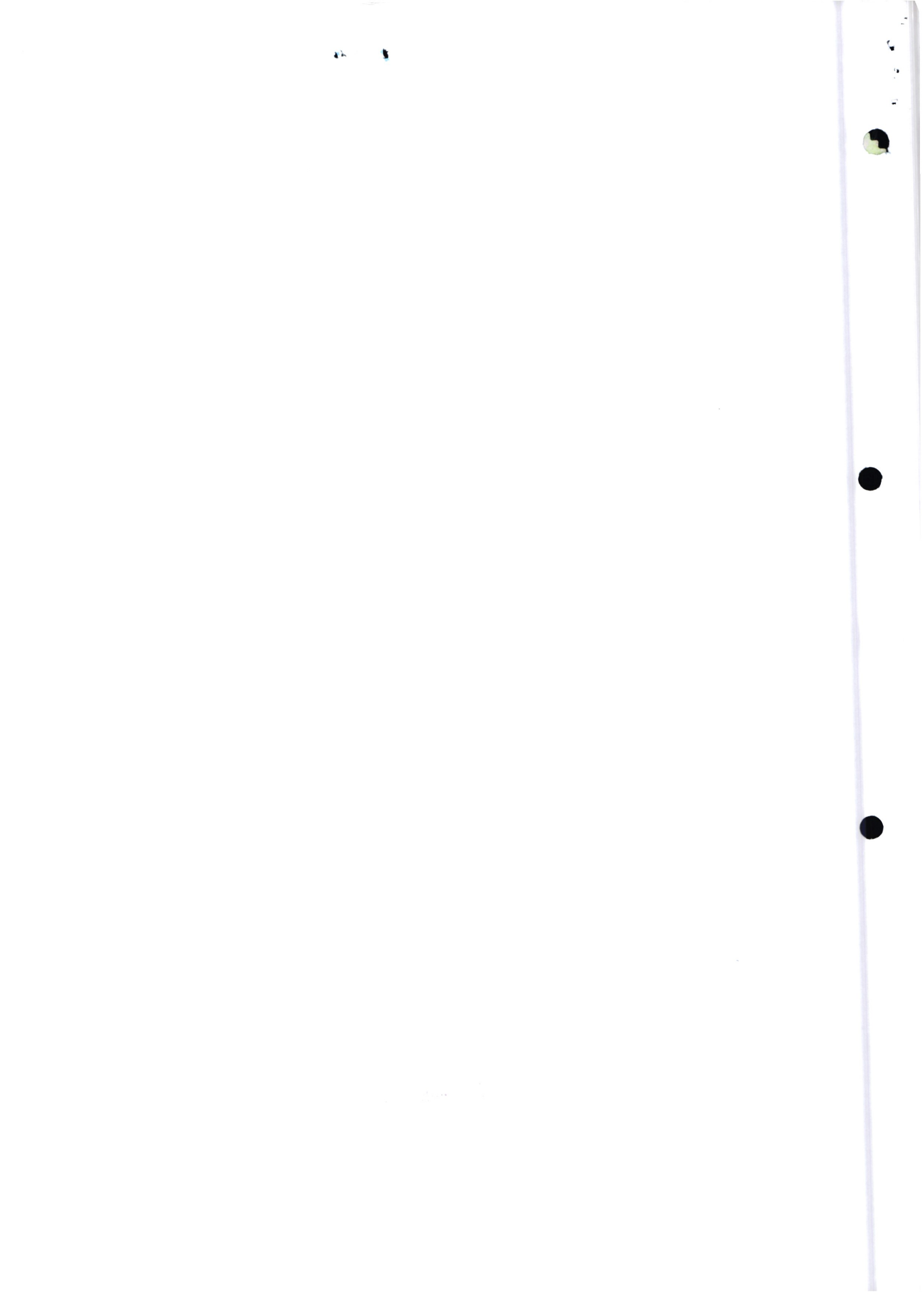
OF

THE AUDITOR-GENERAL

ON

STATE DEPARTMENT FOR MINING

FOR THE YEAR ENDED	
30 JUNE, 2021	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 22 MAR 2022	DAY: TUESDAY
TABLED BY:	MAJORITY LEADER
CLERK AT THE TABLE:	





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

27 JAN 2022

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**MINISTRY OF PETROLEUM & MINING
STATE DEPARTMENT FOR MINING**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

**State Department for Mining
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1. KEY STATE DEPARTMENT OF MINING INFORMATION AND MANAGEMENT

(a) Background information

The State Department for Mining is mandated to coordinate and manage the Mining sector in Kenya, this mandate is derived from Executive order no 1 of January 2020.

1.1 Vision

To be a world-class institution in the management of Mineral resources and geo-spatial data.

1.2 Mission

To promote and maximize benefits from Mineral resource exploitation and geo-spatial information use for sustainable development.

1.3 Core Values

- a. Coordinate Mineral exploration and develop extractive industry policies and management.
- b. Compiling inventory and undertaking mapping of Mineral resources.
- c. Coordinating Mining and mineral development.
- d. Develop policies on the management of quarrying and mining of rocks and industrial minerals.
- e. Undertake management of health conditions and health and safety in mines.
- f. Maintenance of geological data

(b) Key Management

The State Department of Mining day-to-day management is under the following key organs:

- Office of The Cabinet Secretary
- Office of The Chief Administrative Secretary
- Office of The Principal Secretary
- Directorate of Administration
- Directorate of Mines and Geology
- Directorate of Mineral Promotion & Value Addition.

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(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Cabinet Secretary	Hon John Munyes Kiyonga E.G.H
2	Principal Secretary	Mr Andrew Kamau C.B.S
3	Secretary Administration	Mr. Fredrick Ndambuki
4	Director of Geological Survey	Mr. Moses Masibo
5	Principal Finance Officer	Mr. Charles Maina
6	Director of Mines	Mr. Raymond Mutiso
7	Director Human Resource Management	Mr. Bernard Orina
8	Director Mineral Promotion	Mr. Evans Masachi
9	Head of Accounting Unit	Mr. Charles Nyaga
10	Head of Supply Chain Management	Mr. Julias Mutungi

(d) Fiduciary Oversight Arrangements

Composition of the Committee Members

The various committee members within the state department of mining are drawn from various sectors of the economy and have a wide range of skills and experience and each contributes independently judgement and knowledge of the committee discussions.

On appointment, each committee member is provided with a comprehensive and tailored induction processes covering the ministry business and operations and provided with information relating to their legal and regulatory obligations.

All committee members are required to re-submit themselves for re-appointment after expiry of their term.

i. Audit and Finance Committee Activities

Pursuant to section 73(5) and (155) of the public finance management Act 2012 and regulations 2015 on the establishments of the audit committees in all public entities, the state department for Mining is in the final process of reconstructing the Audit Committee members. The committee will be responsible and instrumental in:

- Improving the quality of financial reporting by ensuring the accounts are prepared in a timely and accurate manner to facilitate prompt submission of annual financial statements to the Auditor General with a copy to the National Treasury and the Controller of Budget not later than 30th September of each subsequent year as well as submission of quarterly financial statements accounts to the Cabinet Secretary with a copy to the National Treasury and the Controller of Budget not later than fifteen (15) after the end of each quarter.

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- Reviewing and making recommendations on management programs established to monitor compliance with sound public financial management, internal controls, policies, laws, regulations, procedures, and the code of ethics.
- Strengthening the effectiveness of the internal audit function including regular review of its capacity, review, and approval of the internal audit charter, and internal audit annual work plan.
- Reviewing and monitoring the external auditor's independence and objectivity, taking into consideration relevant professional and regulatory requirements. In fulfilling its duties, the committee reviews with the external auditors, the scope of their audit plan, a system of internal audit reports, assistance given by management and its staff to the auditors, and any findings and actions to be taken.
- Reviewing any related party transactions that may arise within the State Department of Mining.
- Reviewing communication between external auditors and management including responses on audit queries on the annual financial statement raised by the Auditor General.
- Following up on recommendations of the Parliamentary Accounts Committee (PAC)

ii. Budget Committee activities

The Ministerial Budget Committee for the Year under Review consisted of the following Members:

Name	Designation	Title
Ms Charles Maina	Principal Finance Officer	Chairperson
Mr Moses Masibo	Director of Geological survey	Member
Mr Raymond Mutiso	Ag Director of Mines	Member
Mr Evans Masachi	Ag Director, Mineral Promotion & Value Addition	Member
Mr Paul Mirie	Chief Economist	Member
Mr Benjamin Oyile	Senior Deputy Secretary	Member
Mr Isaac Mutungi	Director, Procurement	Member
Mr Bernard Orina	Director, HRM & Development	Member
Mr Charles Nyaga	Deputy Accountant General	Member

Ministerial Budget Implementation Committee

This is the committee charged with the responsibility of implementation of the State Department for Mining budget and its prudent management. The duties of the committee include:

- To review and consider the annual cash flow plans
- To review the utilization of the cash limits and consider any changes as may be required;
- To review the utilization of the donor funds voted for the State Department

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- To advise the Accounting Officer on the challenges related to the budget implementation
- To review and recommend the reallocation of payments
- To review and approve the submission of the payment returns, payroll IPPDs, pending bills, and A-I-A returns for the State Department and recommends actions to be taken
- To participate in Sector Working Groups (SWG) for budget-making
- To review Annual budgets, Supplementary Estimates and performance of budget against actual for the Directorates in consultation with the Heads of Directorates

ATTENDANCE OF THE BUDGET COMMITTEE MEMBERS

The following table shows the number of budget committee meetings held during the financial year 2018/19 and the attendance of individual members.

