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REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



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THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
STATE DEPARTMENT FOR MINING**

**FOR THE YEAR ENDED
30 JUNE 2018**





MINISTRY OF PETROLEUM & MINING
REPORTS AND FINANCIAL STATEMENTS
STATE DEPARTMENT OF MINING
FOR THE REVISED FINANCIAL YEAR ENDED
JUNE 30th, 2018

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

**STATE DEPARTMENT OF MINING
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**STATE DEPARTMENT OF MINING
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FOR THE YEAR ENDED JUNE 30TH, 2018**

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The State Department of Mining is mandated to coordinate and manage the Mining sector in Kenya, this mandate is derived from Executive order no 1 of 2018 that merged the State Department of Mining & Petroleum to form the Ministry of Petroleum & Mining

1.1 Vision

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

1.2 Mission

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

1.3 Core Values

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

(b) Key Management

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

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

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(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Cabinet Secretary	Hon. John Munyes
2	Principal Secretary	Mr. John Omenge FGSK R, Geol.
3	Secretary Administration	Mr. Fred Ndambuki
3	Director of Geological Survey	Mr. Shadrack kimomo
4	Director of Resource Survey and Remote Sensing	Dr. Patrick W Wako
5	Senior Chief Finance Officer	Mr. Julius Mwangi
6	Director Human Resource Management	Mr. Bernard Orina
7.	Director Mineral Promotion	Mrs. Jennifer Halwenge
8.	Head of Accounting Unit	Mr. Charles W Nyaga
9.	Head of Supply Chain Management	Mr.Zedekiah Ogendi

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(d) Fiduciary Oversight Arrangements

Composition of the Committee Members

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

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

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

i. Audit and Finance Committee Activities

Pursuant to section 73(5) and (155) of the public finance management Act 2012 and regulations 2015 on the establishments of the audit committees in all public entities, the state department of Mining is in the final process of reconstructing the Audit Committee members the interview will be conducted on 11th October 2017 at 10: 00 am in the ministry of mining boardroom.

The committee will be responsible and instrumental in:

- Improving the quality of financial reporting by ensuring the accounts are prepared in a timely and accurate manner to facilitate prompt submission of annual financial statements to the Auditor General with a copy to the National Treasury and the Controller of Budget not later than 30th September of each subsequent year as well as submission of quarterly financial statements accounts to the Cabinet Secretary with a copy to the National Treasury and the Controller of Budget not later than fifteen (15) after the end of each quarter.
- Reviewing and making recommendations on management programs established to monitor compliance with sound public financial management, internal controls, policies, laws, regulations, procedures and the code of ethics.
- Strengthening the effectiveness of the internal audit function including regular review of its capacity, review and approval of the internal audit charter and internal audit annual work plan.

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I. KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

(d) Fiduciary Oversight Arrangements (continued)

i. Audit and Finance Committee Activities (continued)

- Reviewing and monitoring the external auditor's independence and objectivity, taking into consideration relevant professional and regulatory requirements. In fulfilling its duties, the committee reviews with the external auditors, the scope of their audit plan, system of internal audit reports, assistance given by management and its staff to the auditors and any findings and actions to be taken.
- Reviewing any related party transactions that may arise within the entity.
- Reviewing communication between external auditors and management including responses on audit queries on the annual financial statement raised by the Auditor General.
- Following up on recommendations of the Parliamentary Accounts Committee (PAC)

ii. BUDGET COMMITTEE ACTIVITIES

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

1. Mr Julius Mwangi (Chairman)
2. Mr Shadrack Kimomo (member)
3. Mr Dan Mesis (member)
4. Mr Raymond Mutiso (member)
5. Mrs Jennifer Halwenge (member)
6. Dr Patrick Wargute (member)
7. Mr Peter Koome (member)
8. Ms Catherine Shiroko (member)
9. Ms Florence Maina (member)
10. Mr Peter Messoh (secretary))

ii. Ministerial Budget Implementation Committee

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

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

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ATTENDANCE OF THE BUDGET COMMITTEE MEMBERS

The following shows the number of budget committee meetings held during the year and the attendance of individual members.

Committee attendance for the year ended 30 th June 2018	Budget committee meetings		Total Attendance
	15/11/2017	22/04/2018	
Mr. Julius Mwangi	✓	✓	2
Shadrack Kimomo	✓	✓	2
Ms Florence Maina	✓	✓	2
Mr Dan Mesis	✓	✓	2
Mr Raymond Mutiso	✓	✓	2
Ms Jennifer Halwenge	✓	✓	2
Dr Patrick Wargute	✓	✓	2
Mr Peter Koome	✓	✓	2
Ms Catherine Shiroko	✓	✓	2
Mr Peter Messoh	✓	✓	2

✓ - Attended

X - Absent with apology

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iii) Human Resources Management Advisory Committee Activities

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

1. John Omenge (Chairman)
2. Joan Wamboe (Alt. chairman)
3. Florence Maina (secretary)
4. Shadrack Kimomo (member)
5. Raymond Mutiso (member)
6. Julius Mwangi (member)
7. Charles Situma (member)
8. Lawrence Okudo (member)
9. Josphat Wanjogu (member)

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

(d) Fiduciary Oversight Arrangements (continued)

iii. Human Resources Management Advisory Committee Activities

Their duties include:

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

Attendance of the human resource management advisory committee members

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

Committee attendance for the year ended 30 th June 2018	Human Resource Management Advisory committee meetings				Total Attendance
	21/07/2017	19/09/2017	09/11/2017	28/06/2018	
Dr Ibrahim Mohammed	✓	✓	✓	X	3
Florence Maina	✓	✓	✓	✓	4
Shadrack Kimomo	✓	✓	✓	X	3
Julias Mwangi	✓	✓	✓	✓	4
Raymond Mutiso	✓	X	✓	✓	3
Patrick Wargute	X	✓	X	✓	2
Lawrence Okudo	X	✓	✓	✓	2
Josphat Wanjogu	✓	X	X	✓	2

✓ - Attended

X - Absent with apology

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(iii) Training Committee activities

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

1. Dr Ibrahim Mohamed (chairman)
2. Andrew Rukaria (Alt.Chairman)
3. Florence Maina (member)
4. Shadrack Kimomo(member)
5. Charles Situma (member)
6. Julius Mwangi (member)
7. Raymond Mutiso (member)
8. Lawrence Okudo (member)
9. Josphat Wanjogu (member)

This is the committee charged with the responsibilities of human resource development needs. Their duties include:

- Overall coordination of the training functions in the ministry
- Review and implementation of the ministry training plan;
- Review of induction of newly appointed officers and activities around long term training

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I. KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

(d) Fiduciary Oversight Arrangements (continued)

iv. Training Committee activities (continued)

Committee attendance for the year ended 30 th June 2018	Training committee meetings				Total Attendance
	29/07/2017	26/10/2017	02/02/2018	26/03/2018	
Dr Ibrahim Mohammed	✓	✓	✓	X	3
Florence Maina	X	X	X	✓	1
Shadrack Kimomo	X	✓	X	✓	2
Julias Mwangi	✓	✓	✓	✓	4
Raymond Mutiso	✓	X	✓	✓	3
Charles Situma	X	✓	X	✓	2
Lawrence Okudo	X	✓	✓	✓	2
Josphat Wanjogu	✓	X	X	✓	2

✓ - Attended

X - Absent with apology

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(e) Entity Headquarters

State department of Mining
P.O. Box 30009-00100
Works Building
Ngong Road
Nairobi,
Kenya

(f) Telephone: (254) 020-273101
E-mail: ps_mining.go.ke
Website: www.mining.go.ke

(g) Entity Bankers

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

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)



HON JOHN K MUNYES EGH
C.S –MINISTRY OF PETROLEUM & MINING



ENG. JOHN K. MOSONIK CBS,
CHIEF ADMINISTRATIVE SECRETARY



MR. JOHN OMENGE FGSK. GEOL
P.S- STATE DEPARTMENT OF MINING

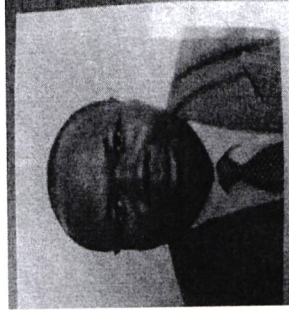
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MR. FERDRICK NDAMBUKI
SECRETARY ADMINISTRATION



D.R. PATRICK WARGUTE
DIRECTOR D.R.S.R



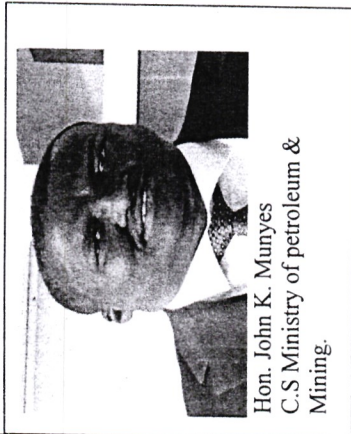
M.R. SHADRACK KIMOMO
DIRECTOR MINES AND GEOLOGY



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KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

Senior Management – State Department of Mining (continued)

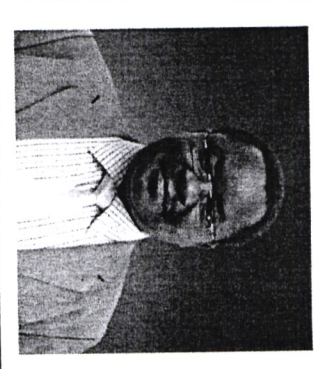




Hon. John Munyes, EGH was appointed Cabinet Secretary for Ministry of Petroleum and Mining by in January 2018. Prior to his appointment as Cabinet Secretary, Hon. Munyes served as the Senator for the oil-rich Turkana County for 5 years beginning 2013 and ending 2017.

Hon. Munyes has also previously served in various capacities as Minister of State for Special programmes (2005), Minister for Water and Irrigation (2003) as well as Minister for Labour & Social Services. He also served as the Member of Parliament (MP) for Turkana North Constituency for 15 years, beginning 1997.

Hon. John Munyes is charged with formulating and ensuring implementation of policies geared towards Mining.

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 <p>Mr John M. Omenge FGSK, R. Geol Principal Secretary, state department of Mining.</p>	<p>R. Geol. John Morangi Omenge, FGSK, was appointed Principal Secretary for the State Department for Mining in the Ministry of Petroleum and Mining in March 2018. Prior to his appointment as Principal Secretary, Mr. Omenge served as Secretary, Geo-Exploration and as Chief Geologist in the Ministry of Energy he holds a BSc degree in Geology from the University of Poona, India and MSc Mineral Exploration and Mining Geology from Leicester University, UK. Mr. Omenge's wealth of experience as a Geologist spans for over thirty (30) years, gained after lengthy engagements with both the Public and Private Sectors, Development Partners and Non-Governmental Organizations he is a fellow of the Geological Society of Kenya (FGSK) and a Registered Geologist by the Geologists Registration Board of Kenya (R.Geol) Mr John Omenge FGSK, R. Geol is the accounting officer for state department of Mining and is instrumental in coordinating the formulation of legislation in implementing state department of Mining.</p>
 <p>Mr Fredrick Ndambuki Secretary Administration</p>	<p>Mr Fredrick Ndambuki assumed the office of the Secretary Administration on 26th February 2018 from the state department of interior and coordination of National Government where he served as a county commissioner. He holds a master's degree in international studies from the University of Nairobi and a bachelors degree of political science</p>
 <p>Mr. shadrack M. Kimomo Director Mines & Geology</p>	<p>Mr Shadrack Kimomo performs the duties of Director Geological Survey since September 2014. He joined state department of mining in 2013 as a chief geologist following the approval of the new organisation. He holds a Master's of Science in Applied structural Geology and Rock Mechanics and Bachelor of science (Hons) in Geology and Diploma in applied structural Geology and Rock Mechanics</p>





