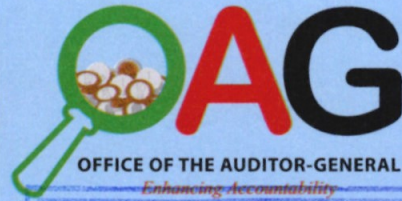


REPUBLIC OF KENYA



 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: 08 APR 2026	DAY: WEDNESDAY
REPORT BY:	HON. DIDO RASO, MP ON BEHALF OF LOM
CLERK-AT THE-TABLE:	J. LEMEROLLE

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LIBRARY

OF

**THE AUDITOR-GENERAL**

ON

**STATE DEPARTMENT FOR MINING**

**FOR THE YEAR ENDED  
30 JUNE, 2025**



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**STATE DEPARTMENT FOR MINING**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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Transitional IPSAS Financial Statements/Prepared in accordance with the Accrual Basis of Accounting Method Under International Public Sector Accounting Standards (IPSAS)

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## 1. Acronyms and Definition of Key Terms

### A: Acronyms and Abbreviations

AIE	Authority to Incur Expenditure
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
DRSRS	Directorate of Resource Surveys and Remote Sensing
NAMICO	National Mining Corporation
MRB	Minerals Rights Board
ICT	Information and Communications Technology
NSN	National Seismological Network
GRB	Geologist Registration Board
MDA	Ministries Department and Agencies
MHRMAC	Ministerial Human Resource Management Advisory Committee
MPMC	Ministerial Performance Management Committee
NACADA	National Authority for the Campaign Against Alcohol and Drug Abuse
AIA	Appropriation in Aid
IPPD	Integrated Personnel and Payroll Database
KNSB	Kenya National Bureau of Statistics
BETA	Bottom-up Economic Transformation Agenda
ASM	Artisanal and Small-scale Mining
CAJ	Commission on Administrative justice
NCDS	Non-Communicable Diseases
UHC	Universal Health Coverage

### B: Definition of Key Terms

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organisation.

## **2. Key Entity Information and Management for State Department for Mining**

### **a) Background information**

The Ministry of Mining was first established by the Executive Order No.2 of 2013 with four departments, namely; Resource Surveys and Remote Sensing (DRSRS), Mines, Geological Surveys and Shared Services. During re-organization of the Government through Executive Order No.1 of 2016, the Ministry's mandate was expanded to include Mining Capacity Development.

In the Executive Order No. 1 of 2018, The Ministry of Mining was merged with State Department for Petroleum to form the then Ministry of Mining and Petroleum. The Ministry comprised of two State Departments; the State Department for Petroleum and the State Department for Mining.

Following further re-organization of Government vide Executive Order No.1 of February 2021 the two State Departments were merged to constitute the Ministry of Petroleum and Mining under one Cabinet Secretary and Principal Secretary.

The Executive Order No. 1 of January 2023 re-organized the Ministry of Mining and Petroleum and created the State Department for Mining in the Ministry of Mining, Blue Economy and Maritime Affairs whereas the State Department for Petroleum domiciled in the Ministry of Energy and Petroleum.

The State Department is organized into six Directorates namely; Directorate of Licensing, Compliance and Enforcement; Directorate of Commercial Explosives; Directorate of Geological Surveys; Directorate of Mineral Exploration and Evaluation; Directorate of Environmental and Geotechnical Engineering and Directorate of Administration.

### **Vision and Mission**

#### **Vision**

“A vibrant mining sector contributing to broad-based growth for socio-economic transformation.”

#### **Mission**

“To maximize benefits accruing from mineral resources value chains for socio-economic development in a sustainable environment.”

### **b) Mandate**

The State Department's mandate as outlined in Executive order 2 of November, 2023 as follows:

- a) Policy on Extractive Industry;
- b) Mineral Exploration and Mining Policy Management;
- c) Inventory and Mapping of Mineral Resources;

## ***STATE DEPARTMENT FOR MINING***

### **Annual Report and Financial Statements for the year ended June 30, 2025.**

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- d) Mining and Minerals Development Policy and Standards;
- e) Maintenance of Geological Data (Research, Collection, Collation, Analysis);
- f) Policies on the Management of Quarrying of Rocks and Industrial Minerals;
- g) Management of Health Conditions and Health and Safety in Mines; and
- h) Mining Capacity Development.

The State Department Superintends over one Semi-Autonomous Agency (SAGA), one (1) Advisory and one (1) Regulatory Board:

- i. National Mining Corporation (NAMICO) - SAGA;
- ii. Mineral Rights Board (MRB) - Advisory; and
- iii. Geologists Registration Board (GRB) - Regulatory.

### **Core Values**

The State Department is guided by and strives to uphold the following core values which are expressed in the catch phrase PETITE. The core values are: -

- 1) Professionalism;
- 2) Efficiency;
- 3) Teamwork;
- 4) Innovation and creativity;
- 5) Transparency, Integrity and Accountability; and
- 6) Effective governance practices.

### **Core Functions**

The State Department has interpreted its mandate to include performance of the following functions:

- (i) Develop and manage geological survey, geo-information management, mineral promotion and marketing policies;
- (ii) Undertake geological, geochemical, geophysical, seismological and structural mapping to define the character and distribution of the rocks and superficial deposits;
- (iii) Undertake mineral exploration and deposit valuation;
- (iv) Conduct Geo-hazards mapping, geotechnical investigations and geo-environmental studies;
- (v) Establish, operate and maintain a National Seismological Network (NSN) for monitoring seismic activity in Kenya and the region in liaison with other related agencies;
- (vi) Develop a national geosciences repository and database;
- (vii) Ensure maintenance of laboratories, drill core library, rock museum, library and records facilities;
- (viii) Promote and market Kenya as a mineral and mining investment destination;

- (ix) Coordinate international and regional laws, agreements and memoranda of understanding in the extractives sector;
- (x) Generate mineral resource data to spur investment in the mining sector in line with African Vision 2063, African Mining Vision and Kenya Vision 2030;
- (xi) Superintend over the National Mining Corporation;
- (xii) Superintend over the Geologists Registration Board;
- (xiii) Facilitate relationships and links with other Ministries, State Departments and Governmental Agencies with roles in mining and minerals development;
- (xiv) Facilitate relationships and links with civil society organizations, community-based organizations and other stakeholders with roles in mining and minerals development;
- (xv) Facilitate relationships between mineral right holders, County Governments and mining communities;
- (xvi) Educate the communities on the mining operations taking place at their locality and interpreting for the community the various aspects of the project;
- (xvii) Assist communities while negotiating for compensation and resettlements;
- (xviii) Monitor Corporate Social Responsibility and social economic impacts by Mineral Right holders;
- (xix) Assist communities during formation of Community Development Agreements Committee; and
- (xx) Arbitration of disputes arising from mining operations.

**c) Key Management**

The entity's day to day management is under the following key organs

- a. Mineral Rights Board
- b. National Mining Corporation
- c. Geologist Registration Board and

**STATE DEPARTMENT FOR MINING****Annual Report and Financial Statements for the year ended June 30, 2025.****(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Cabinet Secretary	Hon. Hassan Ali Joho, E.G.H
2	Accounting Officer	Harry Kimtai, C.B.S (April-25- to date
	Accounting Officer	Elijah Mwangi, C.B.S (July 24-March 25
3	Secretary Administration	David Onyancha, O.G.W
4	Secretary Mines	Thomas Mutwiwa
5	Secretary Geological Survey	Enoch Kipseba
6	Director Licencing, Compliance and Enforcement	Gregory Kituku
7	Director- Human Resource Management and Development	Francis Mutisya
8	Director- Central Planning and Project Monitoring Department	Paul Mirie
9	Senior Chief Finance Officer	Samuel Waithaka
10	Senior Deputy Accountant General	Martin Ainea
11	Director Public Communications	Kazungu Chai
12	Director ICT	James Njiru
13	Deputy Director- Supply Chain Management System	Samuel Muthama
14	Principal State Counsel	Patricia Mabil

**e) Fiduciary Oversight Arrangements**

Key fiduciary oversight arrangements in the financial year:

- a) Budget Implementation Committee
- b) Senior Management Committees
- c) Internal audit unit
- d) Public Finance Management Standing Committee

**(f) Entity Headquarters**

P.O BOX 30009-00100  
Works Building  
Ngong Road  
**NAIROBI, KENYA**

**(g) Entity Contacts**

Telephone: **02-2721074**  
E-mail: ps@Mining.go.ke  
Website: Website:mibema.go.ke

**(h) Entity Banker**

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

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

The Attorney-General  
Office of the Attorney-General & Department for Justice  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
**City Square 00200**

**STATE DEPARTMENT FOR MINING**

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**3. Profile of Cabinet Secretary**

The State Department for Mining is domiciled in the Ministry of Mining, Blue economy and Maritime affairs, with Hon. Hassan Ali Joho, E.G.H as Cabinet Secretary.



**Hon. Hassan Ali Joho, E.G.H**

**Cabinet Secretary**

**Ministry of Mining, Blue Economy and  
Maritime Affairs**

H.E Hassan Ali Joho, E.G.H is the Cabinet Secretary for Mining, Blue Economy and Maritime Affairs in the Government of Kenya.

He holds a Bachelor of Business Administration from Kampala University and a Bachelor of Commerce from Greta University. He is also a holder of various diplomas in Business, Shipping, Logistics, and ICT.

He holds a Bachelor of Business Administration from Kampala University and a Bachelor of Commerce from Greta University. He has also completed executive training at the Harvard Kennedy School of Government, including the Public Leadership Credential (2022), Leadership for the 21st Century (2024), and Negotiation Strategies (2024).

Hon. Joho served as the first Governor of Mombasa County from 2013 to 2022. Under his leadership, Mombasa evolved into a vibrant commercial and tourism hub, with investments in infrastructure, education, healthcare, and urban renewal.

As the Cabinet Secretary, he now leads Kenya's strategic efforts to harness its mineral wealth and marine resources for inclusive growth and sustainable development. His presence at Africa Down Under signals Kenya's commitment to transparent investment, cross-border collaboration, and the transformation of the extractive sector.

Through the Hassan Joho Foundation, he remains deeply engaged in supporting community-driven initiatives in education, youth empowerment, and social welfare. His long-standing commitment to uplifting vulnerable communities continues to shape his public service and global advocacy.

4. Profiles of Accounting Officer and Key Management.



**Mr. Harry Kachuwai Kimtai, C.B.S**

**Principal Secretary, State  
Department for Mining**

Mr. Harry Kachuwai Kimtai, C.B.S, is the Principal Secretary, State Department for Mining under the Ministry of Mining, Blue Economy and Maritime Affairs, a role he has held since April 2025.

In this capacity, he serves as the Accounting and Authorizing Officer,

Prior to his current appointment, Mr. Kimtai served as Principal Secretary, State Department for Medical Services in the Ministry of Health (2023 – April 2025), where he spearheaded cross-sectoral reforms in healthcare services geared toward the realization of Universal Health Coverage (UHC). His leadership during this period was instrumental in strengthening healthcare delivery systems and expanding access to essential health services for all Kenyans.

Mr. Kimtai holds a Bachelor of Arts in Economics, Master of Arts in Economics, and a Master of Philosophy in Economics with a focus on Regional Planning and Economic Development, all from Bhopal University, India (1989–1995).

With over two decades of experience in public administration, fiscal oversight and sectoral leadership, Mr. Kimtai brings a wealth of experience and policy expertise to the mining sector. His leadership is central to the implementation of national development priorities such as the Bottom-Up Economic Transformation Agenda (BETA) and Kenya Vision 2030, ensuring that the mining sector plays a transformative role in economic growth, employment creation, and sustainable development.

**STATE DEPARTMENT FOR MINING**

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**Mr. David Onyancha Okechi,  
O.G.W  
Secretary Administration**

Mr. David Onyancha Okechi, OGW is the Secretary of Administration, State Department for Mining,

Mr. Onyancha a career Civil Servant has risen through the ranks from a District Officer III.

He holds a Bachelor of Arts degree and Masters of Political Science and Public Administration, from Moi University and University of Nairobi respectively. He is pursuing his Ph.D in Leadership and Governance at the Jomo Kenyatta University of Agriculture and Technology

He is an exceptional individual with a unique blend of skills and qualities that make him fit for his role. He has strong work ethic, and a collaborative spirit.

As the Secretary, Administration, he has steered the corporate affairs affably bringing his wealth of experience in leadership and governance, and has leveraged in his past experience in various ministries as a Chief Executive Officer, and Personal Assistant to various Cabinet Secretaries.



**Thomas Mutwiwa  
Secretary, Mines**

Thomas M. Mutwiwa is the Secretary, Mines

Mr. Mutwiwa worked in the Mombasa Provincial Geologist's office as Assistant Mining Engineer

He holds a Bachelor's Degree in Civil Engineering from the University of Nairobi and a Master of Science in Project Management from Jomo Kenyatta University of Agriculture and Technology. He is a member of the Kenya Institute of Management (KIM) and a member of the Environmental Institute of Kenya (EIK).

He served in acting capacity as the Managing Director for the National Mining Corporation. He developed the institutional instruments and laid the foundational structures on which the Corporation would anchor its future development and progression.

He vast experience in the sector having served for twenty-seven (27) years in the Public Service.



**Gregory Kituku**  
**Director of Licencing, Compliance & Enforcement**

Mr. Gregory Kituku is the director of Licencing, compliance and enforcement at the State Department

He holds Masters in Mining Engineering from University of Adelaide, Australia, Bachelor of Science in Civil Engineering from University of Nairobi, certificate in Strategic Leadership from Kenya School of Government, a certificate in Occupational Health and Safety in Mining from University of Queensland in Australia and a certificate in Energy and Mineral Economics from University Western Australia.

As the Director of Licencing, Compliance and Enforcement, Gregory has strong passion for the growth of the Mining Sector and will leverage on technology, artificial intelligence, processes, implementation of Mining Act Cap 306 and collaboration and partnership to take the Sector to the next level.



**Enoch Kipseba**  
**Secretary Geological Survey**

Enoch Kiptoo Kipseba is Secretary, Geological Survey at the State Department

He is currently heading the Geological Survey function

He holds a Masters' degree: Geo-Information Management from ITC, The Netherlands, Bachelors Degree: Geology, University of Nairobi

He is the Registrar, Geologists Registration Board, Director, African Minerals Geoscience Center and a member of Minerals Rights Board

He has vast experience in the geological engineering field having served the Government for 31 years

**STATE DEPARTMENT FOR MINING**

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**Francis Mutisya**

**Director- Human Resource Management and Development**

Francis Mutisya is the Director, Human Resource Management & Development (D/HRM&D), State Department for Mining

Mr. Mutisya holds a Bachelor of Arts- Sociology and English, Master's Degree in Human Resource Planning and Development

He has diligently served in various capacities in the area of public service Management at both technical and policy levels, with a remarkable accomplishment. He has served in the field stations and later joined the Directorate of Personnel Management (DPM), Office of the President in 2005.

He is a member of Institute of Human Resource Management (IHRM) and African Association of Public Administration & Management (AAPAM)

A career civil servant with cumulative 27 years



**Director- Central Planning and Project Monitoring Department**

Paul Mirie is the Director, Macro Planning at the State Department for Mining.

He is an experienced mineral economist with a Bachelors of Art, Economics and holder of a Master's of Science in Mineral Economics from University of Nairobi and Curtin University, Australia respectively.

Mr. Mirie is a fellow of the Emerging Leaders in African Mining (ELAM) – An initiative of the Mining and Energy for Development Alliance (MEfDA - AUSTRALIA) as well as a graduate of the Executive Training on Extractive and Sustainable Investment An initiative of the Columbia Centre for Sustainable Investments (Columbia University and the Earth Institute - implemented by the Great Lakes Institute of Strategic Studies). He is also experienced in regional and continental mining initiatives such as the Extractives Industries Transparency Initiative.



**Samuel Waithaka**  
**Senior Chief Finance Officer**

Samuel Waithaka is the Senior Chief Finance Officer at the State Department for Mining.

Samuel holds a Masters in Business Administration (Management of Information Systems) and a Bachelor of Science (Mathematics) from the University of Nairobi. He is also a Certified Public Accountant (CPA (K)) and a Certified Information System Auditor (CISA).

He previously worked as an Internal Auditor under the National Treasury for 12 years.

He has experience in Management & Leadership and Public Financial Management having attended relevant trainings associated with Public and Best Practices operations.

He is a member in good standing of ICPAK



**CPA Martin Ainea**  
**Senior Deputy Accountant General**

CPA Martin Omuse is the Head of accounting Unit.

He holds a bachelor's degree in Business Management and a master's degree in Business Administration (MBA). He is a Certified Public Accountant (CPA (K))



Mr. Omuse has served as an Internal Auditor for a period of eight years. In this role, he was responsible for evaluating the internal controls, identifying risks, and recommending improvements to enhance financial integrity.

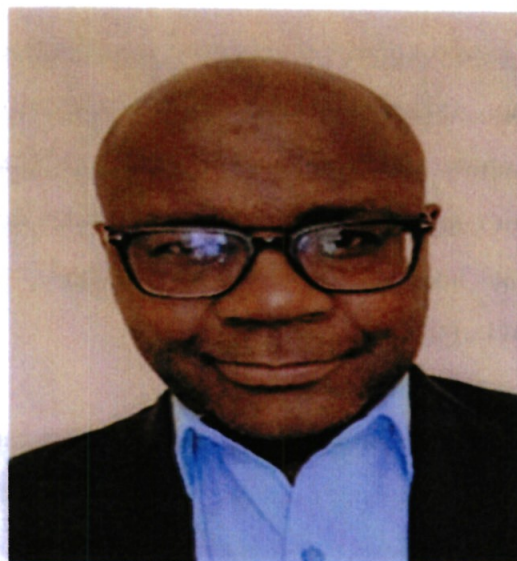
He redesignated from an internal auditor to an accountant within the National Treasury. He worked in the department of National Assets and Liabilities Management (NALM), within The National Treasury. This move broadened his experience as he gained knowledge in managing and optimizing Government Assets

He is a member in good standing of ICPAK

**STATE DEPARTMENT FOR MINING**

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	<p>Mr. Alex Kazungu Chai, HSC, is the Director of Information/Public Communications.</p> <p>Mr. Chai holds a Bachelor of Arts in Linguistics and Government, Master's degree in Communication Studies from the University of Nairobi and a Postgraduate Diploma in Mass Communication.</p> <p>He has worked in the communication directorates at State House across three administrations: the Presidential Press Service, the Presidential Strategic Communication Unit) and the Presidential Communication Service</p> <p>Earlier in his career, he served as District Information Officer in Lamu, Deputy KNA Bureau Chief in Taita Taveta and Editor of Mwangaza Rural Newspaper</p> <p>He has served in the Public Service for 27 years</p>
<p><b>Alex Kazungu Chai</b> <b>Director Public Communications</b></p>	<p>Mr. Muthama is the Deputy Director Supply Chain management system.</p> <p>He is the head of the Supplies chain Department He holds a Masters degree in Business Administration, ESAMI and Bachelors Commerce from University of Nairobi.</p> <p>He's a member in good service of Kenya Institute of Supplies Management</p> <p>He has vast experience in his field of expertise having served the Government for 30 years</p>
 <p><b>Samuel Muthama</b> <b>Deputy Director- Supply Chain Management System</b></p>	



**James Njiru**  
**Deputy Director ICT**

James Njiru is the Head ICT, State Department for Mining

James holds Masters in Computer information Systems from Strathmore University and a Bachelor of Science from Jomo Kenyatta University of Science and Technology (JKUAT). He is also Certified Information Systems Security Professional (CISSP) and IT Project Management among other IT Certifications.

James has served in various Ministries and Departments as Systems Analyst/Developer, ICT Officer and Head ICT for over 25 years.

His passion is using technical knowhow to benefit other people and organizations.



**Patricia C. Mabil**  
**Principal State Counsel**

Patricia C. Mabil is the State Counsel at the state Department with 12 years of experience as an advocate. She was admitted to the Roll of Advocates in 2013 and has been with the Office of the Attorney General and Department of Justice since 2014.

She holds a Bachelors of Laws from Moi University, a Post Graduate Diploma in Law from the Kenya School of Law, and is currently pursuing a masters thesis in Law, Governance, and Democracy at University of Nairobi

Patricia leads a range of legal duties, including providing legal counsel, drafting and reviewing legislation, and managing litigation. Her work has been instrumental in the Ministry with recent legislative efforts, which have included the development of two new subsidiary legislation and the amendment of four others. She is also currently involved in the development of the Geology Bill and the Explosives Bill.

Previously, as Deputy Head of the Prosecution Division at the Advocates Complaints Commission, she facilitated alternative dispute resolutions and prosecuted professional misconduct cases before the Advocates Disciplinary Tribunal.

**5. Statement by the Cabinet Secretary**

The mining sector in Kenya plays a crucial role in the country's economy, contributing to the extraction of valuable minerals such as gold, titanium, soda ash, and limestone. However, over the past few years, the sector has faced both opportunities and challenges, leading to fluctuating performance. The Kenya Mining and Minerals Policy and Mining Act (2016) outlines ambitious reforms for the minerals sector, including significant changes to the definition, legal status and governance of artisanal and small-scale mining (ASM) in the country.

The Mining and Quarrying sub-sector contribution to GDP is largely attributed to the revenue from mineral exports. However, the investments generated from mining licenses are not factored. The government has implemented several reforms to enhance the sector's contribution to the economy, including the establishment of the Mining Act 2016, which provides a more modern legal framework for the industry. The Kenyan government has also placed emphasis on value addition, encouraging the local processing of minerals to increase their value before export. These reforms have started attracting more investments, with the sector expected to contribute up to 10% of Kenya's GDP by 2030.

While the mining sector's contribution to GDP has been reported as modest, it is likely that its contribution is highly undervalued and underestimated. The sector is expected to play a more substantial role in Kenya's economic development, especially with ongoing reforms aimed at enhancing productivity and sustainability.



.....  
**Hon. Hassan Ali Joho, E.G.H**

**Cabinet Secretary**

**Ministry of Mining, Blue Economy and Maritime Affairs**

## **6. Statement by the Accounting Officer**

The State Department draws its legal mandate from: -

- (i) Constitution of Kenya, 2010;
- (ii) Mining Act 2016;
- (iii) The Energy Act, Cap. 314;
- (iv) Explosives Act No. 10;
- (v) Geologists Registration Act of 1933, Cap 535;
- (vi) Minerals and Mining Policy, 2018;
- (vii) Regional and international treaties, conventions, agreements and memoranda of understanding with other states and international organizations; and
- (viii) Published Regulations.

In cognisance with the Government transformative agenda The State Department intends to deliver the Government's Bottom-Up Economic Transformation Agenda (BETA) where one of its key objectives is enhancing grassroots development by empowering communities and ensuring that resources are sustainably exploited to uplift the lives of ordinary citizens. This will be achieved through formalisation and supporting artisanal mining. This mining operation involves an individual, communities or groups of miners who use simple equipment or rudimentary tools; it is associated with labour intensive, child labour, and adverse environmental impacts. They are the major stakeholders in the sector as most citizens have opted to mining as the main source of income.