Committee attendance for the year ended 30 th June 2021	Budget committee meetings		Total Attendance
	15/10/2020	22/01/2021	
Ms Charles Maina (Chair Person)	✓	✓	2
Mr Moses Masibo (member)	✓	✓	2
Mr Benjamin Oyile (member)	✓	✓	2
Mr Raymond Mutiso (member)	✓	✓	2
Mr Evans Masachi (member)	✓	✓	2
Mr Bernard Orina (member)	✓	✓	2
Mr Paul Mirie (member)	✓	✓	2
Mr Charles Nyaga (member)	✓	✓	2
Mr. Isaac Mutungi (member)	✓	✓	2

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iii. Human Resources Management Advisory Committee Activities

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

Name	Designation	Title
P.S Andrew Kamau C.B.S	Principal Secretary	Chairman
Fredrick Ndambuki	Secretary Administration	Alt. Chairman
Mr Bernard Orina	Director HRM & D	Secretary
Mr Raymond Mutiso	Ag Director of Mines	Member
Mr Josphat Wanjogu	Deputy Director Geological Survey	Member
Mr Enoch Kipseba	Deputy Director MPVA	Member
Ms Grace Wasike	Deputy Director, Gender	Member
Mr Charles Nyaga	Head of Accounting Unit	Member

Their duties include:

- i. Recruitment, Selection and Appointment;
- ii. Performance;
- iii. Promotions;
- iv. Confirmation in Appointment;
- v. Training and Development;
- vi. Training Impact Assessment;
- vii. Management and Skills Inventory
- viii. Establishment and Compliment Control
- ix. Payroll Management
- x. Deployment
- xi. Promotion of Values and Principles of Public Service
- xii. Recommendation for Secondments and unpaid leave
- xiii. Recommendation for retirement under fifty (50) years rule
- xiv. Recommendation for retirement on medical grounds
- xv. Recommendation for re-designation
- xvi. Recommendation for renewal of Contract
- xvii. Discipline
- xviii. Pension's administration

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Attendance of the human resource management advisory committee members

The following shows the number of human resource management advisory committee meetings held during the year and the attendance of individual members.

Committee attendance for the year ended 30 th June 2021	MHRMAC COMMITTEE MEETINGS		Attendance
	28/07/2020	14/10/2020 10/03/2021	
Amb Kirimi P. Kaberia (Chairperson)	✓	✓	2
Fredrick Ndambuki (member)	✓	✓	2
Bernard Orina (member)	✓	✓	2
Raymond Mutiso (member)	✓	✓	2
Grace Wasike (member)	✓	✓	2
Josphat Wanjogu (member)	✓	✓	2
Enoch Kipseba (member)	✓	✓	2
Mr Charles Nyaga (member)	✓	✓	2

✓ - Attended

X - Absent with apology

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(e) State Department of Mining Headquarters

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P.O. Box 30009-00100
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Nairobi, Kenya

(f) State Department of Mining Contacts

Telephone: (254) 020-273101
psmining@petroleumandmining.go.ke
Website: www.mining.go.ke

(g) State Department of Mining Bankers

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

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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2. FORWARD BY THE CABINET SECRETARY

The State Department for Mining is mandated to coordinate and manage the Mining Sector in Kenya and its potential in wealth creation for the country. The mandate of the State Department is derived from the Executive Order No. 1 of January 2020 on the Organization of the Government

The Sub-Sector is charged with Mineral exploration, mining policy and Management, Inventory and mapping of mineral resources, mining and mineral development, Maintenance of Geological data (research, collection & analysis).

BUDGET ALLOCATION VS UTILIZATION FOR FY 2020/21

In the Financial Year 2020/21, the State Department for Mining was allocated a gross budget of **Kshs 628,759,140** which consisted of **Kshs 548,200,000** and **Kshs 80,559,140** for the Recurrent and Development votes respectively.

The State Department for Mining was to expend the gross budget of **Kshs 628,759,140** under the following three (3) programs:

Table 1. Budget performance as per programmes.

Program	Allocation (Kshs Million)	Utilization (Kshs Million)
Mineral Resource Management	273	273
Geological Survey & Geo information Management	109	109
General administration, Planning & Support services	247	247
Total	629	629

Programme 1: Mineral Resource Management:

The programme has two sub-programmes:

- a. S.P 1.1: Mineral Resource Development
- b. S.P 1.2: Geological Survey and Mineral exploration.

The objective of this programme is to effectively manage mineral resources, licensing and concession, minerals value addition and marketing. This programme was allocated **Kshs. 272,998,092** representing **43.42%** of the budget. The expenditure for this program was **Kshs 290,022,661**.

Programme 2: Geological Survey & Geo Information Services

The programme has two Sub-Programmes:

- a. S.P 2.1: Geological Survey
- b. S.P 2. 2: Geo – Information Management

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The objective of this programme is to provide and manage geo-scientific data to prospective investors, research institutions, planners and infrastructure developers. This programme was allocated **Kshs, 108,592,379** representing **17.27%** of the budget. The expenditure for this program was **Kshs 102,311,890**

Programme 3: General Administration, Planning and Support Services.

The programme has one sub-programme:

- a. S.P 3.1: Mining Policy Development and Coordination

The objective of this programme is to provide policy and legal framework for efficient and effective management of Mineral and Geo- Information data. This programme was allocated **Kshs 247,168,669** representing **39.31%** of the budget. The expenditure for this program was **Kshs 237,578,152**

The State Department for Mining spent **Kshs 629,912,702** against an approved budget of **Kshs 628,759,140** representing absorption rate of 100% in the Financial Year 2020/21. Utilization of the budget was carried out through various activities (economic classifications) as tabulated below.

Table 2. Budget performance as per economic classification.

Economic Classification	Allocation (Kshs Million)	Utilization (Kshs Million)
Compensation to employees	380	381
Use of goods & services	202	206
Transfers to other Government units	24	15
Social security benefits	3	3
Acquisition of assets	20	25
TOTAL	629	630

Key achievements of the State Department for Mining in the Financial Year 2020/21

The achievements for the period under review (2020/21) include:

1. Increased the amount of revenue collected as mineral royalties from Ksh 1.6 Billion to Ksh 1.8 Billion
2. Drafted nine (9) Mining regulations to support implementation of the Mining Act. 2016.
3. Established three (3) Artisanal Mining Committees in Kwale, Migori and Taita Taveta Counties
4. Capacity built seven (7) County Governments on extractives legislations

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5. Trained one hundred and five (105) artisanal miners on Financial literacy, environmental management, health & safety in mines and regulatory frameworks
6. Under took Geological and Geo-Technical mapping of on two hundred acres (200) of Transport corridors and SEZs to support Big four projects
7. Initiated piloting Gemstone value addition at the Voi Gem Centre
8. Conducted six (6) Mines' inspection to ensure compliance with the Mining Act, 2016.

Risk Management strategy

Risk Management Policy outlines the Framework for all activities within the State Department for Mining, its operations and entities. The framework defines the Department's risk management processes of identifying, assessing, controlling and reporting incidences of risk. It also outlines the Department's approach to risk management and documents the roles and responsibilities of the management and other employees.

Risk identification determines the risks that could potentially prevent the Department from achieving its objectives; both internal and external risks are identified and assessed accordingly. The State Department maintains a risk register that contains all risks, "risk owners", the likelihood and impact of each risk as assessed, and the measures to manage them. The risk register is reviewed and updated on a regular basis.

Challenges and emerging issues in the Mining Sector

The following challenges weighed heavily on the State Departments' effort to deliver on its mandate;

1. Low levels of Minerals Value addition i.e. Minerals are sold raw leading to low prices and earnings.
2. Technological advancements and innovations have rendered our geological data and information on mineral resources outdated and inadequate.
3. Increased illegal use of explosives and the emerging use of dangerous chemicals (mercury and cyanide).by miners leading to environmental pollution and increased cases of mine accidents and deaths.

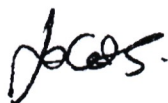
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4. There is high community expectations on mineral wealth after discovery of minerals e.g. Gold, Titanium, Vanadium etc.
5. Loss of revenue by the country due to increased illegal mining and smuggling of minerals out of the country.
6. The sub-sector has critical shortage of technical skills across the entire value chain (Geophysists, Geochemists, Metallurgists, Mineral Economists, Gemstone Cutters, Gemologists, Mining Lawyers etc).
7. Encroachment of Mining and Quarrying sites leading to increased construction costs

Recommendations

1. Operationalize Mineral Value addition centers across the Country
2. Continuous Geological mapping and Exploration to be able to come up with an up to date data on Mineral occurrence and Geo data)
3. Public sensitization programs to manage high community and other stakeholder's expectations and Review of Fiscal regime e.g. publishing the Mineral Sharing Regulations
4. Policy, Legal and Institutions Reforms to make Kenya a Regional Mineral Hub such as developing a 20yr Mining Strategy, finalization of mining regulations and implement Mining Act, 2016)
5. Mainstreaming of Gender issues in Mining (inclusion of women and youth in mining)
6. Additional funding for recruitment of 100 additional officers as per the approved staff establishment to ensure the sub-sector is adequately regulated
7. Setting aside quarry sites through enforcing physical planning through zoning off of affected areas

Sign



**Hon. John K. Munyes, EGH
Cabinet Secretary**

3. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The State Department of Mining is mandated with regulating the Mining sector in Kenya and ensuring that the Sector contributes significantly to the economic growth of the Country. During the year under review, the Department utilized resources towards achieving its mandate by undertaking the following key projects:

Strategies on Risk Management

During the Financial Year under review and compelled by the need to integrate the risk management principles in decision-making process through an effective risk management framework in order to enhance efficiency and assurance, the State Department of Mining Developed an Institutional Risk Management Policy.