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Dr P. Wargute Director,
directorate of resource surveys

Dr. P. Wargute assumed the position of Director, Directorate of Resource Surveys And Remote Sensing (D.R.S.R.S) in May 2008. He is in charge of providing and disseminating comprehensive statistics that would aid in monitoring industrial development. He holds a PhD in Ecology Masters of Science in Natural Resource Management and Bachelor of science (Hons) in biological sciences.

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 <p>Mr. Raymond Mutiso, Director of Mines</p>	<p>Mr Raymond Mutiso joined state department of mining in 2013 as a senior principal superintending inspector mines following the new organisation structure of the ministry he is performing the duties of director of mines He holds a Masters of Mining in Engineering (specialising in Mine Geo-mechanics) and a Bachelor's of science in Civil Engineering.</p>
 <p>Ms. Jennifer Halwenge, Director mineral promotion and value addition.</p>	<p>Ms Jennifer Halwenge was deployed as director M.P.V from 16th September 2014 following the approval of the new organisation structure of state department of mining structure the position of Director Mineral Promotion and Value Addition She holds a Master of Science in Environmental Science and Bachelor of Science in Environmental Science.</p>
 <p>Mr. Bernard K. Orina Director /HRM&D</p>	<p>. Bernard K. Orina, Ag. Director HRM&D. PhD candidate in Leadership and Governance. Master in Educational Administration and Planning. Bachelor of Education. Postgraduate Diploma in Human Resource management. Worked in Human Resource management in several ministries. Worked as Inspector of Schools in ministry of Education. Worked as a High School Principal for seven years. He is in charge of HRM&D</p>
 <p>Mr Charles W. Nyaga (Assistant Accountant General)</p>	<p>Mr Charles W. Nyaga assumed the position of Assistant Accountant General in May 2018. He is in charge of accounting and financial reporting as well as designing, implementing and monitoring internal control relevant to the preparation and fair presentation of financial statements. He is a C.P.A finalist and a member of ICPAK with vast experience of over 30 years in Accounts.</p>

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	<p>Mr Zedekia Ogendi joined ministry of Mining on April 2016 from Ministry of Defence, He is in charge of the procurement and supply chain Management. He holds Bachelors of commerce in Business Administration and a Final Diploma in Supplies Management.</p>
 <p>Mr. Julius Mwangi, Chief Finance Officer Management</p>	<p>Mr Julius Mwangi assumed the position of Chief Finance Officer in June 2016 from ministry of east African community, labour and social protection He is in charge of monitoring the planning and execution of budgets so as to ensure efficient utilisation of funds in implementing the programmes and sub-programmes within the. He holds a Master's in Business Administration, Bachelor's degree in Government.</p>

**STATE DEPARTMENT OF MINING
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**KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)
COMMENTARY BY THE CABINET SECRETARY**



Hon. John Munyes, EGH,
Cabinet Secretary, Ministry of
Petroleum & Mining.

The state Department is mandated to coordinate and manage the Mining sector in Kenya and its potential in wealth creation for the country. The mandate of the state department is derived from the executive order no 2 of 2013.

The subsector is charged with mineral exploration, mining policy and management, inventory and mapping of mineral resources, mining and mineral development, maintenance of geological data (research, collection and analysis).

BUDGET ALLOCATION

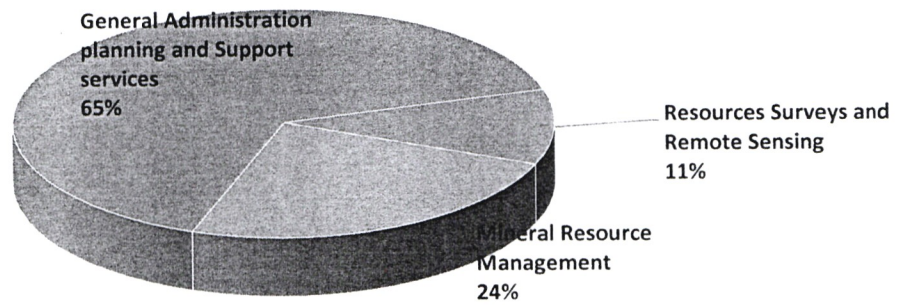
In the financial year 2017/18 the state department of Mining was allocated a gross budget of **KShs. 1,760,377,850** which consist of **KShs. 1,552,309,626** and **KShs. 208,068,224** for recurrent and development vote respectively.