Artisanal Mining supports over 800,000 people in Kenya and therefore is a key source of livelihoods in rural mineral rich areas. The sector however, is unable to sustainably grow due to some constraints such as its informal nature, financial illiteracy, limited technical skills of the miners, poor health and safety standards, inaccessibility of geo-data and mismanagement of environment. In this regard, the State Department should focus on regulation of artisanal mining sector to ensure its sustainability.

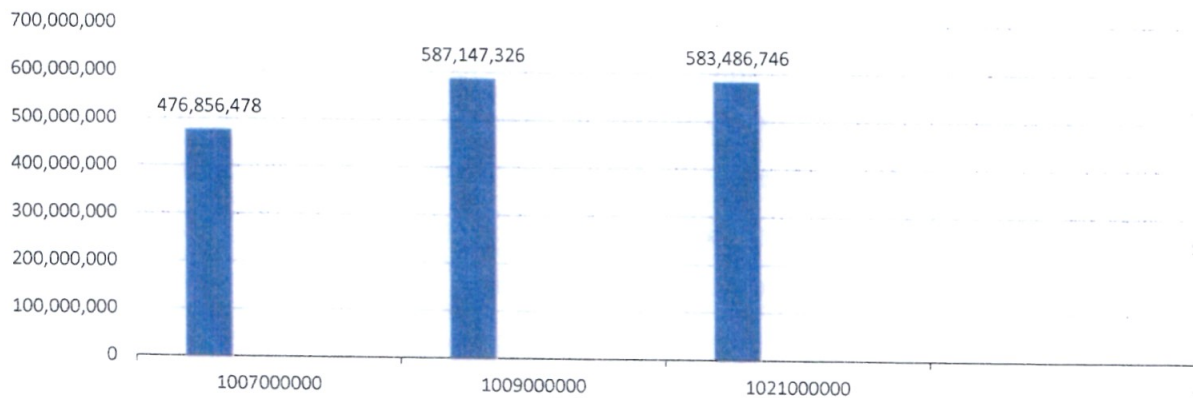
The State Department utilized 96% per cent of the recurrent budget and 80% of development budget funded by the exchequer and AIA in the financial year ended 30<sup>th</sup> June 2025 to carry out its mandate. The combined absorption stood at 88%.

**STATE DEPARTMENT FOR MINING**

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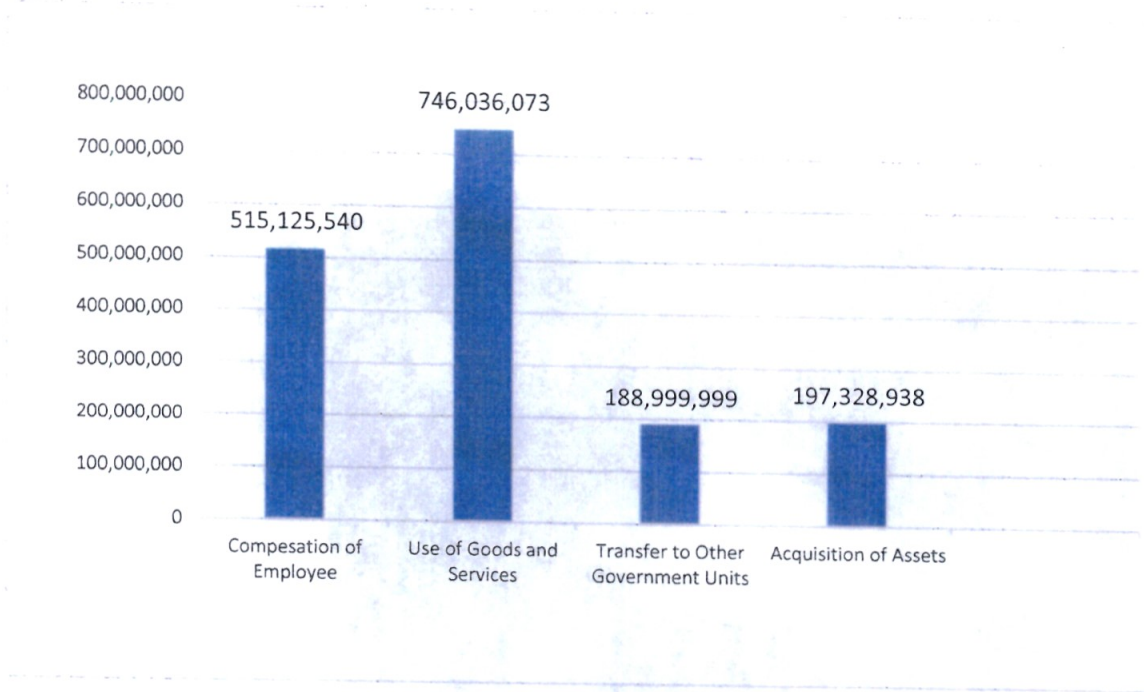
The 13% under expenditure, was occasioned by low absorption of procurement items for items that were being procured from overseas. Further, a budget of Kshs.318,000,000 was availed during Supplementary III in June 2025 limiting the procurement finalization timeliness as stipulated in the Public Procurement and Asset Disposal Act.

**Budget utilization by Programmes**



<b>Programme Code</b>	<b>Programme Description</b>	<b>Amount</b>
1007000000	General Administration Planning and Support Services	Kshs.476,856,478
1009000000	Mineral Resources Management	Kshs.587,147,326
1021000000	Geo Technical Services	Kshs.583,486,746

**Budget Utilization as Per Economic Items**



The State Department for Mining utilized **Kshs.515,125,540** on compensation of employees, **Kshs.746,036,073** on use of goods and services, **Kshs.188,999,999** on transfer to other government entities that is National Mining Corporation and **Kshs.197,328,938** on acquisition of assets.

**STATE DEPARTMENT FOR MINING**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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**Key achievements for the State Department for Mining**



*Cabinet Secretary H.E. Hassan Ali Joho and Principal Secretary for Mining Mr. Harry Kimtai present cheques to residents of Jaribuni as part of the 1% of gross revenue paid to the host Communities by mining companies as required by the Mining Act 2016. The*

*cheques were received on behalf of the community by Governor H.E. Gideon Maitha Mung'aro and Kilifi leaders in Kilifi.*



*Opening of six-classroom block at Ramisi Secondary School constructed by Base Titanium's Community Development Agreement Committee (CDAC) in Msambweni, Kwale County.*



*Ongoing construction of the Kshs 5.8 billion gold refinery at Lidambitsa area in Ikolomani constituency of Kakamega County.*

*The gold refinery, a first of its kind in the country, is undertaken by a foreign investor H-NUO Kenya Company and will benefit thousands of artisanal miners across the country who have been mining the valuable mineral manually with inherent dangers.*

### Emerging issues

- Geopolitics impact on the investment and project implementation
- Overlapping mandates between the State Department and County Governments
- Use of technologies such as robotics, artificial intelligence in the mineral sector where it affects implementation of National policies on employment and local content

### Key risk management strategies

Risk	Category	Mitigation Measure
<b>Strategic Risks</b>		
Low revenue due to sale of unprocessed minerals	High	<ul style="list-style-type: none"> <li>● Complete and operationalized value addition centres</li> <li>● Encourage value addition of minerals</li> </ul>
Low mineral market awareness	Medium	<ul style="list-style-type: none"> <li>● Formation of minerals/ mineral products cooperatives</li> <li>● Sensitization of the ASM on marketing of minerals/ mineral products</li> </ul>

**STATE DEPARTMENT FOR MINING**

**Annual Report and Financial Statements for the year ended June 30, 2025.**

<b>Risk</b>	<b>Category</b>	<b>Mitigation Measure</b>
Low staff morale, high staff turnover leading to poor service delivery	High	Staff training and development, improve work environment and rewarding
Misconceptions due to inadequate access of information or ignorance of the State Department’s mandate	Medium	Timely and effective information-sharing and dissemination
Stakeholder/community resistance to programmes/projects	High	Effective stakeholder/community engagement
<b>Policy/ legal changes</b>		
Slow implementation of the Mining Act 2016	High	Review and development of Mineral Royalty Collection Regulations which have been subjected to public participation.
<b>Environmental Risks</b>		
Use of harmful chemicals in mineral processing	High	<ul style="list-style-type: none"> <li>● Promote use of alternative environmental friendly mining methods and safe technologies since Kenya is a signatory to Minamata Convention.</li> </ul>
Environmental pollution and degradation in project areas	High	<ul style="list-style-type: none"> <li>● Compliance with relevant laws (EMCA, Mine Health and Safety Regulation and other relevant Legislations)</li> <li>● Effective Environmental and Social Impact Assessments (ESIA)</li> <li>● Compliance with the de-commissioning and restoration plans</li> <li>● Effective disaster preparedness and management</li> <li>● Rehabilitation of disused and abandoned mines</li> </ul>
<b>Political</b>		
Lack of political goodwill	Medium	Effective engagement with political leaders
Changes in Government organizational structure	Medium	Effective engagement within the Executive
<b>Financial Risks</b>		

Risk	Category	Mitigation Measure
Delays in the budget making and approval	High	▪ Effective engagement with the Legislature
<b>Technological Risks</b>		
Inability to cope with rapid technological advancements in hardware and software infrastructure	High	Investment in technological advancement
Inadequate disaster recovery planning for data	High	● Development and implementation of a disaster recovery plan
Cyber crime	High	<ul style="list-style-type: none"> <li>● Development of user-rights for confidential data</li> <li>● Firewalls to prevent intrusions</li> <li>● Anti-phishing software</li> <li>● Ethical hacking</li> </ul>
<b>Information Management</b>		
Inadequate geological and mineral occurrence data	Medium	Continuous acquisition and updating of geological data

### Implementation challenges and recommended way forward

#### Challenges:

- i. Competing local, national and regional interests
- ii. High community expectations and interruptions slowing project implementation
- iii. Resource mobilization: mining projects are high risk and capital-intensive inhibiting mobilization of funding before their bankability is determined
- iv. Existence of conflicts within the two levels of government leading to disharmony in project implementation rather than synergy.
- v. Inadequate technical skills for local professionals such as drillers, Gem-cutters and mineral economists; Gemmologists, Metallurgists, Laboratory Technologists and equipment operators;
- vi. Rapidly changing technology in the mining sector;
- vii. Inadequate funding for acquisition of geological mineral data, research and development;
- viii. Limited mineral audit capacity and litigations leading to uncollected revenues (royalties and fees).

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- ix. Inadequate office space

**Recommendations:**

- x. Creation of an enabling environment to improve competitiveness and attraction of investments;
- xi. Development and implementation of strategies to mitigate negative impacts on fluctuating global commodity prices and marketing trends that affect returns on investment;
- xii. Integration of monitoring and evaluation in project implementation;
- xiii. Enhancement of knowledge management, data analysis and information sharing for decision-making
- xiv. Need to review and upgrade of ICT infrastructure to keep pace with the technological advancements in the extractives sector;
- xv. Need for modern technology trainings to familiarize with the rapidly changing technology in the mining sector.

**Way Forward:**

- i. There is need to formulate and implement policies and strategies for management of stakeholder expectations;
- ii. Explore alternative funding options through innovative resource mobilization strategies in order to successfully implement the strategic development objectives.
- iii. Fast track Royalty sharing regulations



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**Harry Kimtai, C.B.S**  
**Principal Secretary**  
**State Department for Mining**

**7. Statement of Performance Against Predetermined Objectives for FY2024/2025**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer presents a statement of performance against predetermined objectives of the State Department.

The key strategic objectives as per the State Department for Mining strategic plan for FY 2023/24- FY 2027/28 are to:

- a) To increase revenue and investment in Mining
- b) To promote mineral resource management
- c) To improve Geological and Mineral Occurrence information
- d) To strengthen institutional governance, and administrative capacity

Table xx1: Programme performance

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY 2024/25			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Geological Surveys and Geo-information Management	To improve Geological and Mineral Occurrence information	Directorate of Geological Surveys and Geo-Information Management	Ground truthing reports	Number of counties Ground truthing activities undertaken	3	0	-3	47	24	23	The activity dropped from the work plan due to budget rationalization.
			Mineral Exploration report	Mineral Exploration activities for sulphide deposits Kamser-Seka Homa Bay County undertaken	1	1	0	1	1	0	Target achieved, the activity undertaken in the fourth quarter.
				Mineral Exploration activities for Copper in Maragwa, Kiamiramba, Tharaka Nithi undertaken	1	1	0	1	1	0	Target achieved, the activity undertaken during the fourth quarter.
				Mineral Exploration activities for Coltan in Boka Tana River County undertaken	1	1	0	1	1	0	Target achieved, the activity undertaken during the fourth quarter

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				A report on Mineral Exploration for Copper in Kinyiki Hill, Makueni County	1	1	0	1	1	0	Target Achieved
				No. of drill holes drilled in Phase two Drilling at Ikutha in Kitui County	3	3	0	3	3	0	Target achieved
			Geo-hazard Mapping and Geo-technical assessment report	Number of counties mapped for Geo-hazards and Geo-technically assessed	2	3	1	2	3	1	The project replaced the Ground truthing activity and was achieved
			Laboratory officers capacity built	Number of Laboratory officers capacity built	17	17	0	17	17	0	Target Achieved
			Geological maps digitalized and vectorized	Number of Geological maps digitalized and vectorized	50	17	-33	50	17	-33	Target not met due to budget constrains
Mineral Resource Management	To Increase Revenue and Investment in Mining	Increased revenue and investment in mining	Artisanal and Small Scale Mining (ASM) Cooperatives formed.	Number of Artisanal and Small Scale Mining (ASM) Cooperatives formed.	150	182	32	200	232	32	Annual target achieved
			Artisanal Mining Committees	Number of counties Artisanal Mining	24	35	11	24	35	11	The target was achieved and surpassed in Q4

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			operationaliz ed	Committees operationalized							
			Mineral Dealing Rights Granted	Number of Mineral Dealing Rights Granted	200	214	14	200	214	14	Annual target was achieved and exceeded in the last quarter.
			Minerals Prospecting and Exploration rights granted	Number of Minerals Prospecting and mining rights granted	50	53	3	50	53	3	Annual Target achieved
			Mining Act Cap 306 amended	Mining Act cap 306	1	0	-1	1	0	-1	The process is ongoing at parliamentary committee
			Mineral Audit Inspections report	Number of Mineral Audit Inspections reports	4	6	2	4	6	2	The target was achieved.
			Kakamega Gold Refinery developed	Overall completion % (structure and equipping) of Kakamega Gold Refinery	60	40	-20	60	40	-20	Project ongoing as per the approved schedule. Sub Structure construction is at 80% completion rate.
			Vihiga Granite Cutting and Processing Centre developed	% completion of Vihiga Granite Cutting and Processing Centre	40	5	-35	40	5	-35	The Contractor phased financial challenges and the process of terminating the

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											project contract has been initiated, currently at AG's office for review.
			Mines/quarries and other operations that use Commercial Explosives inspected	Number of Mines/quarries and other operations that use Commercial Explosives inspected	450	610	160	450	610	160	The target achieved and surpassed during the FY.
General Administration and Support Services	To strengthen institutional governance, and administrative capacity	Strengthened institutional governance and capacity	Monitoring and Evaluation (M&E) conducted	No. of M&E Reports	4	4	0	4	4	0	Target achieved, M&E exercise undertaken through the regional mining offices
			Ministerial Performance Contracting Management	% implementation of Cabinet Secretary's Performance Contract FY 2024/2025	100	100	0	100	100	0	Implementation of Cabinet Secretary's Performance Contract for FY 2024/2025 done and most of the targets achieved
			Officers Capacity Built	No. of Officers trained on Mandatory Courses	50	61	11	50	61	11	The target was achieved and surpassed
			Cross-Cutting Issues	% of Cross-Cutting issues Mainstreamed	100	100	0	100	100	0	The target achieved for all the past

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			mainstreamed								quarters. Mainstreaming of the cross cutting issues well undertaken.
			Communication Strategy for the Extractives Sector developed	Communication Strategy for the Extractives Sector	1	0	-1	1	0	-1	The target not achieved scheduled for the next financial year depending on availability of funds.

## 8. Governance Statement

The State Department for Mining is domiciled in the Ministry of Mining, Blue Economy and Maritime affairs, with Hon. Hassan Ali Joho, E.G.H as Cabinet Secretary and Mr. Harry Kimtai C.B.S as the Principal Secretary

Currently the State Department is organized into the following functional areas listed below:

- (i) Directorate of Geological Surveys
- (ii) Directorate of Mines
- (iii) Administration
- (iv) Human Resource Management
- (v) Finance
- (vi) Accounts
- (vii) Legal
- (viii) Supply Chain Management
- (ix) Public Communication
- (x) Central Planning and Project Monitoring
- (xi) Information and Communication Technology.

## Management Committees Established and their Roles

### Project Committee

functions of the Committee are:

- i. Review project concept notes and make recommendations to the accounting officer for decision making within thirty days;
- ii. Review project pre-feasibility and feasibility studies and make recommendations to the accounting officer for decision making;
- iii. Identify the potential project risks and mitigating measures not covered in the project concept note, pre-feasibility or feasibility studies;
- iv. Prioritize projects based on the National Government Ministries, Departments and Agencies Strategic Plan, Medium Term Plan, and National and County Development Plans;
- v. Recommend mode of project financing; and
- vi. Provide guidance on any changes in the project design.

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**Budget Implementation Committee**

function of the Committee is to:

- i. Review and consider the cash plans. This involves a regular review of the Departmental cash plan and approval of any changes to the initial cash flow plan to be communicated to the national Treasury.
- ii. Review the utilization of cash limits and consider any Changes as may be required.
- iii. Review the utilization of donor funds voted for the State Department
- iv. Advice the accounting officer on any challenges related to the Budget implementation
- v. Review and recommend reallocation of expenditure
- vi. Review and approve the submission of the expenditure returns, non-financial reports, IPPD, pending bills, and A.I.A returns for the State Departments and recommend action to be taken.
- vii. Participate in the Sector Working Groups
- viii. Prepare the budgets for the State Department in consultation with Heads of Departments

**Audit Committee**

The functions of the Committee are to provide oversight role and to advice the Accounting Officer and senior Management on the following areas:

- a) Internal Control Systems
- b) Governance Structure
- c) Risk management Systems
- d) Financial Reporting process
- e) Compliance with the laws and regulations /requirements

**Ministerial Human Resource Management Advisory Committee**

The Functions of the committee entail making recommendations to the Authorized Officer regarding;

- i. Recruitment, Selection and Appointment;
- ii. Performance Management;
- iii. Promotions;
- iv. Confirmation in Appointment;

- v. Training and Development;
- vi. Training Impact Assessment;
- vii. Management of Skills Inventory;
- viii. Establishment and Complement 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 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 Administration.

**Ministerial Performance Management Committee**

**The Functions of the committee is to;**

- i. Undertake quarterly review of implementation of strategic plans and performance contracts;
- ii. Ensure linkage between institutional performance contract and performance appraisal system;
- iii. Ensure that the overall assessment of employee performance is within the context of institutional performance as evaluated through staff performance appraisal system;
- iv. Ensure that the performance of all officers is evaluated and feedback on performance is relayed in writing at the end of the year;
- v. Hold quarterly performance review meetings;
- vi. Consider performance reports from various departments within the ministry and make recommendations for improvement;
- vii. Review cases of appeals on appraisal ratings between supervisors and appraisees;
- viii. Make recommendations to the authorized officer on the application of rewards or sanctions;

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- ix. Develop and implement the internal monitoring and evaluation and reporting system;  
and
- x. Ensure that the integrity and credibility of the overall process of rewards and sanction system is safeguarded and maintained at all times.

**Asset Management Committee**

- i. **Inventory management** – Maintain and update Assets Registers using the prescribed reporting templates issued by The National Treasury
- ii. **Disposal of idle assets** – ensure disposal of unserviceable, obsolete, and surplus assets by way of sale, transfer to other public institutions, destruction, donation or other authorized methods of disposal and in all cases in full conformity to the existing legal requirements

**Public Finance Management Standing committee- Chaired by the Principal Secretary**

- i. Ensuring that there is prioritization on resources allocated to a National Government entity for the smooth implementation of the entities mission, strategy, goals, risk policy plans and objectives;
- ii. To review, monitor regularly budget implementation and advice on the entities accounts, major capital expenditures and reviewing performance and strategies at least on a quarterly basis;
- iii. To identify risks and implementation of appropriate measures to manage such risks or anticipated changes impacting on the entity;
- iv. To review on a regular basis the adequacy and integrity of the entity's internal control, acquisition and divestitures and management information systems including compliance with applicable laws, regulations, rules and guidelines;
- v. Establishing and implementing a system that provides necessary information to the stakeholders including stakeholder communication policy for the entity in line with Article 35 of the Constitution;
- vi. Monitoring the effectiveness of the corporate governance practices under which the entity operates and propose revisions as may be required, from time to time;
- vii. Monitoring timely resolution of audit issues; and
- viii. Any other matter referred to it from time to time by the responsible Cabinet Secretary.

## **National Values and Principles of Governance**

Implement at least five (5) commitments and submit in the prescribed format an Annual Progress Report on the implementation of the commitments and way forward captured in the 2023 Annual President's Report on National Values and Principles of Governance to the Directorate of National Cohesion and Values

The State Department continues to commit to the 2023 President's Annual Report on measures taken and progress achieved:

- i. Fast track implementation of programmes, projects and activities for the realization of the "BETA" Agenda;
- ii. Leverage on and enhance use of Information and Communications Technology (ICT) and other innovations in service delivery;
- iii. Continue to enhance the fight against corruption, dispensation of justice and observance of the rule of law;
- iv. Enhance the capacity of public institutions and the public to adhere to the provisions of Article 10 of the Constitution through civic education, training and sensitization on national values and principles of governance;
- v. Continue enhancing the collaboration between the two levels of government to entrench sharing and devolution of power;
- vi. Continue to implement measures to protect the environment, mitigate climate change, and improve the national forest cover; and
- vii. Implement measures to promote inclusivity and representation of Kenya's diverse communities in the public service.

## **Road Safety Mainstreaming committee**

- a) Develop a Workplace Road Safety Policy anchored on the NTSA policy guidelines
- b) Develop an Annual Road Safety Implementation Plan based on the approved road safety policy with the following key components included.

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- i. At least three road safety activities stipulated in the Work Place Road Safety Policy,
  - ii. Undertaking Annual Motor vehicle inspections of all the vehicles,
  - iii. Training of Drivers on defensive driving,
  - iv. Reporting on quarterly basis using the prescribed Reporting Template on the non-compliance on road safety at the workplace.
- c) Implement the Annual Road Safety Implementation Plan and
- d) Submit quarterly reports to NTSA in the prescribed format.

#### **Corruption Prevention committee**

- i. Setting priorities in the prevention of corruption within the Ministry,
- ii. Planning and coordinating corruption prevention strategies,
- iii. Integrating all corruption prevention initiatives in the Ministry,
- iv. Receiving and reviewing reports on corruption prevention initiatives and recommending appropriate action,
- v. Receiving and taking action on corruption reports made by staff and other stakeholders,
- vi. Spearheading anti-corruption campaigns within the Ministry,
- vii. Monitoring and evaluating the impact of corruption prevention initiatives,
- viii. Preparing and submitting quarterly progress reports to the Ethics and Anti-Corruption Commission.