This policy outlines the Framework for all activities within the State Department for Mining, its operations and entities. The framework defines the Department’s risk management processes of identifying, assessing, controlling and reporting incidences of risk. It also outlined the Department’s approach to risk management and documents the roles and responsibilities of the management and other employees.

The Department strictly adhered to the identified strategies in managing its institutional risks.

Programme	Strategic Objective	Outcome	Indicator	Performance
Mineral Resources management	To effectively regulate the mining sector through timely, efficient and transparent modern systems	Effective mineral resources management, licensing and concession, minerals value addition and marketing.	No. of Exploration, Mining and dealership Licenses issued	During the year, the Government placed a moratorium on issuance of new mineral rights. However, the Ministry continued to renew and manage existing mineral rights.
Geological Surveys and Geo-information Management	To act as the lead agency in discovery of mineral resources potential to catalyze private sector investment in mining in Kenya	Enhanced information on geological resources (rocks and minerals) and investment opportunities in mining and quarrying activities.	No. of Exploration programmes undertaken	During the year, the Ministry engaged in a number of Exploration activities focusing on Technology minerals. A number of potential targets were identified for infill drilling during the 2021/22 FY

i. Establishment of a Geological Data Centre

The Department continued with its efforts to establish a Geological Data Centre to serve as a repository for all geological data and information thus enhancing access to geological data and information for mining investment and research purposes. Towards this end, 11 of the 14 key equipment procured and digitization of geological records achieved 60%. In consultation with the British Geological Society (BGS), the Ministry initiated a process of repatriation of geological data and information held at the British Geological Society by developing necessary terms of reference.

ii. Establishment an Internationally Accredited Mineral Certification Laboratory

For long Kenya relied on other countries such as South Africa to undertake most of the mineral tests. Towards ensuring self-sufficiency in mineral testing, the Department continued with efforts to establish an internationally accredited Mineral Certification Laboratory. During the year, laboratory was partially equipped, benches constructed and the process of certification commenced.

Upon completion, the laboratory will provide scientific reports and certificates through qualitative and quantitative analysis of samples mainly for mineral exploration, mineral database and geological mapping.

iii. Geological Surveys Mapping and Exploration

During the review period, the Department intensified mineral exploration for Vanadium in Tharaka Nithi among other minerals. The data generated will inform and guide potential investors in the mining industry. These initiatives were hampered by inadequate financing coupled with ageing equipment.

iv. Establishing Online Transactional Cadaster Portal

The mining cadaster system was introduced to improve transparency and enhance efficiency in the licensing and permitting of mineral rights in Kenya. It serves as the only legal mean of application for all the mineral rights under the Mining Act 2016 and the Licensing and Permitting Regulations. During the review period, eighty-two (82) mining rights were issued by the Ministry, 43 of which were prospecting licenses and 3 mining licenses granted to large scale operators, while 36 mining permits were issued out as exclusive rights to small scale and artisanal miners to carry out mining within permit areas. Fifty-four (54) mining rights were granted in 2019 rights pointing to increasing intensity of exploration in the country.

v. Institutional Support to the Mineral Rights Board

The Mineral Rights Board is provided for in the Mining Act, 2016 to advice on mineral rights issuance. The Board has since been constituted and is operational. During the review period, the Department continued to support the Board in its endeavour to advice the cabinet Secretary on all mineral right dealings.

vi. Mineral Value Addition Centers

Promotion of mineral value addition centers focused on four areas. Equipping of the Gemstone Value Addition Centre in Voi continued with additional equipment for the Lapidary and Gemology sections installed. The Centre is now ready for operationalization and plans are underway to commission the center in the First Quarter of 2021/22 FY.

Additionally, feasibility studies for the construction of a granite processing plant in Vihiga County, a gold refinery in Kakamega County and a soapstone plant in Kisii were commissioned and final reports submitted. The Department is currently reviewing the reports with a view to making final decisions based on the Feasibility reports.

vii. Institutional Support to the National Mining Corporation

The National Mining Corporation (NMC) is provided for in the mining act as an investment arm of the national government in respect to minerals.

The corporation is responsible for investing on behalf of the government through 10% free carry interest in mining firms or through purchase of shares floated on the Nairobi Securities Exchange or similar arrangements. During the review period, the State Department continued to support the NMC in its operationalization. A number of staff were seconded to the Corporation and current transfer of Ksh. 14.5 Million given to kick-start the Corporation.

viii. Preparation for Enactment of the National Mining Institute Act

Transformation process in the mining sector has over the years been hampered by low human capacity along the value chain, with the sector reliant on imported personnel. Establishment of a National Mining Institute (NMI) is meant to address this anomaly and guarantee future supply of skilled labor to sustain the sector. Towards this end, State Department supported in the drafting of the national Mining Institute Bill and forwarded that Same to the Office of the Attorney General and Department of Justice for finalization.

ix. Formalization of Artisanal Mining

Prior to the enactment of the mining act 2016, ASM activities were illegal as they were associated with child labour, environmental and health risks (particularly use of mercury in gold mining), and high prevalence of HIV/AIDS. The Ministry spearheaded ASM formalization by establishing artisanal mining committees in Kakamega, Taita Taveta and Vihiga. Fifteen women miner's groups were registered in Kisii County as well as one women miners group in Kakamega, while twelve (12) youth groups have been formed with one group in Kisii already having received a machine for ballast crushing.

The Ministry collaborated with Jomo Kenyatta University of Agriculture and Technology (JKUAT) as well as the Canadian International Research and Development Institute (CIRDI) to pilot a more efficient and safer ball-milling machine for use in ore milling. The institute also supported training of over 50 ASM and Ministry staff on formalization. Further, the Ministry in collaboration with the Ministry of Environment implemented a mercury elimination project in all the main ASM gold mining areas.

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Introduction

Kenya's Vision 2030 recognizes minerals and the mining sector as one of the drivers of economic development. Following recent discoveries of strategic minerals, the sector is considered to have great potential in spurring economic development through increased export earnings, higher GDP growth, employment creation and infrastructural development. There are estimated 13,000 formal jobs and close to 30,000 informal with a net trade impact of - \$0.9 Million in 2015. If Artisanal mining is formalized, it is believed that the sector will contribute immensely to employment levels. A large number of Artisanal Small-Scale Miners also directly depend on mining for livelihood while through forward and backward linkages, mining influences growth of other economic sectors.

During the period under review, the State Department for Mining operated as a stand-alone Department and was committed to implementing strategic resources mobilization initiatives; adoption of new technologies; enhancement and strengthening of partnerships and collaboration among stakeholders; effective monitoring, evaluation and reporting framework.

During the FY 2020/21, the State Department for Mining, was organized into four Directorates: The Directorate of Mines, Directorate of Geological Surveys, Directorate of Mineral Promotion and Value Addition and the Corporate Affairs Directorate. The Department had two bodies created by the Mining Act; The Minerals Rights Board (MRB) and the National Mining Corporation.

In order to maximize mining sector's contribution to the Kenyan economy, the Ministry is desirous of positioning Kenya not just as an investment destination for mining projects on its own territory, but as a hub for companies working in and exporting goods and services to the broader East and Central African region. This will also contribute to the growth of the countries within the region.

1. Sustainability Strategy and Profile

Broadly, mining activities adhere to a three-phase mineral resources development cycle consisting of exploration, mining and closure. Exploration phase takes between 8-10 years; mining phase between 10-30 years while closure takes 1-2 years.

Strict adherence to these phases ensures that the sector is sustainable, adapted to international best practice and is conscious of the environment and safety of all. Sound management of each phase of the mining cycle is essential if mining is to support Kenya's transformation agenda sustainably.

In this regard, the State Department ensured that all mineral right holders adhered to strict sustainability conditions attached to their respective licenses. Regular compliance checks were conducted and where operators were found to be in contravention, strict action was taken.

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2. Environmental Performance

The National Environment Management Authority (NEMA) continued to provide support to the State Department in its efforts of ensuring environmental conservation in all mining operations. The Department continued to implement the Environmental Management and Coordination Act (EMCA), 2015 as well as the Occupational Safety and Health Act of 2007, (OSHA). Regular compliance checks were conducted on randomly selected mineral right holders to determine their compliance with license requirements.

3. Employee Welfare

During the Financial Year 2020/21, the Department ensured all staff were placed on the Performance Contracting and Management System and were evaluated for performance.

Staff salaries and allowances were processed on time and this motivated staff. Staff with special needs were also considered and assisted appropriately. A number of staff with alcohol and drug addictions were sent for rehabilitation and counselling sessions.

4. Market Place Practices

The State Department strictly adheres to the requirements of the Public Procurement and Disposal Act in all its business and supplier relationship. Towards this end and in recognition of payment of suppliers on time and upon delivery of goods and services, the State Department continued to cleared pending bills that had accrued from its inception in 2013.

Utilizing technology has also enhanced the Department's efficiency and effectiveness. The Mining Cadastre Portal continues to be a pioneering instrument in the management of mineral rights in Kenya. During the Financial Year under review, the Department continued to enhance the cadastre system through integration with the Government E-payment platform as well as incorporation of additional modules to the portal.

The State Department has also continued to maintain an arm's length relationship with all its stakeholders in the sector. This ensures that its regulatory mandate is not diluted or compromised but that it maintains independency and autonomy.