The Ministry was to expend the gross budget of **KShs. 1,733,914,494** under the following three programmes:

Programmes	Approved Budget Allocation	Actual Payments	Variance
	KShs		
General Administration planning and Support services	1,144,270,603	1,110,718,473.80	33,552,129.20
Resources Surveys and Remote Sensing	186,430,161	184,297,127.45	2,133,033.55
Mineral Resource Management	429,677,086	438,898,892.40	- 9,221,806.40
	1,760,377,850	1,733,914,494	26,463,356

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BUDGET ALLOCATION BY PROGRAMMES



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COMMENTARY BY THE CABINET SECRETARY (CONTINUED)

I. Programme 1: General Administration, planning and Support Services.

The objective of this programme is to provide policy and legal framework for efficient and effective management of mineral and geo-information data. This programme was allocated **kshs. 1,144,270,603** representing 65% of the budget. The expenditure for this programme was **KShs 1,110,718,474**.

a. Sub-programme S.P.1.1: Mining policy development and coordination.

II. Programme 2: Resource Survey and remote Sensing

The objective of this programme is to generate geo spatial data and information for sustainable development. This programme was allocated **KShs. 186,430,161** representing 11% of the budget. The expenditure for this programme was **KShs 184,297,127**

a. Sub-programme 2.1: Resource Survey and Remote Sensing

III. Programme 3: Mineral Resource Management

The objective of this programme is to develop and manage geological and mineral resource database. This programme was allocated **KShs. 429,677,086** representing 24% of the budget. The expenditure for this programme **kshs 438,898,892**

Sub-programme 3.1: Mineral resource development

Sub-programme 3.2: Geological survey and mineral exploration

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II. COMMENTARY BY THE CABINET SECRETARY (CONTINUED)

Key Performance Highlights

Below is an overview of the financial performance for the year ended 30th June 2018 as reported in the detailed financial statements together with the commentary and comparative analysis against budget and prior year for the key items in the financial statements.

Financial Performance Summary

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Total Receipts	1,476,392,823	283,985,027	1,760,377,850	1,733,977,025	26,400,825	99%
Payments						
Grand Total	1,476,392,823	283,985,027	1,760,377,850	1,733,914,494	26,463,356	98%
Surplus/Deficit	0	0	0	62,531	(62,531)	

**STATE DEPARTMENT OF MINING
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Actual Performance against Budget for Year to 30th June 2018

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Proceeds from Domestic and Foreign Grants	11,160,715	11,160,715	22,321,429	22,321,429	-	100%
Exchequer releases	1,458,232,109	265,824,313	1,724,056,421	1,700,403,245	23,653,176	99%
Proceeds from Sale of Assets	1,000,000	1,000,000	2,000,000	1,493,575	506,425	75%
Other Receipts	6,000,000	6,000,000	12,000,000	9,758,776	2,241,224	81%
Total Receipts	1,476,392,823	283,985,027	1,760,377,850	1,733,977,025	26,400,825	99%
Payments						
Compensation of Employees	292,150,000	159,833,607	451,983,607	432,473,493	19,510,114	96%
Use of goods and services	529,928,616	503,496,441	1,033,425,056	1,023,365,624	10,059,432	99%
Other grants and transfers	13,375,000	6,625,000	20,000,000	19,957,975	42,025	100%
Social Security Benefits	7,811,643	34,843,395	42,655,038	41,147,107	1,507,931	96%
Acquisition of Assets	633,127,565	(420,813,416)	212,314,149	216,970,295	(4,656,146)	102%
Grand Total	1,476,392,823	283,985,027	1,760,377,850	1,733,914,494	26,463,356	98%
Surplus/Deficit	0	0	0	62,531	(62,531)	-

Budget Utilisation

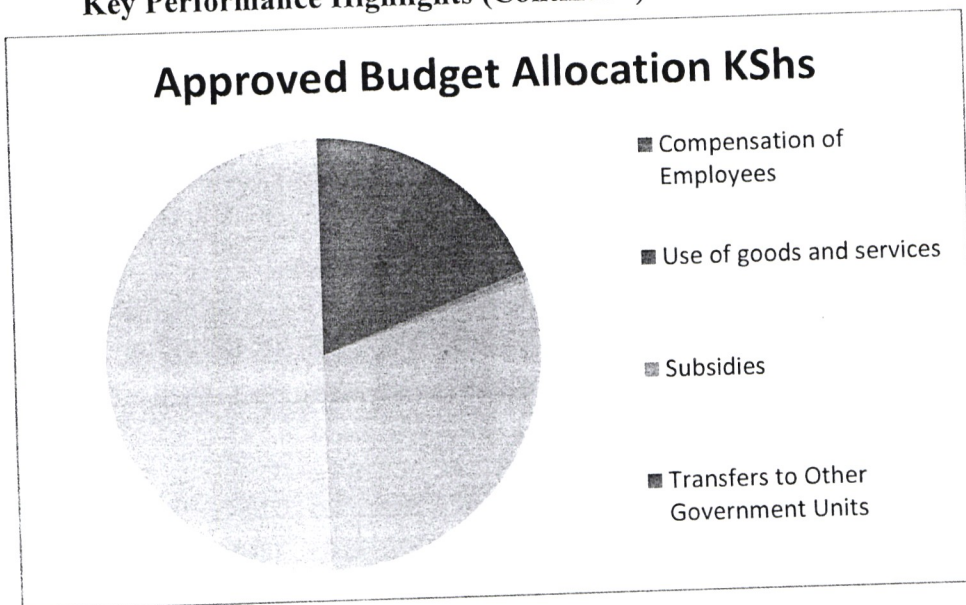
The ministry of mining spent **KShs. 1,733,914,494** against an approved budget of **KShs. 1,760,377,850** representing absorption rate of **98%** Utilisation of the budget was carried out through various activities (economic classifications) as enumerated below:

	Approved Budget Allocation	Actual Payments	Variance
Compensation of Employees	451,983,607	432,473,493	19,510,114
Use of goods and services	1,033,425,056	1,023,365,624	10,059,432
Other grants and transfers	20,000,000	19,957,975	42,025
Social Security Benefits	42,655,038	41,147,107	1,507,931
Acquisition of Assets	212,314,149	216,970,295	(4,656,146)
Total Payments	1,760,377,850	1,733,914,494	26,463,356

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II. COMMENTARY BY THE CABINET SECRETARY (CONTINUED)

Key Performance Highlights (Continued)



Current Year Performance against Prior Year

	2017/2018 Kshs	2016/2017 Kshs	Change	%Change
RECEIPTS				
TOTAL REVENUES	1,733,977,025	2,082,173,729	- 348,196,704.00	-16.72%
PAYMENTS				
TOTAL PAYMENTS	1,733,914,494	2,052,788,578	- 318,874,084.40	-15.53%
SURPLUS/DEFICIT	62,531	29,385,151	- 29,322,619.60	-99.79%

Total receipts reduced by 16.72% due to decreased funding to the MDAs mainly through exchequer releases while there was an equivalent decrease of 15.53% in payments attributed to the decrease funding.

Receipts

The State Department's receipts mainly comprise of exchequer releases from the National Treasury. Other receipt sources include external grants, various administrative fees and charges, capital receipts from sale of public assets and transfers from Semi-Autonomous Government Agencies (SAGAs).

The total receipts for FY 2017/2018 stood at KShs 1,733 Million, representing a 16.72% decrease from KShs 2,082 Million for FY 2016/2017.

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

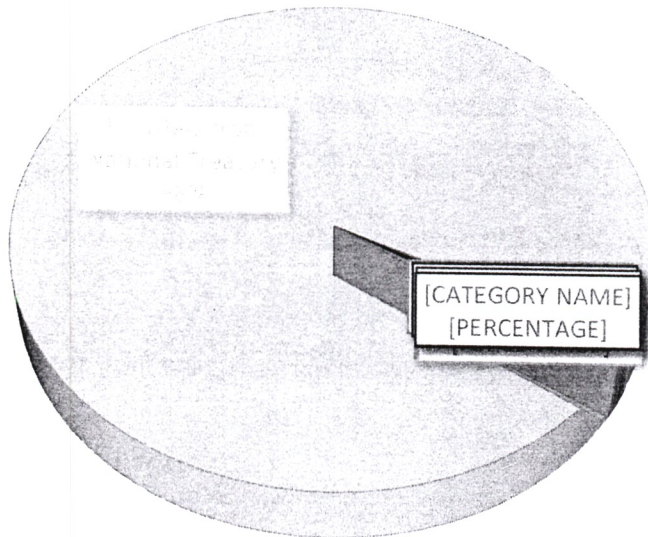
II. COMMENTARY BY THE CABINET SECRETARY (CONTINUED)

Total Receipts Breakdown

RECEIPTS		Kshs		Kshs	
Proceeds from Domestic and Foreign Grants	1	22,321,429	10,000,000	12,321,429	123.21%
Transfers from National Treasury	2	1,700,403,245	2,060,965,000	- 360,561,755	-17.49%
Proceeds from Sale of Assets	3	1,493,575	1,903,045	- 409,470	-21.52%
Other Revenues	4	9,758,776	9,305,684	453,092	4.87%
TOTAL REVENUES		1,733,977,025	2,082,173,729	- 348,196,704	-16.72%

The decrease in total receipts is as a result of a decrease in exchequer releases from the National Treasury by KShs 360 Million due to increased budgetary allocation.

TOTAL RECEIPTS



**STATE DEPARTMENT OF MINING
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II. COMMENTARY BY THE CABINET SECRETARY (CONTINUED)

The diagram above depicts the share of major categories of receipts for the fiscal year ended 30th June 2018. The major source of funding for the state department is exchequer releases that account for 98% of the total receipts.

Payments

The State department payments mainly comprise of Transfers to Other Government entities i.e. Constituency Development Fund, Projects, State Corporations, Semi-Autonomous Government Agencies (SAGAs) and County Governments, employee compensation and acquisition of assets.

The total payments for FY 2017/2018 stood at KShs 1,733 Million, representing a 15.53% decrease from KShs 2,052 Million for FY 2016/2017.

Total Payment Breakdown

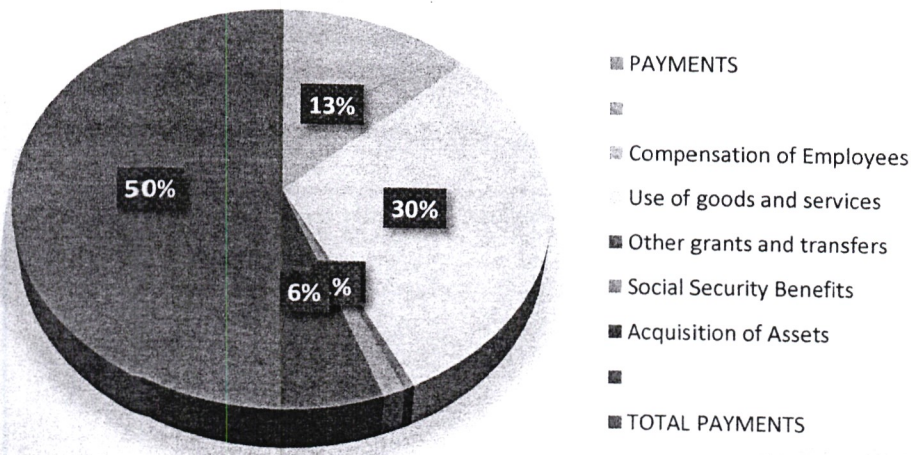
	2017/2018 Kshs	2016/2017 Kshs	Change	%Change
PAYMENTS				
Compensation of Employees	432,473,493	370,340,255	62,133,237.65	16.78%
Use of goods and services	1,023,365,624	629,808,578	393,557,046.05	62.49%
Other grants and transfers	19,957,975	19,293,425	664,550.00	3.44%
Social Security Benefits	41,147,107	-	41,147,106.90	100.00%
Acquisition of Assets	216,970,295	1,033,346,320	(816,376,025.00)	-79.00%
TOTAL PAYMENTS	1,733,914,494	2,052,788,578	(318,874,084.40)	-15.53%