#### **Safety and Security committee**

- i. Setting Policies and procedures for systematically managing sensitive data in the Ministry.
- ii. Planning and coordination risk presentation strategies.
- iii. Advise management on controls needed to enhance protection of sensitive data.
- iv. Integrating the ISMS in the Ministry
- v. Spearheading information security sensitization within the Ministry.
- vi. Monitoring and evaluating the impact of risk mitigation strategies.
- vii. Preparing and submitting quarterly progress reports

#### **Citizen Service Charter committee**

- i. Developing and displaying the Citizen Service Charter as prescribed.

- ii. Monitoring and evaluating the service commitment levels
- iii. Preparing and submitting quarterly progress reports

**Digitalization committee**

- i. Review of core services
- ii. Re-engineering end-to-end of core services
- iii. Digitalization of re-engineered service processes
- iv. On boarding of all digitalized customer facing services to e-citizen platform

**Complaints and Access to Information committee**

- i. Receive, process, and oversee the resolution of complaints,
- ii. Receive, process and request access to information,
- iii. Promote the sensitization of staff and other stakeholders on complaints handling and access to information,
- iv. Advise management on complaints handling, proactive and reactive disclosure of information,
- v. Monitor the trends of complaints and recommend remedial action,
- vi. Prepare regular reports to management on complaints handling and requests for access of information,
- vii. Coordinate complaints handling and access to information activities in the Ministry,
- viii. Ensure the integration of complaints handling in the Ministry,
- ix. Ensure compliance with the guidelines of the Commission on resolution of public complaints, and access to information as may be issued from time to time,
- x. Monitor, evaluate and review complaints handling and access to information activities in the Ministry,
- xi. Where appropriate refer complaints and or access to information to the appropriate authorities including the CAJ.

## **9. Management Discussion and Analysis**

The State Department for Mining was formed through the Executive Order No. 1 of 2023 on organisation of Government in January, 2023

### **Key projects or investments**

The State Department is implementing the following key Projects

Artisanal Mining Formalization – The project is in response to the Bottom-Up Economic Transformation Agenda Value on Minerals, Land and Natural resources. It aims at ensuring that Artisanal and Small-Scale miners are mainstreamed through issuance of necessary permits and licenses as envisaged under Section 94 of the Mining Act, 2016. The project involves formation of marketing Cooperatives, capacity building initiatives on financial literacy, Book keeping, records management and training on sustainable mining practices, appropriate mineral processing technologies and marketing techniques.

The project is being funded by the National Government but plans are underway to loop in development partners to ensure continuity and sustained campaign targeting formalization of ASMs.

Ground Truthing and Mineral Exploration – Pursuant to the State Department’s mandate of conducting mineral exploration and in support and to complement the recently conducted Nationwide Airborne Geophysical Survey, the State Department is undertaking a comprehensive and targeted ground truthing project. This seminal project is aimed at identifying and confirming anomalies identified vide the conclusion of the Airborne Survey. Further, the project will lead to de-risking of mining investments and ultimately attraction of world class exploration and mining companies. So far 10 counties have been mapped for industrial minerals and 2 rare earth mineral occurrences assessed.

The project is funded through Exchequer Releases and AIA collections has been identified as a key response of the mining sector to the BETA plan’s aspiration of expanding the tax base, improving forex reserves and generating jobs.

Mineral Testing and Analysis Laboratory modernization and decentralization – Mineral Testing and analysis provides a baseline for charging mineral royalties and also reduce the cost of mining business by eliminating the need to export samples for testing.

<b>Sector: Environment Protection, Water and Natural Resources</b>						
<b>Vote 1192: State Department for Mining</b>						
<b>Economic Classification</b>	<b>Approved Budget Allocation</b>			<b>Actual Expenditure</b>		
	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Gross</b>	<b>237.7</b>	<b>2,507.2</b>	<b>1,901.3</b>	<b>227.3</b>	<b>1,624.5</b>	<b>1,647</b>
AIA	25.0	100	878	14.6	44.3	878
<b>NET</b>	<b>212.7</b>	<b>2,407.2</b>	<b>1,023.3</b>	<b>212.7</b>	<b>1,580.2</b>	<b>769</b>
Compensation to Employees	0.0	403.7	529.2	0.0	380.5	515.1
Transfers	6.7	336	189	7.0	280	189
Other Recurrent	230.7	1,667.5	1,741.5	220.3	0.0	1,866.5
<b>Of which</b>						
Utilities	4.8	13	837.9	4.7	6.4	746
Rent	0.0	5	4.5	0.0	3.6	4.5
Contracted Guards and Cleaners Services	0.0	0	0	0.0	0.0	0.0
Others	225.9	1,649	899.1	215.6	909.7	1,111.1

The State Department for Mining projects are classified under four Sub-programmes namely; Mineral Resources Development, Geological Survey, Mineral Exploration, and Geo-Information Management with their performance outlined as below.

#### **a) Mineral Resources Development**

Mineral Beneficiation and in-country mineral processing and Value Addition is being accorded great consideration. In this view, Clinkerization (West Pokot, Kilifi, Kajiado etc), Cement production and Steel-making have been given consideration.

To support the import substitution, manufacturing, job creation and foreign exchange earnings priorities, the Ministry is focused on promoting in-country mineral processing and value addition. Towards this end, the cabinet has approved and sanctioned the development of a Mineral Processing and Value Addition Policy.

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The Department is committed to supporting local mineral-based manufacture of day-to-day products such as cement from limestone, steel from iron ore, tiles and ceramics from clays and granite and fertilizers from agro-minerals such as lime and phosphates.

These initiatives will lead to job creation, significant reduction of importation and consequently preservation of foreign exchange and spur economic growth.

#### **b) Geological Survey and Mineral Exploration**

The Government undertook a Nationwide Airborne Geophysical Survey (NAGS) from 2018 to 2022. A report which 94.6% of the Country landmass and 54.5% of the Territorial Sea (Water mass) identified 970 mineral occurrences.

During the period under review, the State Department carried out confirmatory (Ground Truthing) exercise for selected Minerals.

The Department is committed to providing up-to-date geological data and information to potential investors to assist them in accelerating their mineral exploration activities. This is geared towards de-risking mining investments and guaranteeing the utilization of mineral resources for sustainable social-economic development.

The Department will rely on the recently concluded National wide Airborne Geophysical Survey project to accelerate exploration initiatives for critical and strategic minerals as well as industrial and agro-minerals.

#### **c) Geo Information Management**

The National Geo-Data Public Portal is 90% complete; this resulted into The Geo-data Portal being completed and activated online. The Portal is available for public use.

The Online Mining Cadastre System – a World-class Licensing System developed by a Vendor from South Africa hosted Locally at Konza Technopolis City assists in applications, processing and managing Mining, Prospecting and Dealership Licences and Permits and creating raw data for revenue anticipated.

**10. Environmental and Sustainability Reporting**

The State Department for Mining exists to develop policies on the extractive industry; Undertake mineral exploration and mining policy management; Maintain an inventory and mapping of mineral resources; Develop mining and minerals development policies and standards; Maintain Geological Data (Research, collection, collation, analysis); develop policies on the management of quarrying of rocks and industrial minerals; develop mining capacity development and value addition; and management of health conditions and health and safety in mines.

**a) Sustainability strategy and profile**

The top management has continued to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. The State Department through adherence to the Constitution of Kenya, 2010, existing Laws, Regulations, Policies and the State Department's Strategic Plan 2023/24 will deliver the desired goals.

While undertaking our responsibilities diligently and to the best of our abilities to support the achievement of the stated strategic development objectives, we have formulated and reviewed regulatory frameworks and undertaken Institutional reforms; Promoted Artisanal and Small-scale Mining (ASM); Build capacity for effectiveness and efficiency; Promoted investments in the Mining sector; Generated, processed and interpreted geo-scientific data; Provided quality and accredited mineral testing services locally and regionally; Enhanced efficiency and transparency in the administration of mineral rights and mineral dealings; Enhanced revenues from the mining sector; Enhanced mineral value and competitiveness; and implemented affirmative action policies and strategies.

**b) Environmental performance /climate change/ mitigation of natural disasters**

The Department's major environmental responsibility is to promote mine environmental management, health and safety requirements; mines rehabilitation and tree planting.

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The Department collaborates closely with the Ministry of Environment and Natural Resources, which is the country's climate change focal point. Our environmental conservation activities are further guided by the National Environment Policy, 2013.

Chapter Four of the National Environment policy identifies Kenya's critical ecosystems and natural resources. It proposes measures to enhance conservation and management of ecosystems and sustainable use of natural resources while Chapter Six addresses a wide range of issues relating to environmental quality and health. The areas covered include air quality, water and sanitation, waste management, radiation, toxic and hazardous substances, noise and environmental diseases.

#### **c) Employee welfare**

- (i) Recruitment of personnel is done by the Public Service Commission as per Articles 10 and 232 of the constitution as well as per the provisions of section B of the Human Resource Policies and Procedures Manual (2016).

In cases where the Commission delegates recruitment of lower cadres to the authorised officers, the process is guided as per the existing service regulations. In all instances the ratio of either Gender must not exceed 70%.

Government Policies on recruitment are normally reviewed after every five (5) years. The draft of the same is normally circulated to all stakeholders for their input and validation in accordance with the provision of the Constitution of Kenya.

- (ii) The State Department has taken deliberate efforts to ensure that every member of staff is exposed to at least 5 days training in a year in accordance with existing Government Training Policy.

Each officer falls under a Scheme of Service/ career guidelines which defines his/her career path in the service. They also require to undertake professional as well as mandatory courses that prepare them for Supervisory, Managerial and Leadership positions in future. The officers are also expected to progress to the next grade after every three years so long as they have the requisite qualifications and posts are available and they pass interviews administered by the Commission or the Ministry.

- (iii) The State Department has on boarded all officers on the online Performance Appraisal

System (PAS) together with their respective supervisors. Officers are also required to complete quarterly reports indicating their outputs, as well as challenges they face during the same period.

- (iv) In compliance with occupational safety and Health Act of 2007 (OSHA), the management has ensured that there are adequate and clean sanitary facilities for all staff. Management have also ensured that offices are designed in such a manner that there is no overcrowding, that there is good lighting and emergency exits are in place to ensure speedy and safe evacuation of staff in case of emergency. Adequate and safe water for drinking is also available for staff. There is an office accommodation committee in place to deal with emerging office accommodation matters and attendant issues related to the health and safety of staff.

**d) Operational practices/ Marketplace practices**

The State Department procures goods and services through competitive tendering and bidding processes where all stakeholders are treated equally. Measures are taken to make sure that all suppliers are paid on time to avoid pending bills.

**e) Community Engagements-**

The State Department has no budget for CSR, However the private mining companies are encouraged to give back to the community in which they mine from, this includes environmental restoration at cessation of mineral production.

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**11. 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 MDA shall prepare financial statements in respect of that MDA. 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 entity's financial statements, which give a true and fair view of the state of affairs of the State department for and as at the end of the financial year ended on June 30, 2025. 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 MDA, (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 MDA; (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 entity's financial statements, which have been prepared on the Accrual 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's financial statements give a true and fair view of the state of the department's transactions during the financial year ended June 30, 2025, and of the State Department's financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the State Department, which have been relied upon in the preparation of the MDA's financial statements as well as the adequacy of the system of internal controls.

The Accounting Officer in charge of the State Department for Mining confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the

**STATE DEPARTMENT FOR MINING**

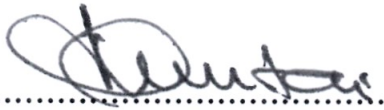
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The State Department for Mining financial statements were approved on 8/12/ 2025 and signed by:



.....  
**Harry Kimtai, C.B.S**  
**Accounting Officer**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR MINING FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

- A. Report on 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 the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 transitional IPSAS financial statements of State Department for Mining set out on pages 1 to 32, which comprise of the statement of

financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of State Department for Mining as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33), and comply with the Mining Act, 2016 and the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

### **Basis for Qualified Opinion**

#### **Weaknesses in Identification and Non-Collection of Appropriation in Aid (AIA)**

The statement of financial performance reflects miscellaneous income amount of Kshs.912,018,799, and as disclosed in Note 7 to the financial statements, related to Appropriations in Aid (AIA). Review of AIA returns at the State Department for the year under review revealed Mineral Development Levy collections totaling Kshs.730,733,888 which was based on self-declaration of production and gross sales quantities by mining and cement companies. Further, review of export sales data maintained by the Kenya Network Agency (KENTRADE) revealed that Base Titanium Limited reported gross sales of Kshs.7,824,556,720. However, the Company did not declare or remit applicable Mineral Development Levy totalling Kshs.78,248,567 calculated at 1% of the gross sales. Management did not indicate mechanisms put in place to identify and collect applicable levies and verify the self-declared production and sales quantities.

In the circumstances, the identification and accurate computation of miscellaneous income amount of Kshs.912,018,798 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 the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter

described in the Basis for Qualified Opinion section, there were no key audit matters to report communicate in my report.

**Other Matter**

**Unresolved Prior Year Matters**

In the prior years' audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on the Effectiveness Internal Controls, Risk Management and Governance. Review of the status during audit of the State Department in 2024/2025 revealed that the following matters remained unresolved;

	<b>Audit Issue</b>
1	Unsupported Expenditure Reversals
2	Unsupported Accounts Payable
3	Budgetary Control and Performance
4	Unprocedural Confirmation of Employees' Terms of Service
5	Use of Invalid Local Purchase Orders for Procurement
6	Irregularities in the Procurement of Goods and Services
7	Non-Compliance with Climate Change Regulations
8	Lack of Land Ownership Documents
9	Poor Conditions at the Department's Main Store
10	Unimplemented Internal Audit Reports
11	Weaknesses in Information Technology Controls
12	Enhancement of Governance Systems and Security-Related Expenditures

**Other Information**

Management is responsible for the Other Information set out on pages iii to xlv, which comprises of Key Entity Information and Management, Statement of Governance, Statement of Performance Against Predetermined Objectives, Management Discussion and Analysis, Environment and Sustainability Reporting and Statement of Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the State Department for Mining financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

#### 1. Overpayment of Rent for Nakuru Regional Offices

The State Department entered into a lease agreement on 26 June, 2023 for an office space at a private building in Nakuru town at a quarterly rent of Kshs.650,760 quarterly, inclusive of Value Added Tax (VAT), and payable in advance. Further, the agreement provided for a monthly service charge of Kshs.19,720 payable quarterly in advance. However, review of rent payments revealed that Management had been making quarterly rent payments of Kshs.823,507 instead of Kshs.709,920 resulting in an overpayment of Kshs.113,587 per quarter, which amounted to an overpayment of Kshs.454,348 for the year under review. Management indicated that the rent amount in the contract had erroneously been quoted as inclusive of tax, and that the rent payments were in consultation with the County Director of Housing.

In the circumstances, Management was in breach of the rental contract terms.

#### 2. Lack of Ownership Documents and Lease Agreements for Field Offices

During the year under review, the State Department operated eighteen (18) Regional Offices countrywide with the responsibility of coordinating mining activities in the regions. Field visit to the Regional Offices in October, 2025 revealed lack of ownership documents for land where the offices were situated and lease or tenancy agreements for leased office space, as detailed below:

- i. The State Department constructed a regional office on a road reserve in Taita Taveta County, as evidenced by signage by the Kenya National Highways Authority (KeNHA) demarcating the area as a road reserve. This was despite the State Department having elected permanent structures, including buildings on the land. Further, ownership documents or lease agreements for the land where the Office was situated were not provided.

- ii. Management did not provide the title deed for the land where the Kwale Regional Office was erected for audit verification. Field verification revealed that the offices were poorly maintained, with the building visibly old and dilapidated.
- iii. Ownership documents or lease agreements for premises occupied by Mombasa Regional Office were not provided for audit review. Further, field visit revealed that the State Department is constructing a Laboratory on the land.
- iv. The regional offices in Kilifi, Eldoret and Migori were hosted by the County Commissioner, while the Kitui Office was hosted by the Registrar of Births. However, occupancy agreements and an authorization letter for the usage of the offices were not provided for audit review.

In the circumstances, value for money incurred on the construction of permanent structures on land whose ownership was in doubt could not be confirmed.

### **3. Long Outstanding Accounts Payable**

The statement of financial position reflects trade and other payables balance of Kshs.71,181,515 as disclosed in Note 14 to the financial statements. Included in this balance are payables amounting to Kshs.34,412,689 and Kshs.34,915,661 aged over two (2) and three (3) years respectively, with some dating back to 2018. This is contrary to the Public Finance Management Act, 2012, section 74 (4) (d).

In the circumstances, Management was in breach of the law.

### **4. Unsupported Procurement of Construction of Laboratories**

The State Department undertook the construction of mineral laboratories at the Mombasa, Kitui and Embu Regional Offices and paid a total of Kshs.8,271,999 during the year under review. Review of the works revealed several anomalies as indicated below:

- i. Management did not provide duly executed contracts for the construction works and procurement details for audit verification;
- ii. The bill of quantities (BOQs) were not provided for audit review;
- iii. Management did not provide evidence of involvement of the State Department for Public Works in the construction;
- iv. The supervision and inspection of the construction was carried out by laboratory staff who lacked the qualifications and expertise to undertake such functions; and
- v. The Mombasa office was made up of three stacked containers, which did not meet the code and requirements of a public building, as it did not have access to persons with disability, and only had an external metallic steep staircase serving as the exit and entrance to the laboratory. Further, there was no allocation for the movement of

bulky samples and equipment despite parts of the laboratory being in the top-most container. Further, the container buildings lacked proper ventilation, lighting, and emergency exits. The designs indicated that each container was meant to have two windows in the front part, while in reality, only one grilled window existed.

In the circumstances, the safety of the laboratory buildings could not be ascertained and value for money has not been realised on the construction works.

#### **5. Delay in Delivery of Diamond Core Drilling Rig and Accessories**

The State Department contracted a local firm for the supply of a diamond core drilling rig and accessories at a cost of Kshs.173,920,000 on 29 May, 2024. The contract provided for a delivery period of five (5) months. However, the supplier was granted three (3) extensions, with the third extension ending on 28 February, 2026. The multiple extension raises doubt on the supplier's ability to fulfill its contractual obligations.

In the circumstances, value for money has not been realised from the intended use of the rig due to failure to deliver it on time.

#### **6. Lack of Geological Data Repository**

The State Department did not have an established repository for geological data and information. This is contrary to Section 21 (1) of the Mining Act, 2016 which provides that the Director of Geological Survey shall develop a national repository of geo-science information through the compilation, publication and dissemination of information and data concerning the geology and mineral resources of Kenya and facilitate access to this information by the general public.

In the circumstances, there is risk of loss of critical geological data and information and Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Lack of an Approved ICT Policy**

The State Department operated several software systems for the management of financial information, remuneration of employees, and management of mineral rights among others. However, review of the Information and Communications Technology (ICT) environment revealed a lack of an ICT Policy.

In the circumstances, assurance over ICT governance, security management, program change management, physical access controls, environmental controls could not be confirmed due to lack of an ICT Policy.

### **2. Enhancement of Governance Systems for Security Related Expenditures**

During the financial year 2023/2024, the State Department transferred some funds to a Government Agency for confidential security operations. A certificate of confidential expenditure was issued, supported by a declaration from the Accounting Officer affirming proper use of funds in compliance with Regulation 101(5) of the Public Finance Management (National Government) Regulations, 2015.

As previously reported, there is need, however, to enhance accountability of confidential expenditures through review of the Regulations to clearly define entities eligible for confidential security related expenditures and to specify what constitutes security related operations. Further, entities should establish internal oversight mechanisms and processes that include detailed budget projections and post-operation financial summaries to address risks and ensure responsible use and accountability of the funds, beyond the certificate.

The measures will strengthen governance, fostering trust, and ensuring funds are utilised responsibly without compromising State security. However, as at the time of audit in November 2025, no action had been taken to implement the audit recommendations.