5. Community Engagements

During the financial year under review, the State Department undertook a number of community engagements to sensitize members of the public on their role in mining promotion, their obligations and entitlement. These engagements were done virtually due to the prevailing movement containment measures. Consequently, the Department did not meet with as many communities as earlier envisioned.

To assist in mitigation of the Covid-19 pandemic, the State Department encouraged players in the mining sector to engage in community and social projects aimed at mitigating the effects the pandemic in Kenya.

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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 State Department of Mining shall prepare financial statements in respect of that State Department of Mining. 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 Mining is responsible for the preparation and presentation of the State Department of Mining's financial statements, which give a true and fair view of the state of affairs of the State Department of Mining 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 of Mining; (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 of Mining; (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 Mining accepts responsibility for the State Department of Mining'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 Mining financial statements give a true and fair view of the state of State Department of Mining's transactions during the financial year ended June 30, 2021, and of the State Department of Mining's financial position as at that date. The Accounting Officer charge of the State Department for Mining further confirms the completeness of the accounting records maintained for the *State Department of Mining*, which have been relied upon in the preparation of the State Department of Mining'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 Mining confirms that the State Department of Mining has complied fully with applicable Government Regulations and the terms of

**State Department for Mining
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external financing covenants (where applicable), and that the State Department of Mining'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 of Mining'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.

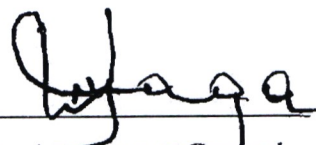
Approval of the financial statements

The State Department for Mining financial statements were approved and signed by the Accounting Officer on 21/12 2021.



Principal Secretary

Name: Andrew N. Kamau, C.B.S

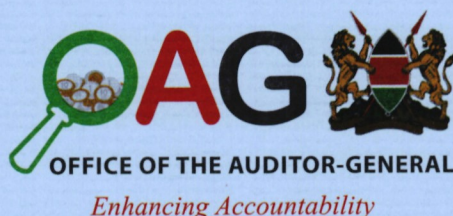


Deputy Accountant General

Name: Charles W. Nyaga

ICPAK Member Number: 11093

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR MINING 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 that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that 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 control, 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

Qualified Opinion

I have audited the accompanying financial statements of State Department for Mining set out on pages 22 to 44, which comprise the statement of assets and liabilities as at 30 June, 2021, 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 Mining 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 Qualified Opinion

1. Unsupported Pending Bills

As disclosed in Note 16.1 to the financial statements, the State Department for Mining had pending bills amounting to Kshs.65,784,775 as at 30 June, 2021. A review of the list of pending bills provided for audit revealed that bills totalling Kshs.48,404,652 lacked supporting documents while an amount of Kshs.29,145,888 related to 2019/2020 financial year. Further, a pending bills committee appointed by the Accounting Officer to review all pending bills of the State Department had declared bills amounting to Kshs.2,652,490 as ineligible while bills totaling Kshs.3,362,896 and which were included in the list were not verified by the committee therefore not valid for inclusion as pending bills.

No explanation was provided by the Management for failure to give priority to settlement of prior years' pending bills as a first charge as required under regulation 42 (a) of the Public Finance Management (National Government) Regulations, 2015 which requires debt service payments to be a first charge on the Consolidated Fund and the Accounting Officer to ensure this is done to the extent possible that the government does not default on debt obligations and as directed by The National Treasury in circular No.10/2020 issued on 16 June, 2020.

Consequently, the authenticity of the pending bills of Kshs.48,404,652 could not be confirmed and further, failure to settle the bills during the year to which they relate adversely affects the provisions of the subsequent year to which they have to be charged.

2. Misallocation of Expenditure

The statement of receipts and payments reflect expenditure of Kshs.205,619,568 on use of goods and services, and as reflected in Note 4 to the financial statements. However, supporting schedules and analysis of the sub-items under use of goods and services revealed an expenditure amounting to Kshs.133,821,167 charged to wrong accounts without requisite approvals contrary to Section 43(2)(b) of the Public Finance Management Act, 2012 which provides for reallocation of funds between programs, or sub-votes to be done by the accounting officer upon approval of a request made to The National Treasury explaining the reasons for the reallocation.

Consequently, the regularity of the expenditure of Kshs.133,821,167 in respect of use of goods and services could not be ascertained.

3. Unsupported Fixed Assets

Annex 3 to the financial statements on summary of fixed asset register for the year ended 30 June, 2021 reflects historical cost of assets amounting to Kshs.540,270,530. However, the assets were not supported with a detailed fixed asset register.

Further, the supporting schedules provided for audit in respect of the additions during the year of Kshs.25,142,988 indicated an amount of Kshs.12,025,564 charged to acquisition of assets and which related to subsistence allowances, facilitation allowances and training expenses.

In the circumstances, the accuracy and existence of additions during the year of Kshs.12,025,564 as reflected in the financial statements could not be confirmed.

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

Key Audit Matters

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

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 sections 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

1.0 Compensation of Employees

The statement of receipts and payments for the year ended 30 June, 2021 reflects expenditure on compensation of employees amounting to Kshs.380,916,686 as disclosed in Note 3 to the financial statements. A review of the expenditure revealed the following anomalies:

1.1 Irregular Payment of Motivation Allowances

The expenditure on compensation of employees includes Kshs.3,670,000 paid to three hundred and sixty-five (365) officers of the State Department for Mining as motivation allowances in the month of December, 2020 contrary to the Human Resource Policies and Procedures Manual for the Public Service. The staff comprising permanent employees, interns and casuals were all paid a uniform rate of Kshs.10,000 whose basis was not ascertained. Although Management indicated that the Authorized Officer, on the recommendation of the Ministerial Performance Management Committee approved the bonus payment to staff as a reward for exemplary performance over the financial year, no minutes of the Committee were provided for audit review.

1.2 Un-Procedural Engagement of Casual Employees

As disclosed in Note 3 to the financial statements, the statement of receipts and payments reflects Kshs.8,616,561 in respect basic wages of temporary employees incurred in payment of casual employees working at the Ministry Headquarters, Madini House, Regional Offices and Fluorspar Region. However, no documentary evidence was provided for audit to show how their recruitment was undertaken. In addition, the State Department engaged a total of 75 casual employees contrary to a Public Service Commission letter Ref: No PSC/21/2/5 dated 12 August, 2020 which authorized the State Department to engage a maximum of 45 casual employees for financial year under review.

2.0 Irregular Payment of Allowances

As disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects Kshs.205,619,658 in respect of use of goods and services which includes Kshs.52,245,375 for other operating expenses out of which Kshs.13,007,700 was paid to various officers for undertaking their normal duties and in respect of undefined facilitators as shown.

Expenditure Item	Payment Details	Amount (Kshs.)
Training	• Preparation for audit	660,000
	• Undefined facilitators	440,000
Specialized Material and Services	• Preparation for audit and clearance of audit queries	5,798,000
	• Budget preparation	4,069,700
	• Bank Reconciliation Preparation	1,060,000
	• Staff Mapping	980,000
	Total	13,007,700

Management did not provide explanation to justify payment of these allowances.

In the circumstances, the regularity of the Kshs.13,007,700 could not be verified.

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 comply, 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 procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 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 assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the State Department's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services 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 preparing and presenting the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply 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's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation

to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance 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 comply with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) 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 system 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 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 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

07 March, 2022

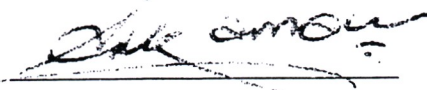
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7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE
2021

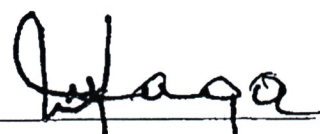
	Note	2020-2021	2019-2020
		Kshs	Kshs
RECEIPTS			
Exchequer releases	1	568,759,140	868,487,183
Other Receipts	2	66,490,822	50,000,000
TOTAL RECEIPTS		635,249,962	918,487,183
PAYMENTS			
Compensation of Employees	3	380,916,686	374,525,628
Use of goods and services	4	205,619,568	242,763,608
Transfers to Other Government Entities	5	14,500,000	22,500,000
Social Security Benefits	6	2,576,423	7,137,105
Acquisition of Assets	7	25,142,988	268,073,537
Other Expenses	8	6,490,822	-
TOTAL PAYMENTS		635,246,487	914,999,878
SURPLUS/DEFICIT		3,475	3,487,305

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department of Mining financial statements were approved on

21/12/21 2021 and signed by:


Principal Secretary

Name: Andrew N. Kamau, C.B.S


Deputy Accountant General

Name: Charles W. Nyaga

ICPAK Member Number: 11093

State Department for Mining
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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	2,133,957	3,998,642
Total Cash and cash equivalent		<u>2,133,957</u>	<u>3,998,642</u>
Accounts Receivables	10	-	1,520,476
TOTAL FINANCIAL ASSETS		2,133,957	5,519,118
FINANCIAL LIABILITIES			
Accounts Payables	11	2,130,482	2,031,813
NET FINANCIAL ASSETS		3,475	3,487,305
REPRESENTED BY			
Fund balance b/fwd	12	3,487,305	133,988
Prior year adjustment	13	(3,487,305)	(133,988)
Surplus/Deficit for the year		3,475	3,487,305
NET FINANCIAL POSITION		3,475	3,487,305

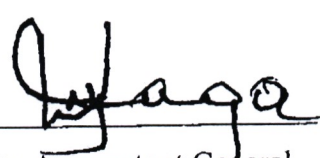
The accounting policies and explanatory notes to these financial statements form an integral part of the