**STATE DEPARTMENT OF MINING
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FOR THE YEAR ENDED JUNE 30TH, 2018**

II. COMMENTARY BY THE CABINET SECRETARY (CONTINUED)

The diagram below depicts the share of major categories of payments for the fiscal year ended 30th June 2018.

2017/2018



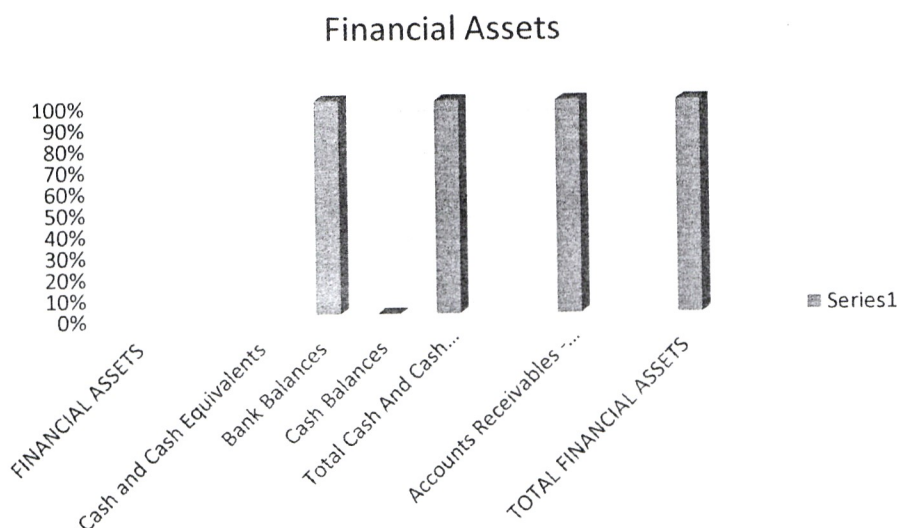
Financial Assets Summary

	2017/2018 Kshs	2016/2017 Kshs	Change	% Change
FINANCIAL ASSETS				
Cash and Cash Equivalents				
Bank Balances	174,101,713	54,583,275	119,518,438	218.97%
Total Cash And Cash Equivalents	174,101,713	54,583,275	119,518,438	218.97%
Accounts Receivables - Outstanding Imprest and Clearance Accounts	-	2,575,669	(2,575,669)	(1)
TOTAL FINANCIAL ASSETS	174,101,713	57,158,944	116,942,769	204.59%

Bank balances decreased by 218.97% as a result of increased spending towards year end. There is also a decrease in accounts receivables by 1% as a result of strict guidelines on surrender of imprest.

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH , 2018**

II. COMMENTARY BY THE CABINET SECRETARY (CONTINUED)



Cash Flows and Cash Position

The cash and bank balances held by the ministry as at 30th June 2018 was KShs 12 Million compared to KShs 54Million held as at 30th June 2017. The breakdown of the cash and bank balances is as summarized in the table below.

Cash and Bank Balance

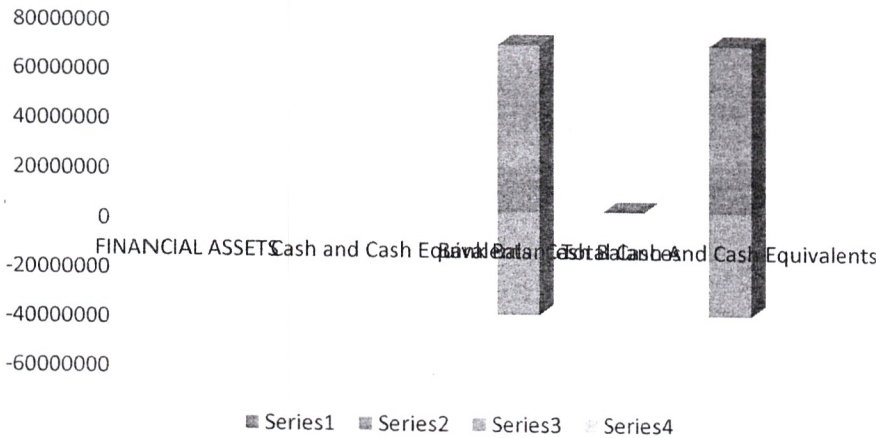
	2017/2018 Kshs	2016/2017 Kshs	Change	% Change
FINANCIAL ASSETS				
Cash and Cash Equivalents				
Bank Balances	174,101,713	54,583,275	119,518,438	218.97%
Total Cash And Cash Equivalents	174,101,713	54,583,275	119,518,438	218.97%

Bank balances decreased by 218.97% as a result of increased spending towards year end.