## **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 controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the State Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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 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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions

and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

15 December, 2025

13. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024-2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from Exchequer	6	919,488,178
<b>Total</b>		<b>919,488,178</b>
<b>Revenue from exchange transactions</b>		
Miscellaneous income	7	912,018,799
<b>Total revenue</b>		<b>1,831,506,977</b>
<b>Expenses</b>		
Employee costs	8	515,184,005
Use of goods and services	9	630,265,365
Transfers to other Government Entities	10	188,999,999
<b>Total expenses</b>		<b>1,334,449,369</b>
<b>Surplus/Deficit for the year</b>		<b>497,057,608</b>
<b>Net Surplus/Deficit</b>		<b>497,057,608</b>

The Financial Statements set out on pages 1-5 were signed by:



Harry Kimtai, C.B.S  
Accounting Officer



CPA Martin A. Omuse  
Head of Accounting Unit  
ICPAK M/No. 14340

## 14 Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	11	149,996,710	5,182,389
Trade receivables	12	34,019,717	0
Trade prepayments	16	8,233,414	0
<b>Total Current Assets</b>		<b>192,249,841</b>	<b>5,180,389</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	13	194,976,067	0
<b>Total Non- Current Assets</b>		<b>194,976,067</b>	<b>0</b>
<b>Total Assets (a)</b>		<b>387,225,907</b>	<b>5,180,389</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	14	71,181,515	180,449,543
Refundable Deposits	15	1,112,665	1,584,043
<b>Total Current Liabilities</b>		<b>72,294,180</b>	<b>182,033,586</b>
<b>Non-Current Liabilities</b>		0	0
<b>Total Non- Current Liabilities</b>		0	0
<b>Total Liabilities (b)</b>		<b>72,294,180</b>	<b>182,033,586</b>
<b>Net Assets (a-b)</b>		<b>314,931,727</b>	<b>(176,853,197)</b>
<b>Represented by:</b>			
Accumulated Surplus		314,931,727	(176,853,197)
Capital Fund		0	0
<b>Net Assets</b>		<b>314,931,727</b>	<b>(176,853,197)</b>

The financial statements set out on pages 1-5 were signed by:

.....  
 Harry Kimtai, C.B.S  
 Accounting Officer

.....  
 CPA Martin A. Omuse  
 Head of Accounting Unit  
 ICPAK M/No. 14340

## 15 Statement of Changes in Net Assets for the year ended 30 June 2025

	Accumulated Surplus	Reserves	Capital Fund	Total
<b>Fund balance as at 30<sup>th</sup> June 2024</b>	<b>3,596,346</b>			<b>3,596,346</b>
<b>Adjustments</b>				
Adjustment -Recognition of Liabilities	(180,449,543)			(180,449,543)
<b>As at July 1, 2024</b>	<b>(176,853,197)</b>			<b>(176,853,197)</b>
Surplus (deficit) for the period	497,057,608			497,057,608
Return to Exchequer	3,596,346			3,596,346
<b>As at June 30, 2025</b>	<b>314,931,727</b>			<b>314,931,727</b>

## 16. Statement of Cash Flows for the year ended 30 June 2025

		2024-2025
	Notes	Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from exchequers		919,488,118
Other incomes		877,999,082
<b>Total receipts</b>		<b>1,797,487,260</b>
<b>Payments</b>		
Employee costs		515,125,540
Use of goods and services		746,036,073
Transfers to other Government Entities		188,899,999
Other payments (Change in 3 <sup>rd</sup> party deposits)		471,378
<b>Total payments</b>		<b>1,450,632,990</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>346,854,269</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE		(197,328,938)
<b>Net cash flows from/(used in) investing activities</b>		<b>(197,328,938)</b>
<b>Cash flows from financing activities</b>		
Return to Exchequer		3,596,346
<b>Net cash flows from financing Activities</b>		<b>3,596,346</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>144,816,320</b>
Cash and cash equivalents at 1 July		5,180,389
<b>Cash and cash equivalents at 30 June</b>		<b>149,996,709</b>

**STATE DEPARTMENT FOR MINING**

**Annual Report and Financial Statements for the year ended June 30, 2025.**

**17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025**

**Recurrent and Development Combined**

<b>Receipt/Expense Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>
	<b>A</b>	<b>B</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
<b>Receipts</b>						
Exchequer releases	1,658,158,447	(635,088,190)	1,023,070,257	919,488,178	105,582,079	89%
Miscellaneous receipts	100,000,000	778,300,000	878,300,000	877,999,082	300,918	100%
<b>Total Receipts</b>	<b>1,758,158,447</b>	<b>143,211,810</b>	<b>1,901,370,257</b>	<b>1,797,745,575</b>	<b>103,624,681</b>	<b>95%</b>
<b>Payments</b>						
Compensation of employees	501,000,000	28,200,000	529,200,000	515,125,540	14,074,460	97%
Use of goods and services	925,056,178	(87,085,921)	837,970,257	746,036,073	91,934,183	89%
Transfers to other government entities	89,000,000	100,000,000	189,000,000	188,999,999	1	100%
Acquisition of assets	243,102,269	102,097,731	345,200,000	197,328,938	147,871,062	57%
<b>Total Payments</b>	<b>1,758,158,447</b>	<b>143,211,810</b>	<b>1,901,370,257</b>	<b>1,667,260,848</b>	<b>234,109,403</b>	<b>87%</b>
<b>Surplus</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>149,996,709</b>	<b>(149,996,709)</b>	

- (a) Under absorption of exchequer of 11% was occasioned by non-utilisation of procurement items budgeted under exchequer that required a lengthy procurement process to acquire
- (b) Under absorption of goods and service of 11% was occasioned by budget availed late when the department could not engage procurement services
- (c) Under absorption of acquisition of assets of 43% was occasioned by procurement of specialized equipment that require a lengthy order period considering budget was availed in supplementary III
- (d) The entity financial statements were approved on 8/R 2025 and signed by:

.....  
**Harry Kimtai, C.B.S**  
**Accounting Officer**

.....  
**CPA Martin A. Omuse**  
**Head of Accounting Unit**  
**ICPAK M/No. 14340**

**Budget Reconciliation to the Statement of Cash Flows**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	149,996,709
1	Reason for differences- other payments	5,180,389
	Closing Cash and Cash Equivalent as per the statement of Cash flows	144,816,320

## Budget Execution by Programmes and Sub-Programmes for FY2025

<b>Programme/Sub-programme</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on comparable basis</b>	<b>Budget utilization difference</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>General administration and planning</b>					
1007000000	489,497,110			476,856,478	12,640,631
<b>Mineral Resource Management</b>					
1009000000	647,495,807			587,147,326	60,348,481
1021000000	764,377,340			583,486,746	180,890,594
<b>Total</b>	<b>1,901,370,257</b>			<b>1,647,490,550</b>	<b>253,879,707</b>

## 18. Notes to the Financial Statements

### 1. Establishment

The State Department for Mining is established by and derives its authority and accountability from Executive Order No. 1 of 2023 on organisation of Government in January, 2023. The State Department is wholly owned by the Government of Kenya and is domiciled in Kenya. The State Department for Mining's principal activity is extraction of minerals.

### 2. Statement of Compliance and Basis of Reporting

#### Statement of compliance

These financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

For the purpose of these financial statements, the State Department has been categorized as a Schedule 1 national government MDA in line with Section 4 of the Public Finance Management Act, 2012 read together with Regulation 211 (2) of the Public Finance Management (National Government) Regulations, 2015. Schedule 1 national government entities include Ministries, Departments, Agencies, constitutional institutions and independent offices. MDAs are reporting entities whose primary objective is to provide policy and coordination of government services.

The use of public resources by MDAs is primarily governed by Chapter 12 of the Constitution, the relevant Appropriation Act, the Public Finance Management Act, of 2012, and the Public Procurement and Disposal Act, of 2015.

These financial statements were authorized for issue by the Accounting Officer on 29<sup>th</sup> August 2025.

Guiding note during the transition period:

The financial statements have been prepared in accordance with the Public Finance Management Act, and International Public Sector Accounting Standards (IPSAS) or the MDA has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1<sup>st</sup> year **the following elements, value of assets, value of inventory, value of liabilities** of the financial statements have not been recognized as the State Department has taken advantage of the transition provisions outlined in IPSAS 33, paragraph

36-62 that allows Three Year Transitional Relief Period for the Recognition and/or Measurement of Assets and/or Liabilities

**Reporting period**

The reporting period for these financial statements is for the period ended 30<sup>th</sup> June 2025.

**Basis of preparation**

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

**Critical accounting judgements**

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

A revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of the State Department for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgment is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The State Department pursues a number of policy targets and outcomes. However, the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the State Department is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the State Department's policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the State Department's future actions, expenses (and other related liabilities) are recognized for that policy.

#### Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

#### Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO<sub>2</sub>eq. MDAs commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

#### Physical assets

An asset is a resource presently controlled by the State Department as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

### **3. Adoption of New and Revised Standards**

- i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of the State Department.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>

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Standard	Effective date and impact:
	<p>The Standard affects the State Department as assets that belong to the State Department will be valued where necessary and depreciation taken to account.</p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an MDA shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

Standard	Effective date and impact:
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol> <p>When adopted this standard will affect the financial position of the State Department as its core mandate is exploration and extraction of minerals.</p>

*iii) Early adoption of standards*

The MDA did not early – adopt any new or amended standards in the financial year.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The State Department recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the State Department and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the State Department and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

**ii) Revenue from exchange transactions**

**Rendering of services**

The MDA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**b) Budget information**

The original budget for FY 2024-2025 was approved by the National Assembly on 13<sup>th</sup> June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the State Department upon receiving the respective approvals in order to conclude the final budget. Accordingly, the State Department recorded additional appropriations of 318,000,000 on the 2024-2025 budget following the governing body's approval. The State Department's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements

and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under statement number 17 of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the State Department recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The State Department has taken advantage of the transition provisions outlined in IPSAS 33, paragraph 36-62 that allows Three Year Transitional Relief Period for the Recognition and/or Measurement of Assets and/or Liabilities. For this financial year no assets are reported.

**a) Financial assets**

**Classification of financial assets**

The State Department classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the MDA's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity

unless a State Department has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the State Department classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**d) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.

- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the State Department.

**e) Changes in accounting policies and estimates**

The State Department recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**f) Related parties**

The State Department regards a related party as a person or a State Department with the ability to exert control individually or jointly, or to exercise significant influence over the State Department, or vice versa. Members of key management are regarded as related parties and comprise the Cabinet Secretary, the Principal Secretary, directors and other senior managers in the State Department.

**g) 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.

**Comparative figures**

In preparing these financial statements, the State Department has elected to apply paragraph 79 of IPSAS 33, which allows for the election by a State department to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

**h) 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 June 30, 2025.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the State Department's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

**Estimates and assumptions**

For the year under report, the State Department has not taken into consideration any assumptions or estimates as it has only recognised financial assets and financial liabilities.

## 6. Transfers from Exchequer

Nature of transfer	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers Period ended Jun 2025
	Kshs	Kshs	Kshs
Recurrent	919,488,178	0	919,488,178
Development	0	0	0
<b>Total</b>	<b>919,488,178</b>	<b>0</b>	<b>919,488,178</b>

## 7. Miscellaneous receipts

Description	30 Jun 25
	Kshs
Licenses	912,018,798
<b>Total</b>	<b>912,018,798</b>

The State Department collects AIA which includes Mineral Development levy of the above amount Kshs.34,019,717 are receivables.

## 8. Employee Costs

Description	30 Jun 25
	Kshs
Basic salaries of permanent employees	329,625,341
Personal allowances – part of salary	185,558,663
<b>Employee costs</b>	<b>515,184,005</b>

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9. Use of Goods and Services

Description	30 Jun 25
	Kshs
Utilities, supplies and services	9,608,340
Communication, supplies and services	12,378,879
Domestic travel and subsistence	277,745,415
Foreign travel and subsistence	29,721,069
Printing, advertising, and information supplies & services	625,403
Rentals of produced assets	2,068,586
Training expenses	70,218,326
Hospitality supplies and services	29,361,147
Specialized materials and services	16,533,390
Office and general supplies and services	43,555,815
Fuel Oil and Lubricants	52,429,642
Routine maintenance – vehicles and other transport equipment	17,735,171
Routine maintenance – other assets	4,856,560
Other operating expenses	63,427,622
<b>Totals</b>	<b>630,265,365</b>

10. Transfers to Other Government Entities

Description	30 Jun 25
	Kshs
Transfers to National Govt entities- SAGAs & SC	188,999,999
<b>Total</b>	<b>188,999,999</b>

11. Cash and Cash Equivalents

Description	30 Jun 25	Opening statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Recurrent Account	117,638,223	2,890,936
Development Account	31,245,822	705,410
Deposits Account	1,112,665	1,584,043
<b>Total</b>	<b>149,996,710</b>	<b>5,180,389</b>

## 11 (a) Detailed Analysis of the Cash and Cash Equivalents

Name of Bank, Account No. & currency	Account number	30 Jun 25	Opening statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
Central bank of Kenya, Recurrent Account	1000695455	117,638,223	2,890,936
Central bank of Kenya, Development Account No. Kshs	1000695498	31,245,822	705,410
Central bank of Kenya, Deposit Account	1000695463	1,112,665	1,584,043
Central Bank of Kenya, CBK 165 account No.	1000695487		0
<b>Totals</b>		<b>149,996,710</b>	<b>5,180,389</b>

## 12. Receivables from Exchange Transactions

Description	30 Jun 25	Opening statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Other exchange debtors	0	0
Less: impairment allowance	(0)	(0)
<b>Total Receivables</b>	<b>34,019,717</b>	<b>0</b>
a) Current receivables	34,019,717	0
b) Non-current receivables	0	0
<b>Total receivables (a+b)</b>	<b>34,019,717</b>	<b>0</b>

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13. Property, Plant, and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Intangible assets	Work in progress	Total
Depreciation Rate		2-10%	10-16.67%	12.5%	33.3%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 <sup>st</sup> July 2024	0	0	0	0	0	0	0	0
Additions	0	0	109,451,179	32,446,358	11,814,800	1,568,320	39,695,410	194,976,067
Disposals	(0)	(0)	(0)	(0)	(0)	(0)		(0)
Transfer/Adjustments	(0)	(0)	(0)	(0)	(0)	(0)		(0)
As At Jun 2025	0	0	109,451,179	32,446,358	11,814,800	1,568,320	39,695,410	194,976,067
<b>Depreciation And Impairment</b>								
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As At	-	-	-	-	-	-	-	-
<b>Net Book Values</b>	0	0	109,451,179	32,446,358	11,814,800	1,568,320	39,695,410	194,976,067
Opening Bal as at 1 <sup>st</sup> July 2024	-	-	-	-	-	-	-	-
As At 30 <sup>th</sup> June 2025	0	0	109,451,179	32,446,358	11,814,800	1,568,320	39,695,410	194,976,067

## 14. Trade and Other Payables

Description	30 Jun 25		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Trade payables	71,123,050		180,449,543	
Employee payables	58,465			
<b>Total trade and other payables</b>	<b>71,181,515</b>		<b>180,449,543</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>1<sup>st</sup> July 2024</b>	<b>% of the Total</b>
Under one year	1,853,200	3%	116,320,722	64%
1-2 years	34,412,689	48%	29,213,160	16%
2-3 years	34,915,661	49%	34,915,661	19%
Over 3 years				
<b>Total</b>	<b>71,181,515</b>		<b>180,449,543</b>	

## 15. Refundable Deposits and Prepayments

Description	30 Jun 25		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Customer deposits	1,112,665		1,584,043	
<b>Total deposits</b>	<b>1,112,665</b>		<b>1,584,043</b>	
<b>Ageing analysis: (Refundable deposits)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>1<sup>st</sup> July 2024</b>	<b>% of the Total</b>
Under one year	76,200	7%	847,665	54%
1-2 years	1,036,435	93%	265,000	17%
2-3 years	0		471,378	29%
<b>Total</b>	<b>1,112,665</b>		<b>1,584,043</b>	

## 14 a) Changes in third party payments

Description	Kshs
Payables as at 1 <sup>st</sup> July 2024	1,584,043
Payables as at 30 <sup>th</sup> June 2025	1,112,665
<b>Increase/ Decrease in payables</b>	<b>(471,378)</b>

## 16. Prepayments

Description	30 Jun 25		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Tuition payment	5,802,000		0	
Rent payment	2,431,414			
<b>Total</b>	<b>8,233,414</b>		<b>0</b>	

## 17. Appendix

**Appendix 1: Implementation Status of Auditor-General's Recommendations**

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

Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
1835	<p><b>Unsupported Expenditure Reversals</b></p> <p>The statement of receipts and payments reflects use of goods and services amount of Kshs.590,161,272 as disclosed in Note 4 to the financial statements. Review of ledgers provided in support of the expenditure revealed several entries which were debited in the ledger and later reversed. However, entries totalling Kshs.7,638,075 were yet to be reversed. In addition, the debit entries and reversals of the same were not supported by journal entries, approval for the reversals and particulars indicating the nature of the errors corrected.</p> <p>In the circumstances, accuracy and completeness of the use of goods and services amount of Kshs.590,161,272 could not be confirmed.</p>	<p>Payments cancelled in the system for various reasons, GL dates, wrong amounts, or wrong application period. For payment vouchers meant for surrender they were input afresh vide different payment vouchers, since the PVs are unique and system generated.</p>	Not resolved	Awaiting PAC
1836	<p><b>Unsupported accounts payable</b></p> <p>Note 12.3 to the financial statements reflects pending accounts payable balance of Kshs.169,283,358. As disclosed in Annex 1 to the financial statements, the bills comprised of an opening balance of Kshs.93,883,644, additions during the year of Kshs.128,833,123 and bills paid during the year of</p>	<p>Documents supporting pending bill amounting to Kshs.169,283,358 have been availed to audit team for verification. The analysis provides specific status per claim explaining the pending bills. Documents in support of internet traders have since been forwarded to The National Treasury pending bills committee</p>	Not resolved	Awaiting PAC

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Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
	<p>Kshs.53,433,408. Review of the bills revealed that an amount of Kshs.3,985,200 was not supported with relevant documentation such as invoices, contracts, delivery notes and inspection reports.</p> <p>Further, the balance did not include an amount of Kshs.11,722,984 payable to National Mining Corporation. The amount was incurred by the Corporation on behalf of the Ministry of Petroleum and Mining at Flourspar Day and Boarding Primary School and has been outstanding since 31 March, 2018.</p> <p>In the circumstances, the accuracy and completeness of pending accounts payable balance of Kshs.169,283,358 could not be confirmed.</p>			
1837	<p><b>Budgetary control performance</b></p> <p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.2,809,551,872 and Kshs.1,625,988,335 respectively, resulting in an under-funding of Kshs.1,183,563,537 or 42% of the budget. Similarly, the Department spent an amount of Kshs.1,624,744,376 against the actual receipts of Kshs.1,625,988,335 resulting in an under-utilization of Kshs.1,243,959. In addition, no explanations were provided in the financial statements on reasons for over or under</p>	<p>Explanation has been provided in the amended financial statements on reasons for the under expenditures as required in the annual financial reporting guidelines and templates (amended financial statements page xix)</p>	Not resolved	Awaiting PAC

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Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
	expenditures on the budget exceeding 10% as required in the annual financial reporting guidelines and template			
1838	<p><b>Unresolved Prior Year Issues</b></p> <p>In the audit of the previous year, matters were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources and on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations as at 30 June, 2024.</p>	Management has put in place effective internal controls and ensured employees follow standard operating procedures to ensure risk is mitigated and internal controls maximised	Not resolved	Awaiting PAC
1839	<p><b>Unprocedural Confirmation of Employees Terms of Service</b></p> <p>Review of Ministerial Human Resources Management Advisory Committee minutes for a meeting held on 29 February, 2024 revealed that an approval was given for belated confirmation of two (2) employees to permanent and pensionable terms who were first appointed to the public service on probationary terms in 1986 and 1996 respectively. The confirmation was for purposes of processing pension benefits for the officers. However, this was against provisions of the Public Service Human Resources Policies and Procedures</p>	Perusal of Priscilla Chali Mwakajoh and Geoffrey Wanjala Masakha personal files for the purpose of processing pension benefits revealed that the officers did not have letters of confirmation of appointment as depicted in the IPPD. Confirmation of officers is per the respective terms of appointment as provided for in the Human Resource Policies and Procedure Manual 2016 for the public service, for purposes of processing of pension, the confirmation in appointment letter is mandatory. The Committee recommended to the authorized officer for issuance of the appointment letter in line with the above cited provision.	Not resolved	Awaiting PAC

STATE DEPARTMENT FOR MINING

Annual Reports and Financial Statements for the year ended June 30, 2025.

Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p>Manual which provides that an officer appointed to the Service in a pensionable post will be confirmed in appointment and admitted into the permanent and pensionable establishment on completion of probationary period of six (6) months satisfactory service.</p> <p>It was not clear why the two officers had not been appointed to permanent and pensionable terms upon serving the requisite probation period.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>The personal files for the above two officers had been submitted to the Pension Department for purposes of processing their pensions. The files have since been recalled upon request by the audit team and are available for audit inspection.</p>		
1840	<p><b>Use of invalid LPO's</b></p> <p>The statement of receipts and payments reflects use of goods and services amounting to Kshs.590,161,272 and as disclosed in Note 4 to the financial statements. However, payments amounting to Kshs.10,359,100 were supported by Local Purchase Orders (LPOs) which had exceeded the stipulated validity period of 30 days. This was contrary to Regulation 53(3) of the Public Finance Management (National Government) Regulations, 2015 which provides that any public officer involved in the processing of a payment with regard to goods or services delivered after due date shall inform the Accounting Officer of this anomaly before proceeding to process the payment.</p>	<p>Payments were for technical equipment mainly sourced from overseas. The goods/services were supplied within the contract period under a framework contract. local purchase orders raised were for purposes of committing funds in the IFMIS. copies of contracts have been availed for audit.</p>	Not resolved	Awaiting PAC

STATE DEPARTMENT FOR MINING

Annual Reports and Financial Statements for the year ended June 30, 2025.

Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
	In the circumstances, Management was in breach of the law			
1841	<b>Irregularities in procurement of goods and services</b> During the year under review, Management procured various goods, works, and services as was provided for in the Annual Procurement Plan. Review of records revealed that payments totalling Kshs.56,523,070 were made in respect of various goods before inspection and acceptance. This was contrary to Section 48 of Public Procurement and Asset Disposal Act, 2015 which provides inter alia that an Inspection and Acceptance Committee shall immediately after the delivery of the goods, works or services; inspect and where necessary, test the goods received in order to ensure compliance with the terms and specifications of the contract.	The State Department procured goods and services in the financial year as per the budget procurement plan in line with the approved procurement method. The goods procured totaling Kshs.56,523,070 were procured in line with the Public Procurement and Disposal Act 2015 and the specific responses were availed per LPO issued and paid	Not resolved	Awaiting PAC
1842	Paragraph 8(b) of Environmental and Sustainability reporting on page xlv discloses activities, collaborations and approaches taken by the State Department towards climate change and mitigation of natural disasters climate action. Further, Management developed a climate action workplan and tool for documenting Sustainable Development Goals (SDGs) good practices. The workplan indicated that Management will perform post mining land reclamation and mine sites rehabilitation. However, review of the budget for the year under review revealed that no funds	During the period under review, the State Department participated in tree growing exercises in Kwale, Tana River and Lamu as per the presidential directive on tree growing and the same has been reported on the <b>Jaza Miti App</b> . (copy of uploaded reports attached) Further, the budget for the mine site rehabilitation had not been provided during the period under review, the same has been provided in the FY 2025/26 and the Medium Term.	Not resolved	Awaiting PAC

STATE DEPARTMENT FOR MINING

Annual Reports and Financial Statements for the year ended June 30, 2025.

Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p>were allocated for those activities and Management did not indicate whether the objective was met.</p> <p>Further, Management did not prepare and submit sectoral greenhouse emissions report to the National Council on Climate Change as required by Section 15 (5) (b) of the Climate Change Amendment Act, 2023 which provides that each State Department and National Government Entity shall report on sectoral greenhouse gas emissions for the national inventory.</p>			
1843	<p><b>Lack of Land Ownership Documents</b></p> <p>During the year under review, the State Department operated eighteen (18) Regional Offices with a responsibility of coordinating mining activities in the regions. Physical verification in September, 2024 revealed that despite having erected permanent buildings for its regional offices in one of the County, the State Department had no title deed for the land. According to Management, the land was allotted by the defunct Town Council of Kwale in March, 2010. However, no evidence was provided to indicate steps taken to transfer the land to the State Department. In the circumstances, existence of effective safeguard measures for land and buildings owned by the State Department could not be confirmed.</p>	<p>The land was allotted by the defunct Town Council of Kwale in March, 2010 and the State Department has engaged the Ministry of Lands and Physical Planning, Kwale. A Part Development Plan (PDP) for the allotted land has since been gazette and the process of acquiring title is ongoing</p>	Not resolved	Awaiting PAC

STATE DEPARTMENT FOR MINING

Annual Reports and Financial Statements for the year ended June 30, 2025.

Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
1844	<p><b>Poor Condition at the Departments main store</b></p> <p>During the year under review, the State Department maintained a store located at the at Madini House. Physical inspection of the store revealed store was in a dilapidated state, which Management attributed to a fire incident several years back. However, no action had been taken by Management to rehabilitate the store to a usable state after the fire incident. Further, various items in the stores had expired while other were obsolete and there was leakage of hazardous materials from some of the items in the store.</p> <p>In addition, no records of a stock take undertaken during the year to establish the number of items in the store and identify and isolate expired items and obsolete for disposal were provided and some shelves and storage cabins were not labelled, and some items were not arranged according to existing labels.</p>	<p>Following the fire incidence, the matter was reported to the industrial area police station vide OB number 6/28/4/2021 at Industrial area police station. The store was declared a crime scene and the matter is still under investigation thus the State Department can not interfere with the scene. The store is therefore not in use and its under lock and key, the accountable documents are in safe custody</p>	Not resolved	Awaiting PAC
1845	<p><b>Unimplemented Internal Audit Reports</b></p> <p>During the year under review, the State Department had an established Internal Audit Unit. However, review of Internal Audit Reports revealed that the recommendations made by the unit had not been deliberated and implemented due to lack of an Audit Committee at the State Department. Further, during the</p>	<p>The State Department has an established Ministerial Audit Committee and the committee has been meeting to deliberate on audit issues submitted by the Internal Unit Department. The Internal Audit was facilitated during the period under review subject to their approved work plan and activities.</p>	Not resolved	Awaiting PAC

STATE DEPARTMENT FOR MINING

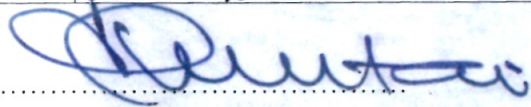
Annual Reports and Financial Statements for the year ended June 30, 2025.

Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p>year under review, the Internal Audit Function was not adequately resourced in terms of budget and staff. In the circumstances, the effectiveness of the internal audit to perform its functions could not be confirmed</p>			
1846	<p><b>Weaknesses in Information Technology Controls</b></p> <p>The State Department operates Information Technology (IT) Systems which are critical to its operations including management of licensing and permits, filing of mineral production and e-procurement. Review of the IT Systems revealed that there was an offsite data back-up. However, there was no disaster recovery site, and an approved Business Continuity Plan and Disaster Recovery Plan were not provided for review.</p> <p>Further, a generator installed at the building was not working and was connected to the building where the Directorate of Geological Survey was housed and employees including senior management officers used private emails addresses to transact official business contrary to the Head of Public Service circular issued on 14 June, 2022</p>	<p>The Ministry of ICT together with the ICT Authority gave guidelines of hosting Government ICT systems. Currently, designated data centre is Konza Technopolis which the State Department has engaged as the primary host. Deliberations are ongoing with the Ministry of ICT on engagement of a secondary host</p> <p>The State Department has developed a draft ICT Continuity Plan and ICT Disaster Recovery Plan and the same will be finalized in the FY 2024/25.</p> <p>There is a generator at Madini that serves the old building, plans to connect the power back up to the new building are in process</p> <p>The State Department has an email system and each and every officer has an email account. Management will ensure compliance when it comes to use of official email</p>	Not resolved	2024-25 FY
1847	<p><b>Enhancement of Governance Systems for Security Related Expenditures</b></p>			

STATE DEPARTMENT FOR MINING

Annual Reports and Financial Statements for the year ended June 30, 2025.

Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p>During the year under review, Management transferred some funds to a government agency for confidential security operations. A certificate of confidential expenditure was issued, supported by a declaration from the Accounting Officer affirming proper use of funds in compliance with Regulation 101(5) of the Public Finance Management (National Government) Regulations, 2015.</p> <p>There is need, however, to enhance accountability of confidential expenditures through review of the Regulations to clearly define entities eligible for confidential security related expenditures and to specify what constitutes security related operations. Further, entities should establish internal oversight mechanisms and processes that include detailed budget projections and post-operation financial summaries to address risks and ensure responsible use and accountability of the funds, beyond the certificate.</p> <p>The measures will strengthen governance, foster trust, and ensure funds are utilised responsibly without compromising State security.</p>			



Accounting Officer

Date 8/12/25

## Appendix II: Fixed Asset Register

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) Previous Year</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out) during the year</b>	<b>Historical Cost c/f (Kshs) Current Year</b>
Buildings and structures	0	0	0	0	0
Purchase of vehicles and machinery	0	109,451,179	0	0	109,451,179
Office equipment, furniture and fittings	0	32,446,358	0	0	32,446,358
ICT Equipment	0	11,814,800	0	0	11,814,800
Specialised Machinery and Equipment	0	0	0	0	0
Intangible assets		1,568,320			1,568,320
Work in progress		39,695,410			39,695,410
<b>Total</b>	<b>0</b>	<b>194,976,067</b>	<b>0</b>	<b>0</b>	<b>194,976,067</b>

Appendix III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
National Tree Planting and Growing	Tree Planting and Growing	Achieve 30% forest cover by 2030 Achieve the State Department's Target for FY2024/25 by a minimum of 70%	Monthly tree planting and growing exercise carried out in Lamu, Tana River, Kwale and Mombasa Counties in the last FY.	55,000 trees were planted at Tana Salt and Chara Mangrove Swamps in Tana River County	591,000 trees were planted in collaboration with the State Department for Blue Economy & Fisheries and State Department for Shipping & Maritime. Activities took place at Bujra, Kito cha Ribe, Bula Mikoko and Kilelengwani in Tana River County.	100,000 assorted tree seedlings were planted in Bumamani, Kwale Sub-County.	100,125 tree seedlings were planted at Mshomoroni, Mombasa County and Kipini Mangrove Swamp in Tana River County.	G.O.K /SDM	State Department for Forestry.  State Department for Blue Economy & Fisheries  State Department for Shipping & Maritime



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**STATE DEPARTMENT FOR MINING**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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**Transitional IPSAS Financial Statements/Prepared in accordance with the Accrual Basis of Accounting Method Under  
International Public Sector Accounting Standards (IPSAS)**

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## 1. Acronyms and Definition of Key Terms

### A: Acronyms and Abbreviations

AIE	Authority to Incur Expenditure
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
DRSRS	Directorate of Resource Surveys and Remote Sensing
NAMICO	National Mining Corporation
MRB	Minerals Rights Board
ICT	Information and Communications Technology
NSN	National Seismological Network
GRB	Geologist Registration Board
MDA	Ministries Department and Agencies
MHRMAC	Ministerial Human Resource Management Advisory Committee
MPMC	Ministerial Performance Management Committee
NACADA	National Authority for the Campaign Against Alcohol and Drug Abuse
AIA	Appropriation in Aid
IPPD	Integrated Personnel and Payroll Database
KNSB	Kenya National Bureau of Statistics
BETA	Bottom-up Economic Transformation Agenda
ASM	Artisanal and Small-scale Mining
CAJ	Commission on Administrative justice
NCDS	Non-Communicable Diseases
UHC	Universal Health Coverage

### B: Definition of Key Terms

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organisation.

## **2. Key Entity Information and Management for State Department for Mining**

### **a) Background information**

The Ministry of Mining was first established by the Executive Order No.2 of 2013 with four departments, namely; Resource Surveys and Remote Sensing (DRSRS), Mines, Geological Surveys and Shared Services. During re-organization of the Government through Executive Order No.1 of 2016, the Ministry's mandate was expanded to include Mining Capacity Development.

In the Executive Order No. 1 of 2018, The Ministry of Mining was merged with State Department for Petroleum to form the then Ministry of Mining and Petroleum. The Ministry comprised of two State Departments; the State Department for Petroleum and the State Department for Mining.

Following further re-organization of Government vide Executive Order No.1 of February 2021 the two State Departments were merged to constitute the Ministry of Petroleum and Mining under one Cabinet Secretary and Principal Secretary.

The Executive Order No. 1 of January 2023 re-organized the Ministry of Mining and Petroleum and created the State Department for Mining in the Ministry of Mining, Blue Economy and Maritime Affairs whereas the State Department for Petroleum domiciled in the Ministry of Energy and Petroleum.

The State Department is organized into six Directorates namely; Directorate of Licensing, Compliance and Enforcement; Directorate of Commercial Explosives; Directorate of Geological Surveys; Directorate of Mineral Exploration and Evaluation; Directorate of Environmental and Geotechnical Engineering and Directorate of Administration.

### **Vision and Mission**

#### **Vision**

"A vibrant mining sector contributing to broad-based growth for socio-economic transformation."

#### **Mission**

"To maximize benefits accruing from mineral resources value chains for socio-economic development in a sustainable environment."

### **b) Mandate**

The State Department's mandate as outlined in Executive order 2 of November, 2023 as follows:

- a) Policy on Extractive Industry;
- b) Mineral Exploration and Mining Policy Management;
- c) Inventory and Mapping of Mineral Resources;

## **STATE DEPARTMENT FOR MINING**

### **Annual Report and Financial Statements for the year ended June 30, 2025.**

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- d) Mining and Minerals Development Policy and Standards;
- e) Maintenance of Geological Data (Research, Collection, Collation, Analysis);
- f) Policies on the Management of Quarrying of Rocks and Industrial Minerals;
- g) Management of Health Conditions and Health and Safety in Mines; and
- h) Mining Capacity Development.

The State Department Superintends over one Semi-Autonomous Agency (SAGA), one (1) Advisory and one (1) Regulatory Board:

- i. National Mining Corporation (NAMICO) - SAGA;
- ii. Mineral Rights Board (MRB) - Advisory; and
- iii. Geologists Registration Board (GRB) - Regulatory.

### **Core Values**

The State Department is guided by and strives to uphold the following core values which are expressed in the catch phrase PETITE. The core values are: -

- 1) Professionalism;
- 2) Efficiency;
- 3) Teamwork;
- 4) Innovation and creativity;
- 5) Transparency, Integrity and Accountability; and
- 6) Effective governance practices.

### **Core Functions**

The State Department has interpreted its mandate to include performance of the following functions:

- (i) Develop and manage geological survey, geo-information management, mineral promotion and marketing policies;
- (ii) Undertake geological, geochemical, geophysical, seismological and structural mapping to define the character and distribution of the rocks and superficial deposits;
- (iii) Undertake mineral exploration and deposit valuation;
- (iv) Conduct Geo-hazards mapping, geotechnical investigations and geo-environmental studies;
- (v) Establish, operate and maintain a National Seismological Network (NSN) for monitoring seismic activity in Kenya and the region in liaison with other related agencies;
- (vi) Develop a national geosciences repository and database;
- (vii) Ensure maintenance of laboratories, drill core library, rock museum, library and records facilities;
- (viii) Promote and market Kenya as a mineral and mining investment destination;

**STATE DEPARTMENT FOR MINING**

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- (ix) Coordinate international and regional laws, agreements and memoranda of understanding in the extractives sector;
- (x) Generate mineral resource data to spur investment in the mining sector in line with African Vision 2063, African Mining Vision and Kenya Vision 2030;
- (xi) Superintend over the National Mining Corporation;
- (xii) Superintend over the Geologists Registration Board;
- (xiii) Facilitate relationships and links with other Ministries, State Departments and Governmental Agencies with roles in mining and minerals development;
- (xiv) Facilitate relationships and links with civil society organizations, community-based organizations and other stakeholders with roles in mining and minerals development;
- (xv) Facilitate relationships between mineral right holders, County Governments and mining communities;
- (xvi) Educate the communities on the mining operations taking place at their locality and interpreting for the community the various aspects of the project;
- (xvii) Assist communities while negotiating for compensation and resettlements;
- (xviii) Monitor Corporate Social Responsibility and social economic impacts by Mineral Right holders;
- (xix) Assist communities during formation of Community Development Agreements Committee; and
- (xx) Arbitration of disputes arising from mining operations.

**c) Key Management**

The entity's day to day management is under the following key organs

- a. Mineral Rights Board
- b. National Mining Corporation
- c. Geologist Registration Board and

**STATE DEPARTMENT FOR MINING****Annual Report and Financial Statements for the year ended June 30, 2025.**

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**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Cabinet Secretary	Hon. Hassan Ali Joho, E.G.H
2	Accounting Officer	Harry Kimtai, C.B.S (April-25- to date
	Accounting Officer	Elijah Mwangi, C.B.S (July 24-March 25
3	Secretary Administration	David Onyancha, O.G.W
4	Secretary Mines	Thomas Mutwiwa
5	Secretary Geological Survey	Enoch Kipseba
6	Director Licencing, Compliance and Enforcement	Gregory Kituku
7	Director- Human Resource Management and Development	Francis Mutisya
8	Director- Central Planning and Project Monitoring Department	Paul Mirie
9	Senior Chief Finance Officer	Samuel Waithaka
10	Senior Deputy Accountant General	Martin Ainea
11	Director Public Communications	Kazungu Chai
12	Director ICT	James Njiru
13	Deputy Director- Supply Chain Management System	Samuel Muthama
14	Principal State Counsel	Patricia Mabil

**e) Fiduciary Oversight Arrangements**

Key fiduciary oversight arrangements in the financial year:

- a) Budget Implementation Committee
- b) Senior Management Committees
- c) Internal audit unit
- d) Public Finance Management Standing Committee

**(f) Entity Headquarters**

P.O BOX 30009-00100  
Works Building  
Ngong Road  
**NAIROBI, KENYA**

**(g) Entity Contacts**

Telephone: **02-2721074**  
E-mail: ps@Mining.go.ke  
Website: Website:mibema.go.ke

**(h) Entity Banker**

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

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

The Attorney-General  
Office of the Attorney-General & Department for Justice  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
**City Square 00200**

**STATE DEPARTMENT FOR MINING**

**Annual Report and Financial Statements for the year ended June 30, 2025.**

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**3. Profile of Cabinet Secretary**

The State Department for Mining is domiciled in the Ministry of Mining, Blue economy and Maritime affairs, with Hon. Hassan Ali Joho, E.G.H as Cabinet Secretary.



**Hon. Hassan Ali Joho, E.G.H**

**Cabinet Secretary**

**Ministry of Mining, Blue Economy and  
Maritime Affairs**

H.E Hassan Ali Joho, E.G.H is the Cabinet Secretary for Mining, Blue Economy and Maritime Affairs in the Government of Kenya.

He holds a Bachelor of Business Administration from Kampala University and a Bachelor of Commerce from Greta University. He is also a holder of various diplomas in Business, Shipping, Logistics, and ICT.

He holds a Bachelor of Business Administration from Kampala University and a Bachelor of Commerce from Greta University. He has also completed executive training at the Harvard Kennedy School of Government, including the Public Leadership Credential (2022), Leadership for the 21st Century (2024), and Negotiation Strategies (2024).

Hon. Joho served as the first Governor of Mombasa County from 2013 to 2022. Under his leadership, Mombasa evolved into a vibrant commercial and tourism hub, with investments in infrastructure, education, healthcare, and urban renewal.

As the Cabinet Secretary, he now leads Kenya's strategic efforts to harness its mineral wealth and marine resources for inclusive growth and sustainable development. His presence at Africa Down Under signals Kenya's commitment to transparent investment, cross-border collaboration, and the transformation of the extractive sector.

Through the Hassan Joho Foundation, he remains deeply engaged in supporting community-driven initiatives in education, youth empowerment, and social welfare. His long-standing commitment to uplifting vulnerable communities continues to shape his public service and global advocacy.

**4. Profiles of Accounting Officer and Key Management.**



**Mr. Harry Kachuwai Kimtai, C.B.S**

**Principal Secretary, State  
Department for Mining**

Mr. Harry Kachuwai Kimtai, C.B.S, is the Principal Secretary, State Department for Mining under the Ministry of Mining, Blue Economy and Maritime Affairs, a role he has held since April 2025.

In this capacity, he serves as the Accounting and Authorizing Officer,

Prior to his current appointment, Mr. Kimtai served as Principal Secretary, State Department for Medical Services in the Ministry of Health (2023 – April 2025), where he spearheaded cross-sectoral reforms in healthcare services geared toward the realization of Universal Health Coverage (UHC). His leadership during this period was instrumental in strengthening healthcare delivery systems and expanding access to essential health services for all Kenyans.

Mr. Kimtai holds a Bachelor of Arts in Economics, Master of Arts in Economics, and a Master of Philosophy in Economics with a focus on Regional Planning and Economic Development, all from Bhopal University, India (1989–1995).

With over two decades of experience in public administration, fiscal oversight and sectoral leadership, Mr. Kimtai brings a wealth of experience and policy expertise to the mining sector. His leadership is central to the implementation of national development priorities such as the Bottom-Up Economic Transformation Agenda (BETA) and Kenya Vision 2030, ensuring that the mining sector plays a transformative role in economic growth, employment creation, and sustainable development.

**STATE DEPARTMENT FOR MINING**

**Annual Report and Financial Statements for the year ended June 30, 2025.**



**Mr. David Onyancha Okechi,  
O.G.W  
Secretary Administration**

Mr. David Onyancha Okechi, OGW is the Secretary of Administration, State Department for Mining,

Mr. Onyancha a career Civil Servant has risen through the ranks from a District Officer III.

He holds a Bachelor of Arts degree and Masters of Political Science and Public Administration, from Moi University and University of Nairobi respectively. He is pursuing his Ph.D in Leadership and Governance at the Jomo Kenyatta University of Agriculture and Technology

He is an exceptional individual with a unique blend of skills and qualities that make him fit for his role. He has strong work ethic, and a collaborative spirit.

As the Secretary, Administration, he has steered the corporate affairs affably bringing his wealth of experience in leadership and governance, and has leveraged in his past experience in various ministries as a Chief Executive Officer, and Personal Assistant to various Cabinet Secretaries.



**Thomas Mutwiwa  
Secretary, Mines**

Thomas M. Mutwiwa is the Secretary, Mines

Mr. Mutwiwa worked in the Mombasa Provincial Geologist's office as Assistant Mining Engineer

He holds a Bachelor's Degree in Civil Engineering from the University of Nairobi and a Master of Science in Project Management from Jomo Kenyatta University of Agriculture and Technology. He is a member of the Kenya Institute of Management (KIM) and a member of the Environmental Institute of Kenya (EIK).

He served in acting capacity as the Managing Director for the National Mining Corporation. He developed the institutional instruments and laid the foundational structures on which the Corporation would anchor its future development and progression.

He vast experience in the sector having served for twenty-seven (27) years in the Public Service.



**Gregory Kituku**  
**Director of Licencing, Compliance & Enforcement**

Mr. Gregory Kituku is the director of Licencing, compliance and enforcement at the State Department

He holds Masters in Mining Engineering from University of Adelaide, Australia, Bachelor of Science in Civil Engineering from University of Nairobi, certificate in Strategic Leadership from Kenya School of Government, a certificate in Occupational Health and Safety in Mining from University of Queensland in Australia and a certificate in Energy and Mineral Economics from University Western Australia.

As the Director of Licencing, Compliance and Enforcement, Gregory has strong passion for the growth of the Mining Sector and will leverage on technology, artificial intelligence, processes, implementation of Mining Act Cap 306 and collaboration and partnership to take the Sector to the next level.



**Enoch Kipseba**  
**Secretary Geological Survey**

Enoch Kiptoo Kipseba is Secretary, Geological Survey at the State Department

He is currently heading the Geological Survey function

He holds a Masters' degree: Geo-Information Management from ITC, The Netherlands, Bachelors Degree: Geology, University of Nairobi

He is the Registrar, Geologists Registration Board, Director, African Minerals Geoscience Center and a member of Minerals Rights Board

He has vast experience in the geological engineering field having served the Government for 31 years

**STATE DEPARTMENT FOR MINING**

**Annual Report and Financial Statements for the year ended June 30, 2025.**



**Francis Mutisya**

**Director- Human Resource Management and Development**

Francis Mutisya is the Director, Human Resource Management & Development (D/HRM&D), State Department for Mining

Mr. Mutisya holds a Bachelor of Arts- Sociology and English, Master's Degree in Human Resource Planning and Development

He has diligently served in various capacities in the area of public service Management at both technical and policy levels, with a remarkable accomplishment. He has served in the field stations and later joined the Directorate of Personnel Management (DPM), Office of the President in 2005.

He is a member of Institute of Human Resource Management (IHRM) and African Association of Public Administration & Management (AAPAM)

A career civil servant with cumulative 27 years



**Director- Central Planning and Project Monitoring Department**

Paul Mirie is the Director, Macro Planning at the State Department for Mining.

He is an experienced mineral economist with a Bachelors of Art, Economics and holder of a Master's of Science in Mineral Economics from University of Nairobi and Curtin University, Australia respectively.

Mr. Mirie is a fellow of the Emerging Leaders in African Mining (ELAM) – An initiative of the Mining and Energy for Development Alliance (MEfDA - AUSTRALIA) as well as a graduate of the Executive Training on Extractive and Sustainable Investment An initiative of the Columbia Centre for Sustainable Investments (Columbia University and the Earth Institute - implemented by the Great Lakes Institute of Strategic Studies). He is also experienced in regional and continental mining initiatives such as the Extractives Industries Transparency Initiative.



**Samuel Waithaka  
Senior Chief Finance Officer**

Samuel Waithaka is the Senior Chief Finance Officer at the State Department for Mining.

Samuel holds a Masters in Business Administration (Management of Information Systems) and a Bachelor of Science (Mathematics) from the University of Nairobi. He is also a Certified Public Accountant (CPA (K)) and a Certified Information System Auditor (CISA).

He previously worked as an Internal Auditor under the National Treasury for 12 years.

He has experience in Management & Leadership and Public Financial Management having attended relevant trainings associated with Public and Best Practices operations.

He is a member in good standing of ICPAK



**CPA Martin Ainea  
Senior Deputy Accountant General**

CPA Martin Omuse is the Head of accounting Unit.

He holds a bachelor's degree in Business Management and a master's degree in Business Administration (MBA). He is a Certified Public Accountant (CPA (K))

Mr. Omuse has served as an Internal Auditor for a period of eight years. In this role, he was responsible for evaluating the internal controls, identifying risks, and recommending improvements to enhance financial integrity.

He redesignated from an internal auditor to an accountant within the National Treasury. He worked in the department of National Assets and Liabilities Management (NALM), within The National Treasury. This move broadened his experience as he gained knowledge in managing and optimizing Government Assets

He is a member in good standing of ICPAK

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**Alex Kazungu Chai**  
**Director Public Communications**

Mr. Alex Kazungu Chai, HSC, is the Director of Information/Public Communications.

Mr. Chai holds a Bachelor of Arts in Linguistics and Government, Master's degree in Communication Studies from the University of Nairobi and a Postgraduate Diploma in Mass Communication.

He has worked in the communication directorates at State House across three administrations: the Presidential Press Service, the Presidential Strategic Communication Unit) and the Presidential Communication Service

Earlier in his career, he served as District Information Officer in Lamu, Deputy KNA Bureau Chief in Taita Taveta and Editor of Mwangaza Rural Newspaper

He has served in the Public Service for 27 years



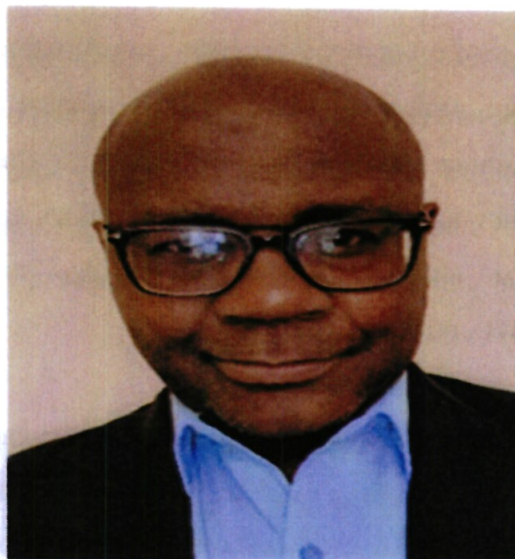
**Samuel Muthama**  
**Deputy Director- Supply Chain Management System**

Mr. Muthama is the Deputy Director Supply Chain management system.

He is the head of the Supplies chain Department  
He holds a Masters degree in Business Administration, ESAMI and Bachelors Commerce from University of Nairobi.