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department of Mining financial statements were approved on

21/12/21 2021 and signed by:


Principal Secretary

Name: Andrew N. Kamau, C.B.S


Deputy Accountant General

Name: Charles W. Nyaga

ICPAK Member Number: 11093

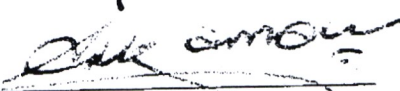
State Department for Mining
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9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2021

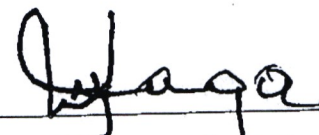
		2020-2021	2020-2019
		Kshs	Kshs
Receipts for operating income			
Exchequer Releases	1	568,759,140	868,487,183
Other Receipts	2	66,490,822	50,000,000
		635,249,962	918,487,183
Payments for operating expenses			
Compensation of Employees	3	380,916,686	374,525,628
Use of goods and services	4	205,619,568	242,763,608
Transfers to Other Government Units	5	14,500,000	22,500,000
Social Security Benefits	6	2,576,423	7,137,105
Other Expenses	8	6,490,822	-
		610,103,499	646,926,341
Adjusted for:			
Adjustments during the year			
Prior Year Adjustments	12	(3,487,305)	(133,988)
Decrease/(Increase) in Accounts Receivable	13	1,520,476	(1,520,476)
Increase/(Decrease) in Accounts Payable	14	98,669	(29,157,946)
Net cash flow from operating activities		23,278,303	240,748,432
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(25,142,988)	(268,073,537)
		(25,142,988)	(268,073,537)
Net cash flows from Investing Activities			(268,073,537)
NET INCREASE IN CASH AND CASH EQUIVALENT		(1,864,685)	(27,325,106)
Cash and cash equivalent at BEGINNING of the year	9	3,998,642	31,323,747
Cash and cash equivalent at END of the year	9	2,133,957	3,998,642

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department of Mining financial statements were approved on

21/12/2021 and signed by:


Principal Secretary

Name: Andrew N. Kamau, C.B.S


Deputy Accountant General

Name: Charles W. Nyaga

ICPAK Member Number: 11093

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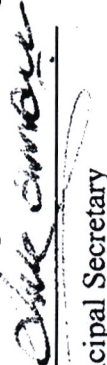
10. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

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	300,189,235	268,569,905	568,759,140	568,759,140	-	100%
Other Receipts	10,000,000	50,000,000	60,000,000	66,490,822	(6,490,822)	111%
TOTAL RECEIPTS	310,189,235	318,569,905	628,759,140	635,249,962	(6,490,822)	101%
PAYMENTS						
Compensation of Employees	179,700,000	200,400,000	380,100,000	380,916,686	(816,686)	100%
Use of goods and services	98,878,174	103,338,655	202,216,829	205,619,567	(3,402,738)	102%
Transfers to Other Government Units	9,500,000	14,500,000	24,000,000	14,500,000	9,500,000	60%
Social Security Benefits	2,576,423	-	2,576,423	2,576,423	-	100%
Acquisition of Assets	19,534,638	331,250	19,865,888	25,142,988	(5,277,100)	127%
Other Expenses	-	-	-	6,490,822	(6,490,822)	0%
TOTAL PAYMENTS	310,189,235	318,569,905	628,759,140	635,246,486	(6,487,346)	101%
Surplus/ Deficit				3,476	(3,476)	

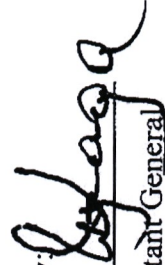
- a) Overutilization on use of goods and services and Acquisition of Assets is due to changes on supplementary budget.
b) Underutilization of transfer to other government units is due to exchequer cuts.

c) Kshs 6,490,822.00 was surrendered to National Treasury as excess A.I.A

The State Department of Mining financial statements were approved on 21/12/2021 and signed by:


Principal Secretary

Name: Andrew N. Kamau C.B.S


Deputy Accountant General

Name: Charles W. Nyaga

ICPAK Member Number: 11093

State Department for Mining
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For the year ended June 30, 2021

11. 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	219,630,095	268,569,905	488,200,000	488,200,000	-	100%
Other Receipts	10,000,000	50,000,000	60,000,000	66,490,822	(6,490,822)	111%
TOTAL RECEIPTS	229,630,095	318,569,905	548,200,000	554,690,822	(6,490,822)	101%
PAYMENTS						
Compensation of Employees	179,700,000	200,400,000	380,100,000	380,916,686	(816,686)	100%
Use of goods and services	37,798,422	103,338,655	141,137,077	150,056,498	(8,919,421)	106%
Transfers to Other Government Units	9,500,000	14,500,000	24,000,000	14,500,000	9,500,000	60%
Social Security Benefits	2,576,423	-	2,576,423	2,576,423	-	100%
Acquisition of Assets	55,250	331,250.00	386,500	345,800	40,700	89%
Other Expenses	-	-	-	6,490,822	(6,490,822)	0%
TOTAL PAYMENTS	229,630,095	318,569,905	548,200,000	554,886,229	(6,686,229)	101%
Surplus/Deficit				(195,407)	195,407	

a) Overutilization on use of goods is due to changes on supplementary budget.

b) Underutilization of transfer to other government units is due to exchequer cuts.

c) Kshs 6,490,822.00 was surrendered to National Treasury as excess A.I.A

The State Department of Mining financial statements were approved on 21/12 2021 and signed by: 

Deputy Accountant General

Name: Charles W. Nyaga

ICPAK Member Number: 11093

Principal Secretary

Name: Andrew N. Kamau C.B.S


State Department for Mining
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For the year ended June 30, 2021

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	80,559,140	-	80,559,140	80,559,140	-	100%
TOTAL RECEIPTS	80,559,140	-	80,559,140	80,559,140	-	100%
PAYMENTS						
Use of goods and services	61,079,752	-	61,079,752	55,563,069	5,516,683	91%
Acquisition of Assets	19,479,388	-	19,479,388	24,797,188	(5,317,800)	127%
TOTAL PAYMENTS	80,559,140	-	80,559,140	80,360,257	198,883	100%
Surplus/Deficit				198,883	(198,883)	

- i. Overutilization on Acquisition of Assets is due to changes on supplementary budget.
- ii. Underutilization of use of goods and services is due to changes on supplementary budget.

The State Department of Mining financial statements were approved on 21/11/2021 and signed by:


Principal Secretary

Name: Andrew N. Kamau C.B.S


Deputy Accountant General

Name: Charles W. Nyaga

ICPAK Member Number: 11093

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13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Final Budget	Actual on	Budget
	2021	2021	comparable basis	utilization
	Kshs	Kshs	2021	difference
			Kshs	Kshs
General Administration Planning and Support Service	247,168,669	247,168,669	242,897,235	4,271,434
Mining Policy Development and Coordination	247,168,669	247,168,669	237,578,152	9,590,517
Mineral Resources Management	272,998,092	272,998,092	290,037,362	(17,039,270)
Mineral Resources Development	99,926,688	99,926,688	116,922,037	(16,995,349)
Geological survey and mineral exploration	173,071,404	173,071,404	173,115,325	(43,921)
Geological Survey	108,592,379	108,592,379	102,311,890	6,280,489
GEO Information Management	107,886,697	107,886,697	101,606,207	6,280,490
	705,682	705,682	705,682	(0)
Total	628,759,140	628,759,140	635,246,487	(6,487,347)

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the State Department of Mining's budgets which are programme based. Ensure that this document is completed to enable consolidation by the National Treasury)

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 State Department of Mining

The financial statements are for the State department for Mining. The financial statements encompass the reporting State Department of Mining as specified under section 81 of the PFM Act 2012 and that no development projects is implemented by the State Department of Mining:

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 State Department of Mining for all the years presented.

a) Recognition of Receipts

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

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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.

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 State Department of Mining.

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 State Department of Mining 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 recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The State Department of Mining recognises all payments when the event occurs, and the related cash has been paid out by the State Department of Mining.

a) Compensation of Employees

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

b) 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.

c) Interest on Borrowing

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

d) 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.

e) 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 State Department of Mining 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 State Department of Mining in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the State Department of Mining 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 2,130,482 compared to Kshs 2,031,813 in prior period as indicated on note 10. 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.

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 State Department of Mining 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 2020 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.

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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-State Department of Mining transfers.

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 under note 12. 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 State Department of Mining to report on the payments made, or losses incurred, by the National Government State Department of Mining to meet contingent liabilities as a result of loans during the financial year.

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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 State Department of Mining; or
- 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, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The State Department for Mining 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. of this financial statement is a register of the contingent liabilities in the year..