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

II. COMMENTARY BY THE CABINET SECRETARY (CONTINUED)

Cash Position



Cash Flow Activities

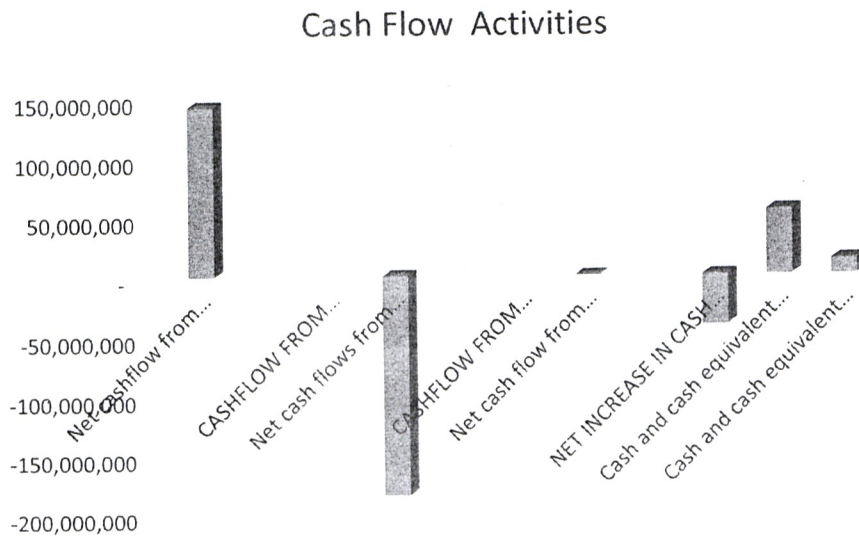
The table below summarizes cash flows generated and used from various activities.

	2017/2018 Kshs	2016/2017 Kshs	Change	%Change
CASH FLOW FROM OPERATING ACTIVITIES				
Net cashflow from operating activities	334,995,158	1,061,396,933	(726,401,775)	-68%
CASHFLOW FROM INVESTING ACTIVITIES				
Net cash flows from Investing Activities	(215,476,720)	(1,031,443,275)	815,966,555	-79%
CASHFLOW FROM BORROWING ACTIVITIES				
Net cash flow from financing activities	-	-		
NET INCREASE IN CASH AND CASH EQUIVALENT	119,518,438	29,953,658	89,564,780	299%
Cash and cash equivalent at BEGINNING of the year	54,583,275	24,629,617	29,953,658	122%
Cash and cash equivalent at END of the year	174,101,713	54,583,275	119,518,438	219%

Net cash flows utilised in investing activities decreased significantly due to a decline in amounts utilised in the acquisition of assets by the State Department of Mining whereas there was decline in net cash flow from operating activities due to increase in expenditure relating to operations in the year under review.

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

II. COMMENTARY BY THE CABINET SECRETARY (CONTINUED)



Key Achievements of the state department of Mining in the FY 2017/18

The state department of mining accomplished the following during FY 2017/18:

- The cabinet approved the Mining policy in May 2016 and forwarded it to National Assembly
- The mining Act 2016 was enacted in May 2016
- The state department has in addition developed 16 sets of regulations in readiness for the operationalize of the mining Act.
- Reconfiguration of the online Transaction mining cadastre portal (O.T.M.C.P) that was launched on February 2015 to align it to the mining Act, 2016.
- Strengthening of the mineral Audit Unit to streamline royalty collection.
- Modernisation of the internationally Accredited Mineral Certification laboratory to test rock /soil sample in the region.
- Constructing and equipping of Gemstone Value Addition centre in Taita Taveta the centre is 80% complete and equipping is in progress.
- Generating data and information on population and distribution of world life /livestock in Kenya's rangelands
- Mapping of mining sites and land degradation in Kilifi, Kaka mega, Migori, Narok and Kwale counties.
- Conducting land use and land cover mapping in a number of counties.

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

Challenges

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

- i. There is budgetary constraint coupled with late release of exchequer caused by unpredictable revenue streams especially for development vote coupled with budget inadequate funding coupled with budget cuts / austerity measures.
- ii. Outdated geological data and information in the countries that hamper effective decision making.
- iii. Highly dynamic technological changes which renders already acquired expensive mining and geological equipment obsolete.
- iv. Inadequate specialized survey, remote sensing and laboratory equipment needed for resource surveys, remote sensing and geo-exploitation.
- v. Shortage of technical and specialized staff (Geologists, Geophysicists, Geochemists, Mining Engineer and mineral marketers) high staff turnover, inadequate transport and office space.
- vi. Inadequate Office Space: the ministry has only three floors in the works building and this is not enough for the growing numbers of staff.
- vii. Inadequate transport. The ministry has not bought new vehicles since its establishment and attempts to bond old and idle vehicles have not been successful in the past



**HON JOHN K MUNYES EGH
C.S –MINISTRY OF PETROLEUM & MINING**

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

I. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the State department of 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 entity for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department of Mining accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting using appropriate accounting policies in accordance with International Public Sector Accounting Standard (IPSAS). The Accounting Officer is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the state Department of mining further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

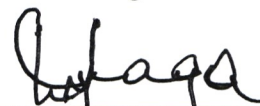
The Accounting Officer in charge of the State department of Mining confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Office 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 entity's financial statements were approved and signed by the Accounting Officer on



Principal Secretary
Name: Name: John Omenge FGSK, R.Geol



Head of Accounting Unit
Name: Charles Nyaga
Member ICPAK No.11093

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR MINING FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the State Department for Mining set out on pages 15 to 33, which comprise the statement of assets and liabilities, as at 30 June 2018, and the statement of receipts and payments, 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, the financial statements present fairly, in all material respects, the financial position of the State Department of Mining as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (IPSAS) and comply with the Public Finance Management Act, 2012.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department of Mining in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Undisclosed Accounts Payable

Annex 1 to the financial statements reflects pending bills totalling Kshs.118,055,019 out of which Kshs.33,357,885 was brought forward from the previous financial year. However, the bills were neither disclosed in the audited financial statements for 2016/2017, nor settled during the year under review. Management have explained that failure to disclose the bills resulted from lack of sufficient evidence to confirm their validity.