He's a member in good service of Kenya Institute of Supplies Management

He has vast experience in his field of expertise having served the Government for 30 years



**James Njiru**  
**Deputy Director ICT**

James Njiru is the Head ICT, State Department for Mining

James holds Masters in Computer information Systems from Strathmore University and a Bachelor of Science from Jomo Kenyatta University of Science and Technology (JKUAT). He is also Certified Information Systems Security Professional (CISSP) and IT Project Management among other IT Certifications.

James has served in various Ministries and Departments as Systems Analyst/Developer, ICT Officer and Head ICT for over 25 years.

His passion is using technical knowhow to benefit other people and organizations.



**Patricia C. Mabil**  
**Principal State Counsel**

Patricia C. Mabil is the State Counsel at the state Department with 12 years of experience as an advocate. She was admitted to the Roll of Advocates in 2013 and has been with the Office of the Attorney General and Department of Justice since 2014.

She holds a Bachelors of Laws from Moi University, a Post Graduate Diploma in Law from the Kenya School of Law, and is currently pursuing a masters thesis in Law, Governance, and Democracy at University of Nairobi

Patricia leads a range of legal duties, including providing legal counsel, drafting and reviewing legislation, and managing litigation. Her work has been instrumental in the Ministry with recent legislative efforts, which have included the development of two new subsidiary legislation and the amendment of four others. She is also currently involved in the development of the Geology Bill and the Explosives Bill.

Previously, as Deputy Head of the Prosecution Division at the Advocates Complaints Commission, she facilitated alternative dispute resolutions and prosecuted professional misconduct cases before the Advocates Disciplinary Tribunal.

**5. Statement by the Cabinet Secretary**

The mining sector in Kenya plays a crucial role in the country's economy, contributing to the extraction of valuable minerals such as gold, titanium, soda ash, and limestone. However, over the past few years, the sector has faced both opportunities and challenges, leading to fluctuating performance. The Kenya Mining and Minerals Policy and Mining Act (2016) outlines ambitious reforms for the minerals sector, including significant changes to the definition, legal status and governance of artisanal and small-scale mining (ASM) in the country.

The Mining and Quarrying sub-sector contribution to GDP is largely attributed to the revenue from mineral exports. However, the investments generated from mining licenses are not factored. The government has implemented several reforms to enhance the sector's contribution to the economy, including the establishment of the Mining Act 2016, which provides a more modern legal framework for the industry. The Kenyan government has also placed emphasis on value addition, encouraging the local processing of minerals to increase their value before export. These reforms have started attracting more investments, with the sector expected to contribute up to 10% of Kenya's GDP by 2030.

While the mining sector's contribution to GDP has been reported as modest, it is likely that its contribution is highly undervalued and underestimated. The sector is expected to play a more substantial role in Kenya's economic development, especially with ongoing reforms aimed at enhancing productivity and sustainability.



.....  
**Hon. Hassan Ali Joho, E.G.H**

**Cabinet Secretary**

**Ministry of Mining, Blue Economy and Maritime Affairs**

**6. Statement by the Accounting Officer**

The State Department draws its legal mandate from: -

- (i) Constitution of Kenya, 2010;
- (ii) Mining Act 2016;
- (iii) The Energy Act, Cap. 314;
- (iv) Explosives Act No. 10;
- (v) Geologists Registration Act of 1933, Cap 535;
- (vi) Minerals and Mining Policy, 2018;
- (vii) Regional and international treaties, conventions, agreements and memoranda of understanding with other states and international organizations; and
- (viii) Published Regulations.

In cognisance with the Government transformative agenda The State Department intends to deliver the Government's Bottom-Up Economic Transformation Agenda (BETA) where one of its key objectives is enhancing grassroots development by empowering communities and ensuring that resources are sustainably exploited to uplift the lives of ordinary citizens. This will be achieved through formalisation and supporting artisanal mining. This mining operation involves an individual, communities or groups of miners who use simple equipment or rudimentary tools; it is associated with labour intensive, child labour, and adverse environmental impacts. They are the major stakeholders in the sector as most citizens have opted to mining as the main source of income.

Artisanal Mining supports over 800,000 people in Kenya and therefore is a key source of livelihoods in rural mineral rich areas. The sector however, is unable to sustainably grow due to some constraints such as its informal nature, financial illiteracy, limited technical skills of the miners, poor health and safety standards, inaccessibility of geo-data and mismanagement of environment. In this regard, the State Department should focus on regulation of artisanal mining sector to ensure its sustainability.

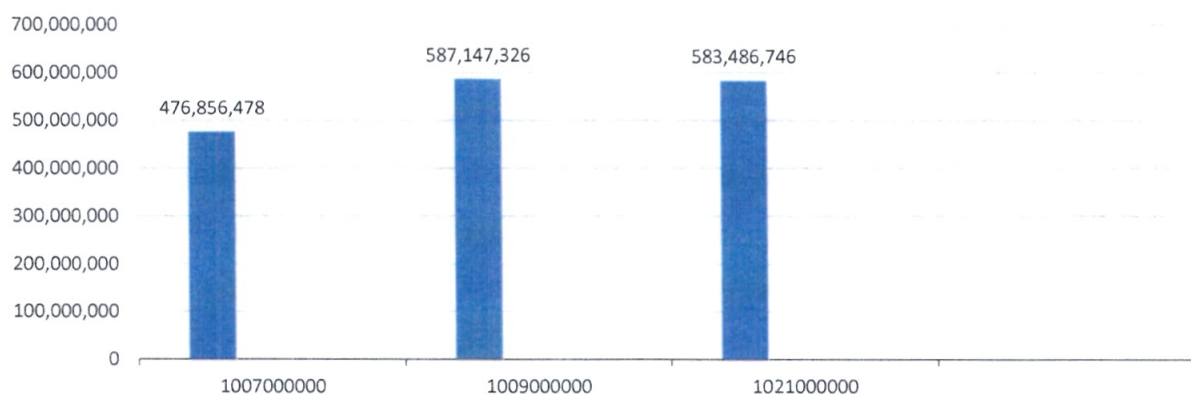
The State Department utilized 96% per cent of the recurrent budget and 80% of development budget funded by the exchequer and AIA in the financial year ended 30<sup>th</sup> June 2025 to carry out its mandate. The combined absorption stood at 88%.

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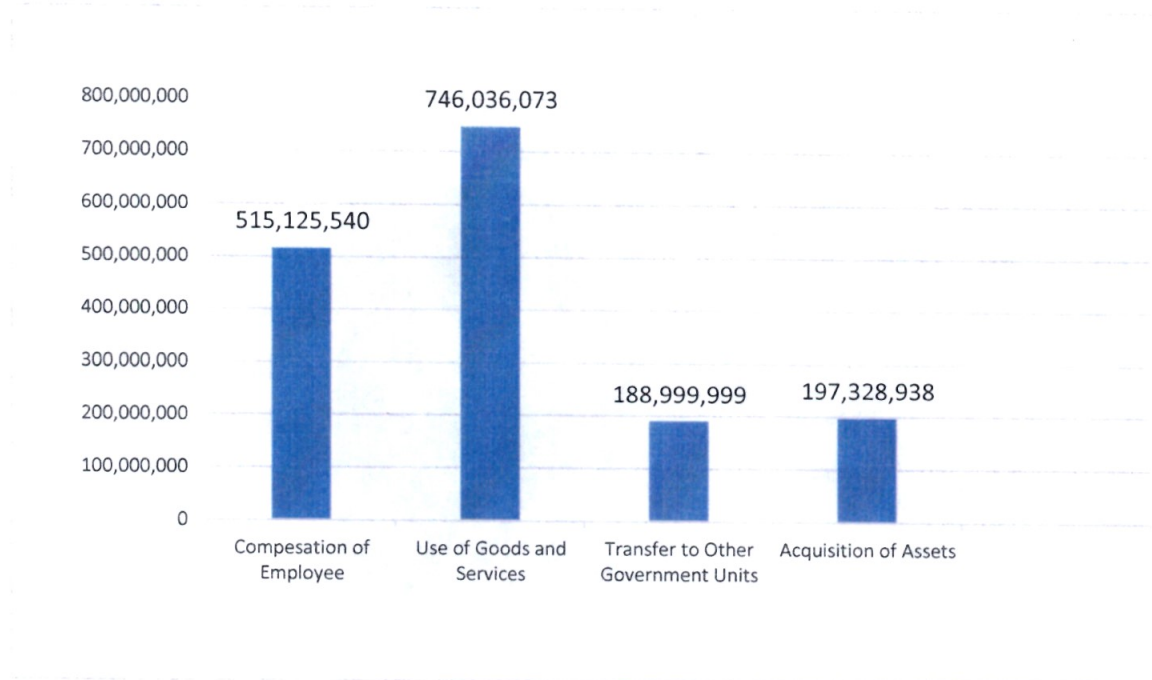
The 13% under expenditure, was occasioned by low absorption of procurement items for items that were being procured from overseas. Further, a budget of Kshs.318,000,000 was availed during Supplementary III in June 2025 limiting the procurement finalization timeliness as stipulated in the Public Procurement and Asset Disposal Act.

**Budget utilization by Programmes**



<b>Programme Code</b>	<b>Programme Description</b>	<b>Amount</b>
1007000000	General Administration Planning and Support Services	Kshs.476,856,478
1009000000	Mineral Resources Management	Kshs.587,147,326
1021000000	Geo Technical Services	Kshs.583,486,746

**Budget Utilization as Per Economic Items**



The State Department for Mining utilized **Kshs.515,125,540** on compensation of employees, **Kshs.746,036,073** on use of goods and services, **Kshs.188,999,999** on transfer to other government entities that is National Mining Corporation and **Kshs.197,328,938** on acquisition of assets.

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**Key achievements for the State Department for Mining**



*Cabinet Secretary H.E. Hassan Ali Joho and Principal Secretary for Mining Mr. Harry Kimtai present cheques to residents of Jaribuni as part of the 1% of gross revenue paid to the host Communities by mining companies as required by the Mining Act 2016. The*

*cheques were received on behalf of the community by Governor H.E. Gideon Maitha Mung'aro and Kilifi leaders in Kilifi.*



*Opening of six-classroom block at Ramisi Secondary School constructed by Base Titanium's Community Development Agreement Committee (CDAC) in Msambweni, Kwale County.*



*Ongoing construction of the Kshs 5.8 billion gold refinery at Lidambitsa area in Ikolomani constituency of Kakamega County.*

*The gold refinery, a first of its kind in the country, is undertaken by a foreign investor H-NUO Kenya Company and will benefit thousands of artisanal miners across the country who have been mining the valuable mineral manually with inherent dangers.*

**Emerging issues**

- Geopolitics impact on the investment and project implementation
- Overlapping mandates between the State Department and County Governments
- Use of technologies such as robotics, artificial intelligence in the mineral sector where it affects implementation of National policies on employment and local content

**Key risk management strategies**

<b>Risk</b>	<b>Category</b>	<b>Mitigation Measure</b>
<b>Strategic Risks</b>		
Low revenue due to sale of unprocessed minerals	High	<ul style="list-style-type: none"> <li>● Complete and operationalized value addition centres</li> <li>● Encourage value addition of minerals</li> </ul>
Low mineral market awareness	Medium	<ul style="list-style-type: none"> <li>● Formation of minerals/ mineral products cooperatives</li> <li>● Sensitization of the ASM on marketing of minerals/ mineral products</li> </ul>

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<b>Risk</b>	<b>Category</b>	<b>Mitigation Measure</b>
Low staff morale, high staff turnover leading to poor service delivery	High	Staff training and development, improve work environment and rewarding
Misconceptions due to inadequate access of information or ignorance of the State Department's mandate	Medium	Timely and effective information-sharing and dissemination
Stakeholder/community resistance to programmes/projects	High	Effective stakeholder/community engagement
<b>Policy/ legal changes</b>		
Slow implementation of the Mining Act 2016	High	Review and development of Mineral Royalty Collection Regulations which have been subjected to public participation.
<b>Environmental Risks</b>		
Use of harmful chemicals in mineral processing	High	<ul style="list-style-type: none"> <li>● Promote use of alternative environmental friendly mining methods and safe technologies since Kenya is a signatory to Minamata Convention.</li> </ul>
Environmental pollution and degradation in project areas	High	<ul style="list-style-type: none"> <li>● Compliance with relevant laws (EMCA, Mine Health and Safety Regulation and other relevant Legislations)</li> <li>● Effective Environmental and Social Impact Assessments (ESIA)</li> <li>● Compliance with the de-commissioning and restoration plans</li> <li>● Effective disaster preparedness and management</li> <li>● Rehabilitation of disused and abandoned mines</li> </ul>
<b>Political</b>		
Lack of political goodwill	Medium	Effective engagement with political leaders
Changes in Government organizational structure	Medium	Effective engagement within the Executive
<b>Financial Risks</b>		

<b>Risk</b>	<b>Category</b>	<b>Mitigation Measure</b>
Delays in the budget making and approval	High	<ul style="list-style-type: none"> <li>▪ Effective engagement with the Legislature</li> </ul>
<b>Technological Risks</b>		
Inability to cope with rapid technological advancements in hardware and software infrastructure	High	Investment in technological advancement
Inadequate disaster recovery planning for data	High	<ul style="list-style-type: none"> <li>● Development and implementation of a disaster recovery plan</li> </ul>
Cyber crime	High	<ul style="list-style-type: none"> <li>● Development of user-rights for confidential data</li> <li>● Firewalls to prevent intrusions</li> <li>● Anti-phishing software</li> <li>● Ethical hacking</li> </ul>
<b>Information Management</b>		
Inadequate geological and mineral occurrence data	Medium	Continuous acquisition and updating of geological data

**Implementation challenges and recommended way forward**

**Challenges:**

- i. Competing local, national and regional interests
- ii. High community expectations and interruptions slowing project implementation
- iii. Resource mobilization: mining projects are high risk and capital-intensive inhibiting mobilization of funding before their bankability is determined
- iv. Existence of conflicts within the two levels of government leading to disharmony in project implementation rather than synergy.
- v. Inadequate technical skills for local professionals such as drillers, Gem-cutters and mineral economists; Gemmologists, Metallurgists, Laboratory Technologists and equipment operators;
- vi. Rapidly changing technology in the mining sector;
- vii. Inadequate funding for acquisition of geological mineral data, research and development;
- viii. Limited mineral audit capacity and litigations leading to uncollected revenues (royalties and fees).

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- ix. Inadequate office space

**Recommendations:**

- x. Creation of an enabling environment to improve competitiveness and attraction of investments;
- xi. Development and implementation of strategies to mitigate negative impacts on fluctuating global commodity prices and marketing trends that affect returns on investment;
- xii. Integration of monitoring and evaluation in project implementation;
- xiii. Enhancement of knowledge management, data analysis and information sharing for decision-making
- xiv. Need to review and upgrade of ICT infrastructure to keep pace with the technological advancements in the extractives sector;
- xv. Need for modern technology trainings to familiarize with the rapidly changing technology in the mining sector.

**Way Forward:**

- i. There is need to formulate and implement policies and strategies for management of stakeholder expectations;
- ii. Explore alternative funding options through innovative resource mobilization strategies in order to successfully implement the strategic development objectives.
- iii. Fast track Royalty sharing regulations



.....  
**Harry Kimtai, C.B.S**  
**Principal Secretary**  
**State Department for Mining**

**7. Statement of Performance Against Predetermined Objectives for FY2024/2025**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer presents a statement of performance against predetermined objectives of the State Department.

The key strategic objectives as per the State Department for Mining strategic plan for FY 2023/24- FY 2027/28 are to:

- a) To increase revenue and investment in Mining
- b) To promote mineral resource management
- c) To improve Geological and Mineral Occurrence information
- d) To strengthen institutional governance, and administrative capacity

Table xx1: Programme performance

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY 2024/25			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Geological Surveys and Geo-information Management	To improve Geological and Mineral Occurrence information	Directorate of Geological Surveys and Geo-Information Management	Ground truthing reports	Number of counties Ground truthing activities undertaken	3	0	-3	47	24	23	The activity dropped from the work plan due to budget rationalization.
			Mineral Exploration report	Mineral Exploration activities for sulphide deposits Kamser-Seka Homa Bay County undertaken	1	1	0	1	1	0	Target achieved, the activity undertaken in the fourth quarter.
				Mineral Exploration activities for Copper in Maragwa, Kiamiramba, Tharaka Nithi undertaken	1	1	0	1	1	0	Target achieved, the activity undertaken during the fourth quarter.
				Mineral Exploration activities for Coltan in Boka Tana River County undertaken	1	1	0	1	1	0	Target achieved, the activity undertaken during the fourth quarter

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				A report on Mineral Exploration for Copper in Kinyiki Hill, Makueni County	1	1	0	1	1	0	Target Achieved
				No. of drill holes drilled in Phase two Drilling at Ikutha in Kitui County	3	3	0	3	3	0	Target achieved
			Geo-hazard Mapping and Geo-technical assessment report	Number of counties mapped for Geo-hazards and Geo-technically assessed	2	3	1	2	3	1	The project replaced the Ground truthing activity and was achieved
			Laboratory officers capacity built	Number of Laboratory officers capacity built	17	17	0	17	17	0	Target Achieved
			Geological maps digitalized and vectorized	Number of Geological maps digitalized and vectorized	50	17	-33	50	17	-33	Target not met due to budget constrains
Mineral Resource Management	To Increase Revenue and Investment in Mining	Increased revenue and investment in mining	Artisanal and Small Scale Mining (ASM) Cooperatives formed.	Number of Artisanal and Small Scale Mining (ASM) Cooperatives formed.	150	182	32	200	232	32	Annual target achieved
			Artisanal Mining Committees	Number of counties Artisanal Mining	24	35	11	24	35	11	The target was achieved and surpassed in Q4

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			operationalized	Committees operationalized							
			Mineral Dealing Rights Granted	Number of Mineral Dealing Rights Granted	200	214	14	200	214	14	Annual target was achieved and exceeded in the last quarter.
			Minerals Prospecting and Exploration rights granted	Number of Minerals Prospecting and mining rights granted	50	53	3	50	53	3	Annual Target achieved
			Mining Act Cap 306 amended	Mining Act cap 306	1	0	-1	1	0	-1	The process is ongoing at parliamentary committee
			Mineral Audit Inspections report	Number of Mineral Audit Inspections reports	4	6	2	4	6	2	The target was achieved.
			Kakamega Gold Refinery developed	Overall % completion (structure and equipping) of Kakamega Gold Refinery	60	40	-20	60	40	-20	Project ongoing as per the approved schedule. Sub Structure construction is at 80% completion rate.
			Vihiga Granite Cutting and Processing Centre developed	% completion of Vihiga Granite Cutting and Processing Centre	40	5	-35	40	5	-35	The Contractor phased financial challenges and the process of terminating the

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											project contract has been initiated, currently at AG's office for review.
			Mines/quarries and other operations that use Commercial Explosives inspected	Number of Mines/quarries and other operations that use Commercial Explosives inspected	450	610	160	450	610	160	The target achieved and surpassed during the FY.
General Administration and Support Services	To strengthen institutional governance, and administrative capacity	Strengthened institutional governance and capacity	Monitoring and Evaluation (M&E) conducted	No. of M&E Reports	4	4	0	4	4	0	Target achieved, M&E exercise undertaken through the regional mining offices
			Ministerial Performance Contracting Management	% implementation of Cabinet Secretary's Performance Contract FY 2024/2025	100	100	0	100	100	0	Implementation of Cabinet Secretary's Performance Contract for FY 2024/2025 done and most of the targets achieved
			Officers Capacity Built	No. of Officers trained on Mandatory Courses	50	61	11	50	61	11	The target was achieved and surpassed
			Cross-Cutting Issues	% of Cross-Cutting issues Mainstreamed	100	100	0	100	100	0	The target achieved for all the past

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			mainstreamed								quarters. Mainstreaming of the cross cutting issues well undertaken.
			Communication Strategy for the Extractives Sector developed	Communication Strategy for the Extractives Sector	1	0	-1	1	0	-1	The target not achieved scheduled for the next financial year depending on availability of funds.

## **8. Governance Statement**

The State Department for Mining is domiciled in the Ministry of Mining, Blue Economy and Maritime affairs, with Hon. Hassan Ali Joho, E.G.H as Cabinet Secretary and Mr. Harry Kimtai C.B.S as the Principal Secretary

Currently the State Department is organized into the following functional areas listed below:

- (i) Directorate of Geological Surveys
- (ii) Directorate of Mines
- (iii) Administration
- (iv) Human Resource Management
- (v) Finance
- (vi) Accounts
- (vii) Legal
- (viii) Supply Chain Management
- (ix) Public Communication
- (x) Central Planning and Project Monitoring
- (xi) Information and Communication Technology.

## **Management Committees Established and their Roles**

### **Project Committee**

functions of the Committee are:

- i. Review project concept notes and make recommendations to the accounting officer for decision making within thirty days;
- ii. Review project pre-feasibility and feasibility studies and make recommendations to the accounting officer for decision making;
- iii. Identify the potential project risks and mitigating measures not covered in the project concept note, pre-feasibility or feasibility studies;
- iv. Prioritize projects based on the National Government Ministries, Departments and Agencies Strategic Plan, Medium Term Plan, and National and County Development Plans;
- v. Recommend mode of project financing; and
- vi. Provide guidance on any changes in the project design.

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**Budget Implementation Committee**

function of the Committee is to:

- i. Review and consider the cash plans. This involves a regular review of the Departmental cash plan and approval of any changes to the initial cash flow plan to be communicated to the national Treasury.
- ii. Review the utilization of cash limits and consider any Changes as may be required.
- iii. Review the utilization of donor funds voted for the State Department
- iv. Advise the accounting officer on any challenges related to the Budget implementation
- v. Review and recommend reallocation of expenditure
- vi. Review and approve the submission of the expenditure returns, non-financial reports, IPPD, pending bills, and A.I.A returns for the State Departments and recommend action to be taken.
- vii. Participate in the Sector Working Groups
- viii. Prepare the budgets for the State Department in consultation with Heads of Departments

**Audit Committee**

The functions of the Committee are to provide oversight role and to advice the Accounting Officer and senior Management on the following areas:

- a) Internal Control Systems
- b) Governance Structure
- c) Risk management Systems
- d) Financial Reporting process
- e) Compliance with the laws and regulations /requirements

**Ministerial Human Resource Management Advisory Committee**

The Functions of the committee entail making recommendations to the Authorized Officer regarding;

- i. Recruitment, Selection and Appointment;
- ii. Performance Management;
- iii. Promotions;
- iv. Confirmation in Appointment;

- v. Training and Development;
- vi. Training Impact Assessment;
- vii. Management of Skills Inventory;
- viii. Establishment and Complement 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 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 Administration.

**Ministerial Performance Management Committee**

**The Functions of the committee is to;**

- i. Undertake quarterly review of implementation of strategic plans and performance contracts;
- ii. Ensure linkage between institutional performance contract and performance appraisal system;
- iii. Ensure that the overall assessment of employee performance is within the context of institutional performance as evaluated through staff performance appraisal system;
- iv. Ensure that the performance of all officers is evaluated and feedback on performance is relayed in writing at the end of the year;
- v. Hold quarterly performance review meetings;
- vi. Consider performance reports from various departments within the ministry and make recommendations for improvement;
- vii. Review cases of appeals on appraisal ratings between supervisors and appraisees;
- viii. Make recommendations to the authorized officer on the application of rewards or sanctions;

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- ix. Develop and implement the internal monitoring and evaluation and reporting system;  
and
- x. Ensure that the integrity and credibility of the overall process of rewards and sanction system is safeguarded and maintained at all times.