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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	101,630,962	162,511,377
Total Exchequer Releases for quarter 2	184,370,744	402,571,271
Total Exchequer Releases for quarter 3	118,283,833	211,790,334
Total Exchequer Releases for quarter 4	164,473,601	91,614,201
Total	568,759,140	868,487,183

2. Other Receipts

Description	2020-2021	2019-2020
	Kshs	Kshs
Receipts from Administrative Fees and Charges - Collected as AIA	66,490,822	50,000,000
Total	66,490,822	50,000,000

3. Compensation of Employees

Description	2020-2021	2019-2020
	Kshs	Kshs
Basic salaries of permanent employees	240,851,017	235,540,338
Basic wages of temporary employees	8,616,561	9,057,675
Personal allowances paid as part of salary	131,449,108	129,927,615
Total	380,916,686	374,525,628

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4. Use of Goods and Services

Description	2020-2021	2019-2020
	Kshs	Kshs
Utilities, supplies and services	8,015,085	11,686,441
Communication, supplies and services	1,560,678	1,472,280
Domestic travel and subsistence	4,636,851	5,570,257
Foreign travel and subsistence	689,175	1,235,560
Printing, advertising and information supplies & services	1,525,693	3,519,194
Rentals of produced assets	3,844,028	5,509,902
Training expenses	14,020,319	18,124,280
Hospitality supplies and services	3,172,275	2,534,253
Insurance costs	303,300	-
Specialized materials and services	81,486,659	54,577,613
Office and general supplies and services	4,183,537	2,847,240
Fuel Oil and Lubricants	12,406,853	10,933,402
Other operating expenses	52,245,375	91,349,516
Routine maintenance – vehicles and other transport equipment	6,436,925	5,782,092
Routine maintenance – other assets	11,092,814	27,621,578
Total	205,619,568	242,763,608

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	14,500,000	22,500,000
TOTAL	14,500,000	22,500,000

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5. (b) Transfers to self-reporting entities in the year

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

Description	Recurrent Kshs	Development Kshs	Total Kshs	2020-2021 Kshs
Transfers to SAGAs and SCs				
National Mining Corporation	14,500,000	-	14,500,000	14,500,000
TOTAL	14,500,000	-	14,500,000	14,500,000

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statement. Include this list as an annex if it goes beyond one page.

6. Social Security Benefits

Explanation	2020-2021 Kshs	2019-2020 Kshs
Government pension and retirement benefits	2,576,423	7,137,105
Total	2,576,423	7,137,105

7. Acquisition of Assets

<u>Non -Financial Assets</u>	2020-2021 Kshs	2019-2020 Kshs
Construction of Buildings	606,240	134,785,468
Construction and Civil Works	-	9,999,348
Purchase of Office Furniture and General Equipment	345,800	133,100
Purchase of Specialized Plant, Equipment and Machinery	11,073,524	113,053,414
Research, Studies, Project Preparation, Design & Supervision	13,117,424	10,102,207
Total	25,142,988	268,073,537

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8. Other Expenses

<i>Description</i>	2020 - 2021	2019 - 2020
	Kshs	Kshs
Other payments	6,490,822	-
TOTAL	6,490,822	-

Other payments relate to surrender of excess AIA to the national treasury.

9. 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, 1000181354, KShs (SDM- Recurrent)	Kshs	Recurrent	-	2,297	1,951,608
Central Bank of Kenya, 1000181583, KShs (SDM- Development)	Kshs	Development	-	1,178	15,221
Central Bank of Kenya, 1000181947, KShs (SDM- Deposit)	Kshs	Deposit	-	2,130,482	2,031,813
Total				2,133,957	3,998,642

10. Accounts Receivable

<i>Description</i>	2020-2021	2019-2020
	Kshs	Kshs
Government Imprests	-	1,520,476
Total	-	1,520,476

11. Accounts Payable

<i>Description</i>	2020-2021	2019-2020
	Kshs	Kshs
Deposits	2,130,482	2,031,813

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12. Fund Balance Brought Forward

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank accounts	3,998,642	133,988
Accounts Receivables	1,520,476	-
Accounts Payables	(2,031,813)	-
Total	3,487,305	133,988

13. Prior Year Adjustments

	Balance b/f FY 2019/2020 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	1,966,829	(1,966,829)	-
Receivables	1,520,476	(1,520,476)	-
	3,487,305	(3,487,305)	-

(This relates to bank balance swept to the exchequer and imprests surrendered in the current year this thus results results to the reduction in the fund balance brought forward)

14. (Increase)/ Decrease in Receivable

	2020-2021	2019-2020
	KShs	KShs
Receivables as at 1 st July	1,520,476	-
Increase)/ Decrease in Receivables	1,520,476	(1,520,476)

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15. Increase/ (Decrease) in Accounts Payable

	2020-2021	2019-2020
	Kshs	Kshs
Payables as at 1 st July	2,031,813	31,189,759
Payables as at 30 th June	2,130,482	2,031,813
Increase/ (Decrease) in payables	98,669	(29,157,946)

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 (*State Department for Mining*)

- 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 SCs and SAGAs	14,500,000	22,500,000
Total Transfers to related parties	14,500,000	22,500,000
<u>Transfers from related parties</u>		
Transfers from the Exchequer	568,759,140	868,487,183
Total Transfers from related parties	568,759,140	868,487,183

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OTHER IMPORTANT DISCLOSURES

16.1: Pending Accounts Payable – The attached schedule

	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
Construction of buildings	-	-		-
Construction of civil works	-	-	-	-
Supply of goods	17,497,895.00	21,154,500.00	(13,514,836.00)	25,137,559.00
Supply of services	41,107,467.20	9,200,393.75	(9,660,645.00)	40,647,215.95
Total	58,605,362.20	30,354,893.75	(23,175,481.00)	65,784,774.95

16.2: Pending Staff Payables-None

16.3: 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	2,031,813	-	(-)	2,130,482
Total	2,031,813	-	(-)	2,130,482

16.4: External Assistance-None

16.5: Contingent Liabilities-None

**State Department for Mining
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**17. 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.


F/Y 2019-2020

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)
1.1	Acquisition of Assets	Report has been made to the Auditor General	C.F.O	Not Resolved	Awaiting to Appear before the P.A.C
1.2	Use of goods and services	Report has been made to the Auditor general.	C.F.O	Not Resolved	Awaiting to Appear before the P.A.C
1.3	Difference Between Financial Statement and Fixed Asset Register	Report has been made to the Auditor general.	C.F.O	Not Resolved	Awaiting to Appear before the P.A.C
1.4	Inaccuracies of cash and cash equivalents balance	Report has been made the Auditor general	D.A.G	Not Resolved	Awaiting to Appear before the P.A.C
1.5	Unsupported pending Bills	Report has been made the Auditor general	C.F.O	Not Resolved	Awaiting to Appear before the P.A.C
1.4	Award of Tender to a Contractor with Contradicting Registration Dates	Report has been made to the Auditor general	Head of procurement	Not Resolved	Awaiting to Appear before the P.A.C

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F/Y 2018-2019

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)
1227	Undisclosed Accounts Payable	Report has been made to the Auditor General	C.F.O	Resolved	Appeared before P.A.C on 16 th April 2020
1228	Unsupported Donor Funded Project	Report has been made to the Auditor general.	Director of Mines	Resolved	Appeared before P.A.C on 16 th April 2020
1229	Irregular legal cost and allowance payments	Report has been made to the Auditor general	Head Legal Affairs	Not Resolved	Awaiting to Appear before P.A.C
1230	Lack of Risk Management and I.C.T policies	Report has been made the Auditor general	Head Internal Audit & ICT	Resolved	Appeared before P.A.C on 16 th April 2020
1232	Shortfall in Revenue collection	Report has been made the Auditor general	Director of Mines	Resolved	Appeared before P.A.C on 16 th April 2020
1233	Unconfirmed Royalties Income	Report has been made to the Auditor general	Director of Mines	Resolved	Appeared before P.A.C on 16 th April 2020


Principal Secretary

Name: Andrew N. Kamau C.B.S


Deputy Accountant General

Name: Charles W. Nyaga

ICPAK Member Number: 11093

ANNEXES

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE-ATTACHED

ANNEX 2 - 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	226,887,672	606,240	-	-	227,493,912
Transport equipment	24,261,000	-	-	-	24,261,000
Office equipment, furniture and fittings	450,000	345,800	-	-	795,800
Machinery and Equipment	263,528,870	11,073,524	-	-	274,602,394
Intangible assets	-	13,117,424	-	-	13,117,424
Total	515,127,542	25,142,988	-	-	540,270,530

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 18 on acquisition of assets during the year. Ensure this section is complete and covers all the State Department of Mining's assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasury.

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ANNEX 3 - LIST OF PROJECTS IMPLEMENTED BY THE STATE DEPARTMENT OF MINING - NONE

ANNEX 4 - LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE STATE DEPARTMENT OF MINING

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	National Mining Corporation	The NMC is mandated, either on its own or in association with any other person or company, to undertake the exploration and mining of all strategic minerals or deposits in Kenya	Thomas Mwau Mutwiwa	14,500,000	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-program



NOTES TO THE FINANCIAL STATEMENTS

Entity 1192 State Department for Mining

Current Period JUL-2021 to JUN-21

Compare With JUL-1999 to JUN-2011

1 Tax Receipts

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Taxes on Income, Profits and Capital Gains	1110000	0.00	0.00
Taxes on Payroll and Workforce	1120000	0.00	0.00
Taxes on Property	1130000	0.00	0.00
Taxes on Goods and Services	1140000	0.00	0.00
Taxes on International Trade and Transactions	1150000	0.00	0.00
Other Taxes (not elsewhere classified)	1160000	0.00	0.00
TOTAL		0.00	0.00

2 Social Security Contribution

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Health Insurance Contribution	1210100	0.00	0.00
NHIF Health Insurance Contributions	1210200	0.00	0.00
Contributions from Govt. Employees for Social & Welfare Schemes	1210300	0.00	0.00
TOTAL		0.00	0.00

3 Proceeds from Domestic and Foreign Grants

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants from Foreign Governments	1310000	0.00	0.00
Grants from International Organisations	1320000	0.00	0.00
TOTAL		0.00	0.00

4 Exchequer releases

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Exchequer Releases/ Provisioning Account	9910201	568,759,140.00	868,487,182.55
TOTAL		568,759,140.00	868,487,182.55

5 Transfers from Other Government Entities

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants received by Central Govt from General Govt units	1330100	0.00	0.00
Grants Received from General Govt units by Local Authorities	1330200	0.00	0.00
Grants to Fund Accounts from Central Govt Budget	1330300	0.00	0.00
Grants to other General Govt units from General Govt units	1330400	0.00	0.00
TOTAL		0.00	0.00

6 Proceeds from Domestic Borrowings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Borrowing within General Government	5110100	0.00	0.00
Borrowing from Monetary Authorities (Central Bank)	5110200	0.00	0.00
Other Domestic Depository Corporations (Commercial Banks)	5110300	0.00	0.00
Borrowing from Other Domestic Financial Institutions	5110400	0.00	0.00
Borrowing from Other Domestic Creditors	5110500	0.00	0.00
Domestic Currency and Deposit	5110600	0.00	0.00
TOTAL		0.00	0.00

7 Proceeds from Foreign Borrowings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Foreign Borrowings - Drawdowns through Exchequer	5120100	0.00	0.00
Foreign Borrowing-Direct Payments	5120200	0.00	0.00
Foreign Currency and Foreign Deposits	5120300	0.00	0.00
Other Foreign Accounts Payable	5120400	0.00	0.00
TOTAL		0.00	0.00

8 Proceeds from Sales of Assets

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Receipts from the Sale of Buildings - Paid to Exchequer	3510100	0.00	0.00
Receipts from the Sale of Buildings	3510200	0.00	0.00
Receipts from sale of other st	3510300	0.00	0.00
Receipts from sale of other st	3510400	0.00	0.00
Receipts from the Sale of Vehicles and Transport Equipment - Paid to Exchequer	3510500	0.00	0.00
Receipts from the Sale of Vehicles and Transport Equipment	3510600	0.00	0.00
Receipts from the Sale of Plant Machinery and Equipment - Paid to Exchequer	3510700	0.00	0.00
Receipts from the Sale Plant Machinery and Equipment	3510800	0.00	0.00
Receipts from Sale of Certified Seeds and Breeding Stock - Paid to Exchequer	3510900	0.00	0.00
Receipts from Sale of Certified Seeds and Breeding Stock	3511000	0.00	0.00
Receipts from the Sale of Strategic Reserves Stocks	3520100	0.00	0.00
Receipts from the Sale of Other Inventories, Stocks, and Commodities	3520200	0.00	0.00
Receipts from the Sale of Inventories, Stocks and Commodities	3520300	0.00	0.00
Receipts from the Sale of Land	3540100	0.00	0.00
Receipts from the Sale of Other Naturally Occurring Non-Produced Assets	3540200	0.00	0.00
Receipts from the Sale of Intangible Non-Produced Assets	3540300	0.00	0.00
Receipts from the Sale of Non-Produced Assets Collected as AIA	3540400	0.00	0.00
Repayments from Loans to Government Agencies and Other Levels of Government	4510100	0.00	0.00
Loans to Non-Financial Public Enterprises	4510200	0.00	0.00
Loans to Financial Institutions	4510300	0.00	0.00
Repayments from Domestic Loans to Individuals and Households	4510400	0.00	0.00
Repayments from lending to Foreign Govts.	4520100	0.00	0.00
Repayments from lending to International Orgns.	4520200	0.00	0.00
Repayments from lending to Foreign Non - Financial Enterps. & Financial Instns.	4520300	0.00	0.00
Repayments from Other Foreign Lending	4520400	0.00	0.00
Sales and Disposals of Equity Holdings in Domestic Public Non - Financial Enterprises	4530100	0.00	0.00
Sales and Disposals of Equity Holdings in Domestic Public Financial Institutions	4530200	0.00	0.00
Sales and Disposals of Other Equity Holdings	4530300	0.00	0.00
Sales and Disposals of Equity Holdings in Foreign Financial Instns. and Domestic Financial Instns. operating abroad	4530400	0.00	0.00
Sales and Disposals of Equity Holdings in Foreign Enterps. Financial Instns. and Domestic Financial Instns. operating abroad	4530500	0.00	0.00
Redemption/ Disposal of Other Financial Assets	4530600	0.00	0.00
Refund of Bonds paid as Deposits for Guarantees	4530700	0.00	0.00
TOTAL		0.00	0.00

9 Reimbursements and Refunds

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Refund from World Food Programme (WFP)	4540101	0.00	0.00
Reimbursement of Audit Fees	4540102	0.00	0.00
Reimbursement on Messing Charges (UNICEF)	4540103	0.00	0.00
Reimbursement from World Bank - ECD	4540104	0.00	0.00
Reimbursement from Individuals and Private Organizations	4540105	0.00	0.00

Item Description	Item Code	Current Period	Previous Period
Reimbursement from Local Government Authorities	4540106	0.00	0.00
Reimbursement from Statutory Organizations	4540107	0.00	0.00
Reimbursement within Central Government	4540108	0.00	0.00
Reimbursement Using Bonds	4540109	0.00	0.00
Reimbursements and Refunds - Other (Budget)	4540199	0.00	0.00
TOTAL		0.00	0.00

10 Returns of Equity Holdings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Returns of Equity Holdings	4550000	0.00	0.00
Returns of Equity Holdings	4610000	0.00	0.00
TOTAL		0.00	0.00

11 Other Receipts

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Interest Received	1410100	0.00	0.00
Profits and Dividends	1410200	0.00	0.00
Withdrawals from Income of Quasi-corporations	1410300	0.00	0.00
Rents on land, houses and buildings	1410400	0.00	0.00
Other Property Income collected as AIA	1410500	0.00	0.00
	1415000	0.00	0.00
Sales of Market Establishment	1420100	0.00	0.00
Administrative Fees and Charges	1420200	0.00	0.00
Administrative Fees and Charges collected as AIA	1420300	60,000,000.00	49,999,999.70
Incidental Sales by Non-Market Establishments	1420400	0.00	0.00
Incidental Sales by Non-Market Establishments Collected as AIA	1420500	0.00	0.00
Receipts from Sale of Incidental Goods	1420600	0.00	0.00
Fines, Penalties, Forfeitures and other Charges	1430100	0.00	0.00
Current Grants from International NGOs paid through Exchequer	1440100	0.00	0.00
Capital Grants from International NGOs paid through Exchequer	1440200	0.00	0.00
Current Grants from International NGOs collected as AIA	1440300	0.00	0.00
Capital Grants from International NGOs collected as AIA	1440400	0.00	0.00
Other Voluntary Transfers for Current purposes	1440500	0.00	0.00
Other Voluntary Transfers for Capital purposes	1440600	0.00	0.00
Paid to Exchequer	1450100	0.00	0.00
Receipts Not Classified Elsewhere	1450200	0.00	0.00
	1510200	0.00	0.00
	1510300	0.00	0.00
	1520100	0.00	0.00
Business Permits	1520200	0.00	0.00
Cesses	1520300	0.00	0.00
Poll Rates	1520400	0.00	0.00
Plot Rents	1520500	0.00	0.00
Other Local Levies	1520600	0.00	0.00
Administrative Services Fees	1530100	0.00	0.00
Various Fees	1530200	0.00	0.00
Council'S Natural Resources Exploitation	1530300	0.00	0.00
Sales Of Council Assets	1530400	0.00	0.00
Lease / Rental Of Council'S Infrastructure Assets	1530500	0.00	0.00
Other Miscellaneous Revenues	1530600	0.00	0.00
Other Miscellaneous Revenues	1540100	0.00	0.00
Insurance Claims Recovery	1540200	0.00	0.00
Medium Term Loans (1-3 Yr Repayment)	1540300	0.00	0.00
Long Term Loans (Over 3 Yr Rpayment)	1540400	0.00	0.00
Transfers From Reserve Funds	1540500	0.00	0.00
Donations	1540600	0.00	0.00
Fund Raising Events	1540700	0.00	0.00
Other Revenues From Financial Assets Loan	1540800	0.00	0.00
	1541000	0.00	0.00
Market/Trade Centre Fee	1550100	0.00	0.00
Vehicle Parking Fees	1550200	0.00	0.00
Housing	1560100	0.00	0.00
Social Premises Use Charges	1560200	0.00	0.00
School Fees	1570100	0.00	0.00
Other Education-Related Fees	1570200	0.00	0.00
Other Education Revenues	1570300	0.00	0.00
Public Health Services	1580100	0.00	0.00

Item Description	Item Code	Current Period	Previous Period
Public Health Facilities Operations	1580200	0.00	0.00
Environment & Conservancy Administration	1580300	0.00	0.00
Slaughter Houses Administration	1580400	0.00	0.00
Water Supply Administration	1580500	0.00	0.00
Sewerage Administration	1580600	0.00	0.00
Other Health & Sanitation Revenues	1580700	0.00	0.00
Technical Services Fees	1590100	0.00	0.00
External Services Fees	1590200	0.00	0.00
	1930100	0.00	0.00
System Required Revenue A/cs	1990100	0.00	0.00
TOTAL		60,000,000.00	49,999,999.70

12 Compensation of Employees

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Basic Salaries - Permanent Employees	2110100	240,851,017.30	235,540,338.05
Basic Wages - Temporary Employees	2110200	8,616,560.60	9,057,674.70
Personal Allowances paid as part of Salary	2110300	131,449,108.35	129,927,615.10
Personal Allowances paid as Reimbursements	2110400	0.00	0.00
Personal Allowances provided in Kind	2110500	0.00	0.00
Employer Contributions to Compulsory National Social Security Schemes	2120100	0.00	0.00
Employer Contributions to Compulsory Health Insurance Schemes	2120200	0.00	0.00
Social Benefit Schemes Outside Government	2120300	0.00	0.00
TOTAL		380,916,686.25	374,525,627.85