**Asset Management Committee**

- i. **Inventory management** – Maintain and update Assets Registers using the prescribed reporting templates issued by The National Treasury
- ii. **Disposal of idle assets** – ensure disposal of unserviceable, obsolete, and surplus assets by way of sale, transfer to other public institutions, destruction, donation or other authorized methods of disposal and in all cases in full conformity to the existing legal requirements

**Public Finance Management Standing committee- Chaired by the Principal Secretary**

- i. Ensuring that there is prioritization on resources allocated to a National Government entity for the smooth implementation of the entities mission, strategy, goals, risk policy plans and objectives;
- ii. To review, monitor regularly budget implementation and advice on the entities accounts, major capital expenditures and reviewing performance and strategies at least on a quarterly basis;
- iii. To identify risks and implementation of appropriate measures to manage such risks or anticipated changes impacting on the entity;
- iv. To review on a regular basis the adequacy and integrity of the entity's internal control, acquisition and divestitures and management information systems including compliance with applicable laws, regulations, rules and guidelines;
- v. Establishing and implementing a system that provides necessary information to the stakeholders including stakeholder communication policy for the entity in line with Article 35 of the Constitution;
- vi. Monitoring the effectiveness of the corporate governance practices under which the entity operates and propose revisions as may be required, from time to time;
- vii. Monitoring timely resolution of audit issues; and
- viii. Any other matter referred to it from time to time by the responsible Cabinet Secretary.

### **National Values and Principles of Governance**

Implement at least five (5) commitments and submit in the prescribed format an Annual Progress Report on the implementation of the commitments and way forward captured in the 2023 Annual President's Report on National Values and Principles of Governance to the Directorate of National Cohesion and Values

The State Department continues to commit to the 2023 President's Annual Report on measures taken and progress achieved:

- i. Fast track implementation of programmes, projects and activities for the realization of the "BETA" Agenda;
- ii. Leverage on and enhance use of Information and Communications Technology (ICT) and other innovations in service delivery;
- iii. Continue to enhance the fight against corruption, dispensation of justice and observance of the rule of law;
- iv. Enhance the capacity of public institutions and the public to adhere to the provisions of Article 10 of the Constitution through civic education, training and sensitization on national values and principles of governance;
- v. Continue enhancing the collaboration between the two levels of government to entrench sharing and devolution of power;
- vi. Continue to implement measures to protect the environment, mitigate climate change, and improve the national forest cover; and
- vii. Implement measures to promote inclusivity and representation of Kenya's diverse communities in the public service.

### **Road Safety Mainstreaming committee**

- a) Develop a Workplace Road Safety Policy anchored on the NTSA policy guidelines
- b) Develop an Annual Road Safety Implementation Plan based on the approved road safety policy with the following key components included.

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- i. At least three road safety activities stipulated in the Work Place Road Safety Policy,
  - ii. Undertaking Annual Motor vehicle inspections of all the vehicles,
  - iii. Training of Drivers on defensive driving,
  - iv. Reporting on quarterly basis using the prescribed Reporting Template on the non-compliance on road safety at the workplace.
- c) Implement the Annual Road Safety Implementation Plan and
- d) Submit quarterly reports to NTSA in the prescribed format.

**Corruption Prevention committee**

- i. Setting priorities in the prevention of corruption within the Ministry,
- ii. Planning and coordinating corruption prevention strategies,
- iii. Integrating all corruption prevention initiatives in the Ministry,
- iv. Receiving and reviewing reports on corruption prevention initiatives and recommending appropriate action,
- v. Receiving and taking action on corruption reports made by staff and other stakeholders,
- vi. Spearheading anti-corruption campaigns within the Ministry,
- vii. Monitoring and evaluating the impact of corruption prevention initiatives,
- viii. Preparing and submitting quarterly progress reports to the Ethics and Anti-Corruption Commission.

**Safety and Security committee**

- i. Setting Policies and procedures for systematically managing sensitive data in the Ministry.
- ii. Planning and coordination risk presentation strategies.
- iii. Advise management on controls needed to enhance protection of sensitive data.
- iv. Integrating the ISMS in the Ministry
- v. Spearheading information security sensitization within the Ministry.
- vi. Monitoring and evaluating the impact of risk mitigation strategies.
- vii. Preparing and submitting quarterly progress reports

**Citizen Service Charter committee**

- i. Developing and displaying the Citizen Service Charter as prescribed.

- ii. Monitoring and evaluating the service commitment levels
- iii. Preparing and submitting quarterly progress reports

**Digitalization committee**

- i. Review of core services
- ii. Re-engineering end-to-end of core services
- iii. Digitalization of re-engineered service processes
- iv. On boarding of all digitalized customer facing services to e-citizen platform

**Complaints and Access to Information committee**

- i. Receive, process, and oversee the resolution of complaints,
- ii. Receive, process and request access to information,
- iii. Promote the sensitization of staff and other stakeholders on complaints handling and access to information,
- iv. Advise management on complaints handling, proactive and reactive disclosure of information,
- v. Monitor the trends of complaints and recommend remedial action,
- vi. Prepare regular reports to management on complaints handling and requests for access of information,
- vii. Coordinate complaints handling and access to information activities in the Ministry,
- viii. Ensure the integration of complaints handling in the Ministry,
- ix. Ensure compliance with the guidelines of the Commission on resolution of public complaints, and access to information as may be issued from time to time,
- x. Monitor, evaluate and review complaints handling and access to information activities in the Ministry,
- xi. Where appropriate refer complaints and or access to information to the appropriate authorities including the CAJ.

## **9. Management Discussion and Analysis**

The State Department for Mining was formed through the Executive Order No. 1 of 2023 on organisation of Government in January, 2023

### **Key projects or investments**

The State Department is implementing the following key Projects

Artisanal Mining Formalization – The project is in response to the Bottom-Up Economic Transformation Agenda Value on Minerals, Land and Natural resources. It aims at ensuring that Artisanal and Small-Scale miners are mainstreamed through issuance of necessary permits and licenses as envisaged under Section 94 of the Mining Act, 2016. The project involves formation of marketing Cooperatives, capacity building initiatives on financial literacy, Book keeping, records management and training on sustainable mining practices, appropriate mineral processing technologies and marketing techniques.

The project is being funded by the National Government but plans are underway to loop in development partners to ensure continuity and sustained campaign targeting formalization of ASMs.

Ground Truthing and Mineral Exploration – Pursuant to the State Department’s mandate of conducting mineral exploration and in support and to complement the recently conducted Nationwide Airborne Geophysical Survey, the State Department is undertaking a comprehensive and targeted ground truthing project. This seminal project is aimed at identifying and confirming anomalies identified vide the conclusion of the Airborne Survey. Further, the project will lead to de-risking of mining investments and ultimately attraction of world class exploration and mining companies. So far 10 counties have been mapped for industrial minerals and 2 rare earth mineral occurrences assessed.

The project is funded through Exchequer Releases and AIA collections has been identified as a key response of the mining sector to the BETA plan’s aspiration of expanding the tax base, improving forex reserves and generating jobs.

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Mineral Testing and Analysis Laboratory modernization and decentralization – Mineral Testing and analysis provides a baseline for charging mineral royalties and also reduce the cost of mining business by eliminating the need to export samples for testing.

<b>Sector: Environment Protection, Water and Natural Resources</b>						
<b>Vote 1192: State Department for Mining</b>						
<b>Economic Classification</b>	<b>Approved Budget Allocation</b>			<b>Actual Expenditure</b>		
	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Gross</b>	<b>237.7</b>	<b>2,507.2</b>	<b>1,901.3</b>	<b>227.3</b>	<b>1,624.5</b>	<b>1,647</b>
AIA	25.0	100	878	14.6	44.3	878
<b>NET</b>	<b>212.7</b>	<b>2,407.2</b>	<b>1,023.3</b>	<b>212.7</b>	<b>1,580.2</b>	<b>769</b>
Compensation to Employees	0.0	403.7	529.2	0.0	380.5	515.1
Transfers	6.7	336	189	7.0	280	189
Other Recurrent	230.7	1,667.5	1,741.5	220.3	0.0	1,866.5
<b>Of which</b>						
Utilities	4.8	13	837.9	4.7	6.4	746
Rent	0.0	5	4.5	0.0	3.6	4.5
Contracted Guards and Cleaners Services	0.0	0	0	0.0	0.0	0.0
Others	225.9	1,649	899.1	215.6	909.7	1,111.1

The State Department for Mining projects are classified under four Sub-programmes namely; Mineral Resources Development, Geological Survey, Mineral Exploration, and Geo-Information Management with their performance outlined as below.

**a) Mineral Resources Development**

Mineral Beneficiation and in-country mineral processing and Value Addition is being accorded great consideration. In this view, Clinkerization (West Pokot, Kilifi, Kajiado etc), Cement production and Steel-making have been given consideration.

To support the import substitution, manufacturing, job creation and foreign exchange earnings priorities, the Ministry is focused on promoting in-country mineral processing and value addition. Towards this end, the cabinet has approved and sanctioned the development of a Mineral Processing and Value Addition Policy.

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The Department is committed to supporting local mineral-based manufacture of day-to-day products such as cement from limestone, steel from iron ore, tiles and ceramics from clays and granite and fertilizers from agro-minerals such as lime and phosphates.

These initiatives will lead to job creation, significant reduction of importation and consequently preservation of foreign exchange and spur economic growth.

**b) Geological Survey and Mineral Exploration**

The Government undertook a Nationwide Airborne Geophysical Survey (NAGS) from 2018 to 2022. A report which 94.6% of the Country landmass and 54.5% of the Territorial Sea (Water mass) identified 970 mineral occurrences.

During the period under review, the State Department carried out confirmatory (Ground Truthing) exercise for selected Minerals.

The Department is committed to providing up-to-date geological data and information to potential investors to assist them in accelerating their mineral exploration activities. This is geared towards de-risking mining investments and guaranteeing the utilization of mineral resources for sustainable social-economic development.

The Department will rely on the recently concluded National wide Airborne Geophysical Survey project to accelerate exploration initiatives for critical and strategic minerals as well as industrial and agro-minerals.

**c) Geo Information Management**

The National Geo-Data Public Portal is 90% complete; this resulted into The Geo-data Portal being completed and activated online. The Portal is available for public use.

The Online Mining Cadastre System – a World-class Licensing System developed by a Vendor from South Africa hosted Locally at Konza Technopolis City assists in applications, processing and managing Mining, Prospecting and Dealership Licences and Permits and creating raw data for revenue anticipated.

## **10. Environmental and Sustainability Reporting**

The State Department for Mining exists to develop policies on the extractive industry; Undertake mineral exploration and mining policy management; Maintain an inventory and mapping of mineral resources; Develop mining and minerals development policies and standards; Maintain Geological Data (Research, collection, collation, analysis); develop policies on the management of quarrying of rocks and industrial minerals; develop mining capacity development and value addition; and management of health conditions and health and safety in mines.

### **a) Sustainability strategy and profile**

The top management has continued to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. The State Department through adherence to the Constitution of Kenya, 2010, existing Laws, Regulations, Policies and the State Department's Strategic Plan 2023/24 will deliver the desired goals.

While undertaking our responsibilities diligently and to the best of our abilities to support the achievement of the stated strategic development objectives, we have formulated and reviewed regulatory frameworks and undertaken Institutional reforms; Promoted Artisanal and Small-scale Mining (ASM); Build capacity for effectiveness and efficiency; Promoted investments in the Mining sector; Generated, processed and interpreted geo-scientific data; Provided quality and accredited mineral testing services locally and regionally; Enhanced efficiency and transparency in the administration of mineral rights and mineral dealings; Enhanced revenues from the mining sector; Enhanced mineral value and competitiveness; and implemented affirmative action policies and strategies.

### **b) Environmental performance /climate change/ mitigation of natural disasters**

The Department's major environmental responsibility is to promote mine environmental management, health and safety requirements; mines rehabilitation and tree planting.

**STATE DEPARTMENT FOR MINING**

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The Department collaborates closely with the Ministry of Environment and Natural Resources, which is the country's climate change focal point. Our environmental conservation activities are further guided by the National Environment Policy, 2013.

Chapter Four of the National Environment policy identifies Kenya's critical ecosystems and natural resources. It proposes measures to enhance conservation and management of ecosystems and sustainable use of natural resources while Chapter Six addresses a wide range of issues relating to environmental quality and health. The areas covered include air quality, water and sanitation, waste management, radiation, toxic and hazardous substances, noise and environmental diseases.

**c) Employee welfare**

- (i) Recruitment of personnel is done by the Public Service Commission as per Articles 10 and 232 of the constitution as well as per the provisions of section B of the Human Resource Policies and Procedures Manual (2016).

In cases where the Commission delegates recruitment of lower cadres to the authorised officers, the process is guided as per the existing service regulations. In all instances the ratio of either Gender must not exceed 70%.

Government Policies on recruitment are normally reviewed after every five (5) years. The draft of the same is normally circulated to all stakeholders for their input and validation in accordance with the provision of the Constitution of Kenya.

- (ii) The State Department has taken deliberate efforts to ensure that every member of staff is exposed to at least 5 days training in a year in accordance with existing Government Training Policy.

Each officer falls under a Scheme of Service/ career guidelines which defines his/her career path in the service. They also require to undertake professional as well as mandatory courses that prepare them for Supervisory, Managerial and Leadership positions in future. The officers are also expected to progress to the next grade after every three years so long as they have the requisite qualifications and posts are available and they pass interviews administered by the Commission or the Ministry.

- (iii) The State Department has on boarded all officers on the online Performance Appraisal

System (PAS) together with their respective supervisors. Officers are also required to complete quarterly reports indicating their outputs, as well as challenges they face during the same period.

- (iv) In compliance with occupational safety and Health Act of 2007 (OSHA), the management has ensured that there are adequate and clean sanitary facilities for all staff. Management have also ensured that offices are designed in such a manner that there is no overcrowding, that there is good lighting and emergency exits are in place to ensure speedy and safe evacuation of staff in case of emergency. Adequate and safe water for drinking is also available for staff. There is an office accommodation committee in place to deal with emerging office accommodation matters and attendant issues related to the health and safety of staff.

**d) Operational practices/ Marketplace practices**

The State Department procures goods and services through competitive tendering and bidding processes where all stakeholders are treated equally. Measures are taken to make sure that all suppliers are paid on time to avoid pending bills.

**e) Community Engagements-**

The State Department has no budget for CSR, However the private mining companies are encouraged to give back to the community in which they mine from, this includes environmental restoration at cessation of mineral production.

## **11. 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 MDA shall prepare financial statements in respect of that MDA. 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 entity's financial statements, which give a true and fair view of the state of affairs of the State department for and as at the end of the financial year ended on June 30, 2025. 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 MDA, (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 MDA; (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 entity's financial statements, which have been prepared on the Accrual 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's financial statements give a true and fair view of the state of the department's transactions during the financial year ended June 30, 2025, and of the State Department's financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the State Department, which have been relied upon in the preparation of the MDA's financial statements as well as the adequacy of the system of internal controls.

The Accounting Officer in charge of the State Department for Mining confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the

**STATE DEPARTMENT FOR MINING**

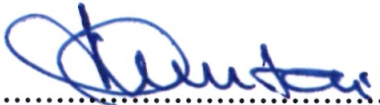
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The State Department for Mining financial statements were approved on 8/12/ 2025 and signed by:



.....  
**Harry Kimtai, C.B.S**  
**Accounting Officer**

*STATE DEPARTMENT FOR MINING*

**Annual Report and Financial Statements for the year ended June 30, 2025.**

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**12. Report of the Independent Auditor for the State Department for Mining**

*2025*

**13, Statement of Financial Performance for the year ended 30 June 2025**

	Notes	2024-2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from Exchequer	6	919,488,178
<b>Total</b>		<b>919,488,178</b>
<b>Revenue from exchange transactions</b>		
Miscellaneous income	7	912,018,799
<b>Total revenue</b>		<b>1,831,506,977</b>
<b>Expenses</b>		
Employee costs	8	515,184,005
Use of goods and services	9	630,265,365
Transfers to other Government Entities	10	188,999,999
<b>Total expenses</b>		<b>1,334,449,369</b>
<b>Surplus/Deficit for the year</b>		<b>497,057,608</b>
<b>Net Surplus/Deficit</b>		<b>497,057,608</b>

The Financial Statements set out on pages 1-5 were signed by:



**Harry Kimtai, C.B.S**  
**Accounting Officer**




**CPA Martin A. Omuse**  
**Head of Accounting Unit**  
**ICPAK M/No. 14340**

## 14 Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	11	149,996,710	5,182,389
Trade receivables	12	34,019,717	0
Trade prepayments	16	8,233,414	0
<b>Total Current Assets</b>		<b>192,249,841</b>	<b>5,180,389</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	13	194,976,067	0
<b>Total Non- Current Assets</b>		<b>194,976,067</b>	<b>0</b>
<b>Total Assets (a)</b>		<b>387,225,907</b>	<b>5,180,389</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	14	71,181,515	180,449,543
Refundable Deposits	15	1,112,665	1,584,043
<b>Total Current Liabilities</b>		<b>72,294,180</b>	<b>182,033,586</b>
<b>Non-Current Liabilities</b>		0	0
<b>Total Non- Current Liabilities</b>		0	0
<b>Total Liabilities (b)</b>		<b>72,294,180</b>	<b>182,033,586</b>
<b>Net Assets (a-b)</b>		<b>314,931,727</b>	<b>(176,853,197)</b>
<b>Represented by:</b>			
Accumulated Surplus		314,931,727	(176,853,197)
Capital Fund		0	0
<b>Net Assets</b>		<b>314,931,727</b>	<b>(176,853,197)</b>

The financial statements set out on pages 1-5 were signed by:

  
 Harry Kimtai, C.B.S  
 Accounting Officer

  
 CPA Martin A. Omuse  
 Head of Accounting Unit  
 ICPAK M/No. 14340

15 Statement of Changes in Net Assets for the year ended 30 June 2025

	Accumulated Surplus	Reserves	Capital Fund	Total
<b>Fund balance as at 30<sup>th</sup> June 2024</b>	<b>3,596,346</b>			<b>3,596,346</b>
<b>Adjustments</b>				
Adjustment -Recognition of Liabilities	(180,449,543)			(180,449,543)
<b>As at July 1, 2024</b>	<b>(176,853,197)</b>			<b>(176,853,197)</b>
Surplus (deficit) for the period	497,057,608			497,057,608
Return to Exchequer	3,596,346			3,596,346
<b>As at June 30, 2025</b>	<b>314,931,727</b>			<b>314,931,727</b>

## 16. Statement of Cash Flows for the year ended 30 June 2025

		<b>2024-2025</b>
	<b>Notes</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from exchequers		919,488,118
Other incomes		877,999,082
<b>Total receipts</b>		<b>1,797,487,260</b>
<b>Payments</b>		
Employee costs		515,125,540
Use of goods and services		746,036,073
Transfers to other Government Entities		188,899,999
Other payments (Change in 3 <sup>rd</sup> party deposits)		471,378
<b>Total payments</b>		<b>1,450,632,990</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>346,854,269</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE		(197,328,938)
<b>Net cash flows from/(used in) investing activities</b>		<b>(197,328,938)</b>
<b>Cash flows from financing activities</b>		
Return to Exchequer		3,596,346
<b>Net cash flows from financing Activities</b>		<b>3,596,346</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>144,816,320</b>
Cash and cash equivalents at 1 July		5,180,389
<b>Cash and cash equivalents at 30 June</b>		<b>149,996,709</b>

**STATE DEPARTMENT FOR MINING**

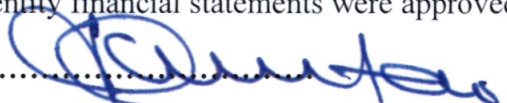
**Annual Report and Financial Statements for the year ended June 30, 2025.**


**17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025**

**Recurrent and Development Combined**

<b>Receipt/Expense Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>
	<b>A</b>	<b>B</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
<b>Receipts</b>						
Exchequer releases	1,658,158,447	(635,088,190)	1,023,070,257	919,488,178	105,582,079	89%
Miscellaneous receipts	100,000,000	778,300,000	878,300,000	877,999,082	300,918	100%
<b>Total Receipts</b>	<b>1,758,158,447</b>	<b>143,211,810</b>	<b>1,901,370,257</b>	<b>1,797,745,575</b>	<b>103,624,681</b>	<b>95%</b>
<b>Payments</b>						
Compensation of employees	501,000,000	28,200,000	529,200,000	515,125,540	14,074,460	97%
Use of goods and services	925,056,178	(87,085,921)	837,970,257	746,036,073	91,934,183	89%
Transfers to other government entities	89,000,000	100,000,000	189,000,000	188,999,999	1	100%
Acquisition of assets	243,102,269	102,097,731	345,200,000	197,328,938	147,871,062	57%
<b>Total Payments</b>	<b>1,758,158,447</b>	<b>143,211,810</b>	<b>1,901,370,257</b>	<b>1,667,260,848</b>	<b>234,109,403</b>	<b>87%</b>
<b>Surplus</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>149,996,709</b>	<b>(149,996,709)</b>	

- (a) Under absorption of exchequer of 11% was occasioned by non-utilisation of procurement items budgeted under exchequer that required a lengthy procurement process to acquire
- (b) Under absorption of goods and service of 11% was occasioned by budget availed late when the department could not engage procurement services
- (c) Under absorption of acquisition of assets of 43% was occasioned by procurement of specialized equipment that require a lengthy order period considering budget was availed in supplementary III
- (d) The entity financial statements were approved on 8/R 2025 and signed by:

.....  
  
**Harry Kimtai, C.B.S**  
**Accounting Officer**

.....  
  
**CPA Martin A. Omuse**  
**Head of Accounting Unit**  
**ICPAK M/No. 14340**

**Budget Reconciliation to the Statement of Cash Flows**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	149,996,709
1	Reason for differences- other payments	5,180,389
	Closing Cash and Cash Equivalent as per the statement of Cash flows	144,816,320

## Budget Execution by Programmes and Sub-Programmes for FY2025

<b>Programme/Sub-programme</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on comparable basis</b>	<b>Budget utilization difference</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>General administration and planning</b>					
1007000000	489,497,110			476,856,478	12,640,631
<b>Mineral Resource Management</b>					
1009000000	647,495,807			587,147,326	60,348,481
1021000000	764,377,340			583,486,746	180,890,594
<b>Total</b>	<b>1,901,370,257</b>			<b>1,647,490,550</b>	<b>253,879,707</b>

## 18. Notes to the Financial Statements

### 1. Establishment

The State Department for Mining is established by and derives its authority and accountability from Executive Order No. 1 of 2023 on organisation of Government in January, 2023. The State Department is wholly owned by the Government of Kenya and is domiciled in Kenya. The State Department for Mining's principal activity is extraction of minerals.