13 Use of goods and Services

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Utilities, Supplies and Services	2210100	8,015,085.40	11,686,441.20
Communication, Supplies and Services	2210200	1,560,678.10	1,472,279.80
Domestic Travel and Subsistence, and Other Transportation Costs	2210300	4,636,850.00	5,570,257.00
Foreign Travel and Subsistence, and other transportation costs	2210400	689,175.00	1,235,560.00
Printing, Advertising and Information Supplies and Services	2210500	1,525,693.00	3,519,194.00
Rentals of Produced Assets	2210600	3,844,028.00	5,509,902.00
Training Expenses	2210700	14,020,318.90	18,124,280.00
Hospitality Supplies and Servi	2210800	3,172,275.25	2,534,252.90
Insurance Costs	2210900	303,300.00	0.00
Specialised Materials and Supp	2211000	81,486,659.35	54,756,812.95
Office and General Supplies and Services	2211100	4,183,537.00	2,847,240.00
Fuel Oil and Lubricants	2211200	12,406,853.15	10,754,202.00
Other Operating Expenses	2211300	52,245,375.05	91,349,515.80
Routine Maintenance - Vehicles	2220100	6,436,924.50	5,782,091.70
Routine Maintenance - Other Assets	2220200	11,092,814.00	27,621,579.05
Exchange Rate Losses	2230100	0.00	0.00
TOTAL		205,619,566.70	242,763,608.40

14 Subsidies

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Subsidies to Public Corporations	2510000	0.00	0.00
Subsidies to Private Enterprises	2520000	0.00	0.00
TOTAL		0.00	0.00

15 Transfers to Other Government Units

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Current Grants to Government Agencies and other Levels of Government	2630100	14,500,000.00	22,500,000.00
Capital Grants to Government Agencies and other Levels of Government	2630200	0.00	0.00
Other Current Transfers, Grants and Subsidies	2640400	0.00	0.00
Other Capital Grants and Trans	2640500	0.00	0.00
TOTAL		14,500,000.00	22,500,000.00

16 Other Grants and Transfers

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants and Transfers to Foreign Governments	2610100	0.00	0.00
Membership Fees and Dues and Subscriptions to International Organizations	2620100	0.00	0.00
Membership Fees and Dues and Subscriptions to International Organizations (Continued)	2620200	0.00	0.00
Scholarships and other Educational Benefits	2640100	0.00	0.00
Emergency Relief and Refugee Assistance	2640200	0.00	0.00
Grants to Small Businesses, Cooperatives, and Self Employed	2640300	0.00	0.00
TOTAL	2649900	0.00	0.00

17 Social Security Benefits

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Government Pension and Retirement Benefits	2710100	2,576,423.00	7,137,104.70
Social Security Benefits	2710200	0.00	0.00
Employer Social Benefits	2710300	0.00	0.00
Refund of Pension to UK Government	2720100	0.00	0.00
Refund of Contributions to WCPS and other Ex-Gratia	2720200	0.00	0.00
TOTAL		2,576,423.00	7,137,104.70

18 Acquisition of Assets

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Purchase of Buildings	3110100	0.00	0.00
Construction of Building	3110200	606,240.00	134,785,468.05
Refurbishment of Buildings	3110300	0.00	0.00
Construction of Roads	3110400	0.00	0.00
Construction and Civil Works	3110500	0.00	9,999,348.00
Overhaul and Refurbishment of Construction and Civil Works	3110600	0.00	0.00
Purchase of Vehicles and Other Transport Equipment	3110700	0.00	0.00
Overhaul of Vehicles and Other Transport Equipment	3110800	0.00	0.00
Purchase of Household Furniture and Institutional Equipment	3110900	0.00	0.00
Purchase of Office Furniture and General Equipment	3111000	345,800.00	133,100.00
Purchase of Specialised Plant, Equipment and Machinery	3111100	11,073,524.00	113,053,414.00
Rehabilitation and Renovation of Plant, Machinery and Equipment	3111200	0.00	0.00
Purchase of Certified Seeds, Breeding Stock and Live Animals	3111300	0.00	0.00
Research, Feasibility Studies, Project Preparation and Design, Project Supervision	3111400	13,117,424.00	10,102,207.00
Rehabilitation of Civil Works	3111500	0.00	0.00
Purchase of Specialised Plant	3112200	0.00	0.00
Acquisition of Strategic Stocks	3120100	0.00	0.00
Acquisition of Other Inventori	3120200	0.00	0.00
Acquisition of Land	3130100	0.00	0.00
Acquisition of Other Intangible Assets	3130200	0.00	0.00
Domestic Lending and On-lending	4110000	0.00	0.00
Domestic Equity Participation	4120000	0.00	0.00
Other Domestic Accounts Receivable	4130000	0.00	0.00
Foreign Lending and On-Lending	4140000	0.00	0.00
Foreign Equity Participation	4150000	0.00	0.00
Other Foreign Accounts Receivable	4160000	0.00	0.00
TOTAL		25,142,988.00	268,073,537.05

19 Finance Costs, Including Loan Interest

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Interest Payments on Foreign Borrowing	2410100	0.00	0.00
Interest Payments on Guaranteed Debt	2410200	0.00	0.00
Interest on Domestic Borrowing	2420000	0.00	0.00
Interest on Borrowing From Other Government Units	2430000	0.00	0.00
TOTAL		0.00	0.00

20 Repayment of Principal on Domestic and Foreign Borrowing

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Repayments on Borrowings from General Government	5510100	0.00	0.00
Repayments on Borrowings from Monetary Authorities (Central Bank)	5510200	0.00	0.00
Repayments on Borrowings from Other Domestic Depository Corporations (Commercial Banks)	5510300	0.00	0.00
Repayments on Borrowings from Other Domestic Financial Institutions	5510400	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors	5510500	0.00	0.00
Principal Repayments on Foreign Borrowing	5510600	0.00	0.00
Principal Repayments on Guaranteed Debt Taken over by Government	5520000	0.00	0.00
Principal Repayments on Guaranteed Domestic Debt Taken over by Government	5520100	0.00	0.00
Principal Repayments on Guaranteed Foreign Debt Taken over by Government	5520200	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors	5610000	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors - Private Enterprises	5610500	0.00	0.00
	5620000	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors - Public Enterprises	5620100	0.00	0.00
TOTAL		0.00	0.00

21 Other payments

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Budget Reserves	2810100	0.00	0.00
Civil Contingency Reserves	2810200	0.00	0.00
Capital Transfer to Non Financial Public Enterprises	2820100	0.00	0.00
Capital Transfer to Public Financial Institutions and Enterprises	2820200	0.00	0.00
Capital Transfer to Private Non-Financial Enterprises	2820300	0.00	0.00
System Required Expenses	2990100	0.00	0.00
	2999900	0.00	0.00
TOTAL		0.00	0.00

22A Bank Balances

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Special Accounts	6510000	0.00	0.00
Treasury Bank Accounts (Exchequer and CRF Accounts)	6520000	0.00	0.00
Recurrent Bank Accounts	6530000	1,951,608.00	1,951,608.00
Development Bank Accounts	6540000	15,220.90	15,220.90
Deposit Bank Account	6550000	2,031,813.20	2,031,813.20
Project Specific Bank Accounts	6570000	0.00	0.00
Foreign Currency and Foreign D	6590101	0.00	0.00
Foreign Currency and Foreign D	6590203	0.00	0.00
TOTAL		3,998,642.10	3,998,642.10

22B Cash Balances

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Cash in Hand	6580000	656,723,562.30	115,998.95
Foreign Currency and Foreign D	6590201	0.00	0.00
TOTAL		656,723,562.30	115,998.95

23 Accounts Receivables - Outstanding Imprest and Clearance Accounts

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Domestic Debtors & Advances	6710000	0.00	0.00
Debtors & Advances - Govt Owne	6720000	0.00	0.00
Foreign Debtors & Advances	6730000	0.00	0.00
Other Debtors & Pre-payments	6740000	0.00	0.00
Government Imprests	6760000	0.00	1,520,476.00
Agency Accounts	6770000	0.00	0.00
Suspense & Clearance Account	6780000	200,517.65	116,000.00

Item Description	Item Code	Current Period	Previous Period
Other Current Assets (System r	6790000	0.00	0.00
TOTAL		200,517.65	1,636,476.00

24. ACCOUNTS PAYABLE

Item Description	Item code	Current Period	Previous Period
		Kshs	Kshs
Other Liabilities	7320000	(0.60)	0.00
Deposits	7310000	2,130,482.00	2,031,812.75
Withholding Taxes	7380000	0.00	0.00
System Required Liabilities A/cs	7390000	656,367,936.30	0.00
TOTAL		656,498,417.70	2,031,812.75

25. FUND BALANCES BROUGHT FORWARD

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Opening Balance Bank	22A	3,998,642.10	31,254,927.00
Opening Balance Cash	22B	115,998.95	68,820.00
Opening Balance Receivables - Imprest and Clearance Accounts	23	1,404,476.00	0.00
Opening Balance - Deposits	24	(2,031,812.75)	(31,189,758.95)
TOTAL		3,487,304.30	133,988.05

26. PRIOR YEAR ADJUSTMENTS

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
County Transfers	9910300	0.00	0.00
Exchequer Provisions	9910200	1,066,476.00	133,988.00
TOTAL		1,066,476.00	133,988.00