### 2. Statement of Compliance and Basis of Reporting

#### Statement of compliance

These financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

For the purpose of these financial statements, the State Department has been categorized as a Schedule 1 national government MDA in line with Section 4 of the Public Finance Management Act, 2012 read together with Regulation 211 (2) of the Public Finance Management (National Government) Regulations, 2015. Schedule 1 national government entities include Ministries, Departments, Agencies, constitutional institutions and independent offices. MDAs are reporting entities whose primary objective is to provide policy and coordination of government services.

The use of public resources by MDAs is primarily governed by Chapter 12 of the Constitution, the relevant Appropriation Act, the Public Finance Management Act, of 2012, and the Public Procurement and Disposal Act, of 2015.

These financial statements were authorized for issue by the Accounting Officer on 29<sup>th</sup> August 2025.

Guiding note during the transition period:

The financial statements have been prepared in accordance with the Public Finance Management Act, and International Public Sector Accounting Standards (IPSAS) or the MDA has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1<sup>st</sup> year **the following elements, value of assets, value of inventory, value of liabilities** of the financial statements have not been recognized as the State Department has taken advantage of the transition provisions outlined in IPSAS 33, paragraph

36-62 that allows Three Year Transitional Relief Period for the Recognition and/or Measurement of Assets and/or Liabilities

**Reporting period**

The reporting period for these financial statements is for the period ended 30<sup>th</sup> June 2025.

**Basis of preparation**

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

**Critical accounting judgements**

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

A revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of the State Department for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgment is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The State Department pursues a number of policy targets and outcomes. However, the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the State Department is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the State Department's policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the State Department's future actions, expenses (and other related liabilities) are recognized for that policy.

#### Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

#### Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO<sub>2</sub>eq. MDAs commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

#### Physical assets

An asset is a resource presently controlled by the State Department as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

### **3. Adoption of New and Revised Standards**

- i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of the State Department.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>

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Standard	Effective date and impact:
	The Standard affects the State Department as assets that belong to the State Department will be valued where necessary and depreciation taken to account.
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an MDA shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

Standard	Effective date and impact:
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul> <p>When adopted this standard will affect the financial position of the State Department as its core mandate is exploration and extraction of minerals.</p>

### *iii) Early adoption of standards*

The MDA did not early – adopt any new or amended standards in the financial year.

## **4. Summary of Significant Accounting Policies**

### **a) Revenue recognition**

#### **i) Revenue from non-exchange transactions**

##### **Fees, taxes and fines**

The State Department recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the State Department and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the State Department and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

**ii) Revenue from exchange transactions**

**Rendering of services**

The MDA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**b) Budget information**

The original budget for FY 2024-2025 was approved by the National Assembly on 13<sup>th</sup> June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the State Department upon receiving the respective approvals in order to conclude the final budget. Accordingly, the State Department recorded additional appropriations of 318,000,000 on the 2024-2025 budget following the governing body's approval. The State Department's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements

and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under statement number 17 of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the State Department recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The State Department has taken advantage of the transition provisions outlined in IPSAS 33, paragraph 36-62 that allows Three Year Transitional Relief Period for the Recognition and/or Measurement of Assets and/or Liabilities. For this financial year no assets are reported.

**a) Financial assets**

**Classification of financial assets**

The State Department classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the MDA's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity

unless a State Department has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the State Department classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**d) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.

- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the State Department.

**e) Changes in accounting policies and estimates**

The State Department recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**f) Related parties**

The State Department regards a related party as a person or a State Department with the ability to exert control individually or jointly, or to exercise significant influence over the State Department, or vice versa. Members of key management are regarded as related parties and comprise the Cabinet Secretary, the Principal Secretary, directors and other senior managers in the State Department.

**g) 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.

**Comparative figures**

In preparing these financial statements, the State Department has elected to apply paragraph 79 of IPSAS 33, which allows for the election by a State department to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

**h) 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 June 30, 2025.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the State Department's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

**Estimates and assumptions**

For the year under report, the State Department has not taken into consideration any assumptions or estimates as it has only recognised financial assets and financial liabilities.

## 6. Transfers from Exchequer

Nature of transfer	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers Period ended Jun 2025
	Kshs	Kshs	Kshs
Recurrent	919,488,178	0	919,488,178
Development	0	0	0
<b>Total</b>	<b>919,488,178</b>	<b>0</b>	<b>919,488,178</b>

## 7. Miscellaneous receipts

Description	30 Jun 25
	Kshs
Licenses	912,018,798
<b>Total</b>	<b>912,018,798</b>

The State Department collects AIA which includes Mineral Development levy of the above amount Kshs.34,019,717 are receivables.

## 8. Employee Costs

Description	30 Jun 25
	Kshs
Basic salaries of permanent employees	329,625,341
Personal allowances – part of salary	185,558,663
<b>Employee costs</b>	<b>515,184,005</b>

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9. Use of Goods and Services

Description	30 Jun 25
	Kshs
Utilities, supplies and services	9,608,340
Communication, supplies and services	12,378,879
Domestic travel and subsistence	277,745,415
Foreign travel and subsistence	29,721,069
Printing, advertising, and information supplies & services	625,403
Rentals of produced assets	2,068,586
Training expenses	70,218,326
Hospitality supplies and services	29,361,147
Specialized materials and services	16,533,390
Office and general supplies and services	43,555,815
Fuel Oil and Lubricants	52,429,642
Routine maintenance – vehicles and other transport equipment	17,735,171
Routine maintenance – other assets	4,856,560
Other operating expenses	63,427,622
<b>Totals</b>	<b>630,265,365</b>

10. Transfers to Other Government Entities

Description	30 Jun 25
	Kshs
Transfers to National Govt entities- SAGAs & SC	188,999,999
<b>Total</b>	<b>188,999,999</b>

11. Cash and Cash Equivalents

Description	30 Jun 25	Opening statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Recurrent Account	117,638,223	2,890,936
Development Account	31,245,822	705,410
Deposits Account	1,112,665	1,584,043
<b>Total</b>	<b>149,996,710</b>	<b>5,180,389</b>

## 11 (a) Detailed Analysis of the Cash and Cash Equivalents

Name of Bank, Account No. & currency	Account number	30 Jun 25	Opening statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
Central bank of Kenya, Recurrent Account	1000695455	117,638,223	2,890,936
Central bank of Kenya, Development Account No. Kshs	1000695498	31,245,822	705,410
Central bank of Kenya, Deposit Account	1000695463	1,112,665	1,584,043
Central Bank of Kenya, CBK 165 account No.	1000695487		0
<b>Totals</b>		<b>149,996,710</b>	<b>5,180,389</b>

## 12. Receivables from Exchange Transactions

Description	30 Jun 25	Opening statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Other exchange debtors	0	0
Less: impairment allowance	(0)	(0)
<b>Total Receivables</b>	<b>34,019,717</b>	<b>0</b>
a) Current receivables	34,019,717	0
b) Non-current receivables	0	0
<b>Total receivables (a+b)</b>	<b>34,019,717</b>	<b>0</b>

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13. Property, Plant, and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Intangible assets	Work in progress	Total
Depreciation Rate		2-10%	10-16.67%	12.5%	33.3%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 <sup>st</sup> July 2024	0	0	0	0	0	0	0	0
Additions	0	0	109,451,179	32,446,358	11,814,800	1,568,320	39,695,410	194,976,067
Disposals	(0)	(0)	(0)	(0)	(0)	(0)		(0)
Transfer/Adjustments	(0)	(0)	(0)	(0)	(0)	(0)		(0)
As At Jun 2025	0	0	109,451,179	32,446,358	11,814,800	1,568,320	39,695,410	194,976,067
<b>Depreciation And Impairment</b>								
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As At	-	-	-	-	-	-	-	-
<b>Net Book Values</b>	0	0	109,451,179	32,446,358	11,814,800	1,568,320	39,695,410	194,976,067
Opening Bal as at 1 <sup>st</sup> July 2024	-	-	-	-	-	-	-	-
As At 30 <sup>th</sup> June 2025	0	0	109,451,179	32,446,358	11,814,800	1,568,320	39,695,410	194,976,067

**14. Trade and Other Payables**

Description	30 Jun 25		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Trade payables	71,123,050		180,449,543	
Employee payables	58,465			
<b>Total trade and other payables</b>	<b>71,181,515</b>		<b>180,449,543</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>1<sup>st</sup> July 2024</b>	<b>% of the Total</b>
Under one year	1,853,200	3%	116,320,722	64%
1-2 years	34,412,689	48%	29,213,160	16%
2-3 years	34,915,661	49%	34,915,661	19%
Over 3 years				
<b>Total</b>	<b>71,181,515</b>		<b>180,449,543</b>	

**15. Refundable Deposits and Prepayments**

Description	30 Jun 25		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Customer deposits	1,112,665		1,584,043	
<b>Total deposits</b>	<b>1,112,665</b>		<b>1,584,043</b>	
<b>Ageing analysis: (Refundable deposits)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>1<sup>st</sup> July 2024</b>	<b>% of the Total</b>
<b>Under one year</b>	76,200	7%	847,665	54%
1-2 years	1,036,435	93%	265,000	17%
2-3 years	0		471,378	29%
<b>Total</b>	<b>1,112,665</b>		<b>1,584,043</b>	

**14 a) Changes in third party payments**

Description	Kshs
Payables as at 1 <sup>st</sup> July 2024	1,584,043
Payables as at 30 <sup>th</sup> June 2025	1,112,665
<b>Increase/ Decrease in payables</b>	<b>(471,378)</b>

**16. Prepayments**

Description	30 Jun 25		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Tuition payment	5,802,000		0	
Rent payment	2,431,414			
<b>Total</b>	<b>8,233,414</b>		<b>0</b>	

## 17. Appendix

**Appendix 1: Implementation Status of Auditor-General's Recommendations**

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

Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
1835	<p><b>Unsupported Expenditure Reversals</b> The statement of receipts and payments reflects use of goods and services amount of Kshs.590,161,272 as disclosed in Note 4 to the financial statements. Review of ledgers provided in support of the expenditure revealed several entries which were debited in the ledger and later reversed. However, entries totalling Kshs.7,638,075 were yet to be reversed. In addition, the debit entries and reversals of the same were not supported by journal entries, approval for the reversals and particulars indicating the nature of the errors corrected. In the circumstances, accuracy and completeness of the use of goods and services amount of Kshs.590,161,272 could not be confirmed.</p>	Payments cancelled in the system for various reasons, GL dates, wrong amounts, or wrong application period. For payment vouchers meant for surrender they were input afresh vide different payment vouchers, since the PVs are unique and system generated.	Not resolved	Awaiting PAC
1836	<p><b>Unsupported accounts payable</b> Note 12.3 to the financial statements reflects pending accounts payable balance of Kshs.169,283,358. As disclosed in Annex 1 to the financial statements, the bills comprised of an opening balance of Kshs.93,883,644, additions during the year of Kshs.128,833,123 and bills paid during the year of</p>	Documents supporting pending bill amounting to Kshs.169,283,358 have been availed to audit team for verification. The analysis provides specific status per claim explaining the pending bills. Documents in support of internet traders have since been forwarded to The National Treasury pending bills committee	Not resolved	Awaiting PAC

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Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
	<p>Kshs.53,433,408. Review of the bills revealed that an amount of Kshs.3,985,200 was not supported with relevant documentation such as invoices, contracts, delivery notes and inspection reports.</p> <p>Further, the balance did not include an amount of Kshs.11,722,984 payable to National Mining Corporation. The amount was incurred by the Corporation on behalf of the Ministry of Petroleum and Mining at Flourspar Day and Boarding Primary School and has been outstanding since 31 March, 2018.</p> <p>In the circumstances, the accuracy and completeness of pending accounts payable balance of Kshs.169,283,358 could not be confirmed.</p>			
1837	<p><b>Budgetary control performance</b></p> <p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.2,809,551,872 and Kshs.1,625,988,335 respectively, resulting in an under-funding of Kshs.1,183,563,537 or 42% of the budget. Similarly, the Department spent an amount of Kshs.1,624,744,376 against the actual receipts of Kshs.1,625,988,335 resulting in an under-utilization of Kshs.1,243,959. In addition, no explanations were provided in the financial statements on reasons for over or under</p>	<p>Explanation has been provided in the amended financial statements on reasons for the under expenditures as required in the annual financial reporting guidelines and templates (amended financial statements page xix)</p>	Not resolved	Awaiting PAC

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Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
	expenditures on the budget exceeding 10% as required in the annual financial reporting guidelines and template			
1838	<p><b>Unresolved Prior Year Issues</b></p> <p>In the audit of the previous year, matters were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources and on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations as at 30 June, 2024.</p>	Management has put in place effective internal controls and ensured employees follow standard operating procedures to ensure risk is mitigated and internal controls maximised	Not resolved	Awaiting PAC
1839	<p><b>Unprocedural Confirmation of Employees Terms of Service</b></p> <p>Review of Ministerial Human Resources Management Advisory Committee minutes for a meeting held on 29 February, 2024 revealed that an approval was given for belated confirmation of two (2) employees to permanent and pensionable terms who were first appointed to the public service on probationary terms in 1986 and 1996 respectively. The confirmation was for purposes of processing pension benefits for the officers. However, this was against provisions of the Public Service Human Resources Policies and Procedures</p>	Perusal of Priscilla Chali Mwakajoh and Geoffrey Wanjala Masakha personal files for the purpose of processing pension benefits revealed that the officers did not have letters of confirmation of appointment as depicted in the IPPD. Confirmation of officers is per the respective terms of appointment as provided for in the Human Resource Policies and Procedure Manual 2016 for the public service, for purposes of processing of pension, the confirmation in appointment letter is mandatory. The Committee recommended to the authorized officer for issuance of the appointment letter in line with the above cited provision.	Not resolved	Awaiting PAC

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Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p>Manual which provides that an officer appointed to the Service in a pensionable post will be confirmed in appointment and admitted into the permanent and pensionable establishment on completion of probationary period of six (6) months satisfactory service.</p> <p>It was not clear why the two officers had not been appointed to permanent and pensionable terms upon serving the requisite probation period.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>The personal files for the above two officers had been submitted to the Pension Department for purposes of processing their pensions. The files have since been recalled upon request by the audit team and are available for audit inspection.</p>		
1840	<p><b>Use of invalid LPO's</b></p> <p>The statement of receipts and payments reflects use of goods and services amounting to Kshs.590,161,272 and as disclosed in Note 4 to the financial statements. However, payments amounting to Kshs.10,359,100 were supported by Local Purchase Orders (LPOs) which had exceeded the stipulated validity period of 30 days. This was contrary to Regulation 53(3) of the Public Finance Management (National Government) Regulations, 2015 which provides that any public officer involved in the processing of a payment with regard to goods or services delivered after due date shall inform the Accounting Officer of this anomaly before proceeding to process the payment.</p>	<p>Payments were for technical equipment mainly sourced from overseas. The goods/services were supplied within the contract period under a framework contract. local purchase orders raised were for purposes of committing funds in the IFMIS. copies of contracts have been availed for audit.</p>	Not resolved	Awaiting PAC

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Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
	In the circumstances, Management was in breach of the law			
1841	<b>Irregularities in procurement of goods and services</b> During the year under review, Management procured various goods, works, and services as was provided for in the Annual Procurement Plan. Review of records revealed that payments totalling Kshs.56,523,070 were made in respect of various goods before inspection and acceptance. This was contrary to Section 48 of Public Procurement and Asset Disposal Act, 2015 which provides inter alia that an Inspection and Acceptance Committee shall immediately after the delivery of the goods, works or services; inspect and where necessary, test the goods received in order to ensure compliance with the terms and specifications of the contract.	The State Department procured goods and services in the financial year as per the budget procurement plan in line with the approved procurement method. The goods procured totaling Kshs.56,523,070 were procured in line with the Public Procurement and Disposal Act 2015 and the specific responses were availed per LPO issued and paid	Not resolved	Awaiting PAC
1842	Paragraph 8(b) of Environmental and Sustainability reporting on page xliv discloses activities, collaborations and approaches taken by the State Department towards climate change and mitigation of natural disasters climate action. Further, Management developed a climate action workplan and tool for documenting Sustainable Development Goals (SDGs) good practices. The workplan indicated that Management will perform post mining land reclamation and mine sites rehabilitation. However, review of the budget for the year under review revealed that no funds	During the period under review, the State Department participated in tree growing exercises in Kwale, Tana River and Lamu as per the presidential directive on tree growing and the same has been reported on the <b>Jaza Miti App</b> . (copy of uploaded reports attached) Further, the budget for the mine site rehabilitation had not been provided during the period under review, the same has been provided in the FY 2025/26 and the Medium Term.	Not resolved	Awaiting PAC

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	<p>were allocated for those activities and Management did not indicate whether the objective was met.</p> <p>Further, Management did not prepare and submit sectoral greenhouse emissions report to the National Council on Climate Change as required by Section 15 (5) (b) of the Climate Change Amendment Act, 2023 which provides that each State Department and National Government Entity shall report on sectoral greenhouse gas emissions for the national inventory.</p>			
1843	<p><b>Lack of Land Ownership Documents</b></p> <p>During the year under review, the State Department operated eighteen (18) Regional Offices with a responsibility of coordinating mining activities in the regions. Physical verification in September, 2024 revealed that despite having erected permanent buildings for its regional offices in one of the County, the State Department had no title deed for the land. According to Management, the land was allotted by the defunct Town Council of Kwale in March, 2010. However, no evidence was provided to indicate steps taken to transfer the land to the State Department. In the circumstances, existence of effective safeguard measures for land and buildings owned by the State Department could not be confirmed.</p>	<p>The land was allotted by the defunct Town Council of Kwale in March, 2010 and the State Department has engaged the Ministry of Lands and Physical Planning, Kwale. A Part Development Plan (PDP) for the allotted land has since been gazette and the process of acquiring title is ongoing</p>	Not resolved	Awaiting PAC

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1844	<p><b>Poor Condition at the Departments main store</b></p> <p>During the year under review, the State Department maintained a store located at the at Madini House. Physical inspection of the store revealed store was in a dilapidated state, which Management attributed to a fire incident several years back. However, no action had been taken by Management to rehabilitate the store to a usable state after the fire incident. Further, various items in the stores had expired while other were obsolete and there was leakage of hazardous materials from some of the items in the store.</p> <p>In addition, no records of a stock take undertaken during the year to establish the number of items in the store and identify and isolate expired items and obsolete for disposal were provided and some shelves and storage cabins were not labelled, and some items were not arranged according to existing labels.</p>	<p>Following the fire incidence, the matter was reported to the industrial area police station vide OB number 6/28/4/2021 at Industrial area police station. The store was declared a crime scene and the matter is still under investigation thus the State Department can not interfere with the scene. The store is therefore not in use and its under lock and key, the accountable documents are in safe custody</p>	Not resolved	Awaiting PAC
1845	<p><b>Unimplemented Internal Audit Reports</b></p> <p>During the year under review, the State Department had an established Internal Audit Unit. However, review of Internal Audit Reports revealed that the recommendations made by the unit had not been deliberated and implemented due to lack of an Audit Committee at the State Department. Further, during the</p>	<p>The State Department has an established Ministerial Audit Committee and the committee has been meeting to deliberate on audit issues submitted by the Internal Unit Department. The Internal Audit was facilitated during the period under review subject to their approved work plan and activities.</p>	Not resolved	Awaiting PAC

Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p>year under review, the Internal Audit Function was not adequately resourced in terms of budget and staff. In the circumstances, the effectiveness of the internal audit to perform its functions could not be confirmed</p>			
1846	<p><b>Weaknesses in Information Technology Controls</b></p> <p>The State Department operates Information Technology (IT) Systems which are critical to its operations including management of licensing and permits, filing of mineral production and e-procurement. Review of the IT Systems revealed that there was an offsite data back-up. However, there was no disaster recovery site, and an approved Business Continuity Plan and Disaster Recovery Plan were not provided for review.</p> <p>Further, a generator installed at the building was not working and was connected to the building where the Directorate of Geological Survey was housed and employees including senior management officers used private emails addresses to transact official business contrary to the Head of Public Service circular issued on 14 June, 2022</p>	<p>The Ministry of ICT together with the ICT Authority gave guidelines of hosting Government ICT systems. Currently, designated data centre is Konza Technopolis which the State Department has engaged as the primary host. Deliberations are ongoing with the Ministry of ICT on engagement of a secondary host</p> <p>The State Department has developed a draft ICT Continuity Plan and ICT Disaster Recovery Plan and the same will be finalized in the FY 2024/25.</p> <p>There is a generator at Madini that serves the old building, plans to connect the power back up to the new building are in process</p> <p>The State Department has an email system and each and every officer has an email account. Management will ensure compliance when it comes to use of official email</p>	Not resolved	2024-25 FY
1847	<p><b>Enhancement of Governance Systems for Security Related Expenditures</b></p>			

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<b>Ref No.</b> <b>on the</b> <b>external</b> <b>audit</b> <b>Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Timeframe</b> <b>:</b>
	<p>During the year under review, Management transferred some funds to a government agency for confidential security operations. A certificate of confidential expenditure was issued, supported by a declaration from the Accounting Officer affirming proper use of funds in compliance with Regulation 101(5) of the Public Finance Management (National Government) Regulations, 2015.</p> <p>There is need, however, to enhance accountability of confidential expenditures through review of the Regulations to clearly define entities eligible for confidential security related expenditures and to specify what constitutes security related operations. Further, entities should establish internal oversight mechanisms and processes that include detailed budget projections and post-operation financial summaries to address risks and ensure responsible use and accountability of the funds, beyond the certificate.</p> <p>The measures will strengthen governance, foster trust, and ensure funds are utilised responsibly without compromising State security.</p>			



Accounting Officer

Date 8/12/25

## Appendix II: Fixed Asset Register

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) Previous Year</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out) during the year</b>	<b>Historical Cost c/f (Kshs) Current Year</b>
Buildings and structures	0	0	0	0	0
Purchase of vehicles and machinery	0	109,451,179	0	0	109,451,179
Office equipment, furniture and fittings	0	32,446,358	0	0	32,446,358
ICT Equipment	0	11,814,800	0	0	11,814,800
Specialised Machinery and Equipment	0	0	0	0	0
Intangible assets		1,568,320			1,568,320
Work in progress		39,695,410			39,695,410
<b>Total</b>	<b>0</b>	<b>194,976,067</b>	<b>0</b>	<b>0</b>	<b>194,976,067</b>

Appendix III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
National Tree Planting and Growing	Tree Planting and Growing	Achieve 30% forest cover by 2030 Achieve the State Department's Target for FY2024/25 by a minimum of 70%	Monthly tree planting and growing exercise carried out in Lamu, Tana River, Kwale and Mombasa Counties in the last FY.	55,000 trees were planted at Tana Salt and Chara Mangrove Swamps in Tana River County	591,000 trees were planted in collaboration with the State Department for Blue Economy & Fisheries and State Department for Shipping & Maritime. Activities took place at Bujra, Kito cha Ribe, Bula Mikoko and Kilelengwani in Tana River County.	100,000 assorted tree seedlings were planted in Bumamani, Kwale Sub-County.	100,125 tree seedlings were planted at Mshomoroni, Mombasa County and Kipini Mangrove Swamp in Tana River County.	G.O.K /SDM	State Department for Forestry.  State Department for Blue Economy & Fisheries  State Department for Shipping & Maritime