Had the bills been paid and the expenditure reflected in financial statements for the year under review, the statement of receipts and payments for the year would have reflected

Report of the Auditor-General on the Financial Statements of the State Department for Mining for the year ended 30 June 2018

a deficit of Kshs.151,350,343 instead of the surplus amounting to Kshs.62,531 now shown. Payment of the bills in the subsequent years is bound to constrain the operations of the Department and hamper implementation of new programs given the austerity measures instituted by the National Treasury lately.

2. Unsupported Donor Funded Project Expenditure

The proceeds from domestic and foreign grants reflects Kshs.22,321,429 (2017: Kshs.10,000,000) and equivalent expenditure incurred on acquisition of assets, as disclosed in notes 1 and 9 to the financial statements. The expenditure was incurred by the United Nations Development Programme's (UNDP) under a project named Extractive Industry for Sustainable Development financed by the Fund in the Department. However, the expenditures have not been supported with payment vouchers, expenditure returns and schedules showing the activities funded and the reporting currency's conversion rates. The UNDP only provides the Department with summaries of expenditures incurred and keeps details such as payment vouchers.

In the absence of payment documents, it has not been possible to confirm the validity of foreign grants and equivalent expenditure of Kshs.22,321,429 reflected in the statement of receipts and payments.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of financial statements. I have determined that there are key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Irregular Legal Costs and Allowance Payments

The statement of receipts and payments for the year under review reflects use of goods and services expenditure totalling Kshs.1,023,365,624. Included in the amount are operating expenses totalling Kshs.844,342,711 which in turn include Kshs.401,367,055 incurred on legal costs and associated expenses for case No.ARB/15/29 (commonly referred to the "The Cortec Case") that pitted Cortec Mining Kenya Limited and Striling

Report of the Auditor-General on the Financial Statements of the State Department for Mining for the year ended 30 June 2018

Capital Limited against the Republic of Kenya and which was heard and determined in Kenya's favor at the International Centre for Settlement of Investment Disputes (ICSID) in Dubai.

In the suit, Cortec Mining Kenya Limited and Striling Capital Limited sought compensation of between US \$2Billion and US \$5Billion (Kshs.200 billion and 500 billion), after the Government cancelled their licence for exploration and development of minerals at Mrima Hills, Kwale County. The Government of Kenya was represented by two firms of advocates engaged by the Office of the Attorney-General namely DLA Piper UK LLP of the United Kingdom and Iseme Kamau Muema Advocates of Kenya.

Prior to the hearing on 15 to 26 January 2018, the State Department of Mining issued imprests of Kshs.29,735,381 to three staff members to cater for legal costs and other travelling expenses. However, examination of the expenditures incurred from the imprests revealed several irregularities as follows:

- i. The engagement agreement between the Government of Kenya and DLA Piper UK LLP ("DLA") and Iseme, Kamau and Muema Advocates ("IKM") provided for reimbursement of expenses on expert fees, travel, translation services, hotel expenses, meals, taxis, photocopying, telephone calls and facsimile transmission incurred by the advocates, provided such expenses were invoiced along with fees incurred for the month in question. In addition, the agreement provided that any expenses in excess of US \$5,000(Kshs.500,000) would only be incurred after the written consent of the client is obtained. However, payments totaling Kshs.7,501,500 were made to the advocates in January 2018 through imprests issued to the staff members. The payments were for hotel accommodation, subsistence allowances, and expert refresher fees. Whereas the rest of the expenses had been provided for in the engagement agreement, the subsistence allowance payments totaling Kshs.749,700 paid to the advocates were not.
- ii. DLA Piper LLP were paid Kshs.4,410,000 to hire a trainer to induct the firm's advocates on the case. It is not clear why the cost was borne separately from the fee paid by the Government to the firm.
- iii. All expenditures totaling Kshs.7,501,500 paid from imprests were not invoiced and there was no evidence to show that written consent was obtained from the Office of Attorney-General before the payments were made. In the circumstance, the validity of the payments totaling Kshs.7,501,500 made to the advocates cannot be confirmed.

Management have indicated that they have requested the Office of the Attorney-General to provide details of the contract agreements signed with the two law firms to help in reconciliation of payments made directly to the firms.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, except for the matter described in the Report on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Risk Management and Information Communication Technology (ICT) Policies

Assessment of the internal control system in place at the State Department during the year review revealed that the management has not established a risk management policy to identify, mitigate and control operational and other risks that the Department may face from time to time. In addition, the Department has never carried out risk assessment to identify and address key areas of concern and document specific controls in response to any risks identified.

The audit also revealed that the management is yet to establish an information technology (IT) strategic plan to leverage the Department's operations on information technology. Also, there is no documented and tested disaster recovery plan in place to provide guidance in the event of an ICT-related emergency. Further, there is no established information technology strategic committee to oversee its ICT operations.

These omissions have compounded exposure of the Department's operations to random and systemic risks. Management has indicated that they are set to establish structures to oversee risk and information technology management matters of the Department before the end of the 2018/2019 financial year.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the State Department's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services using the applicable basis of accounting unless the management is aware of the intention to dissolve the State Department or have its operations cease.

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

In addition, to the responsibility for preparing and presenting the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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

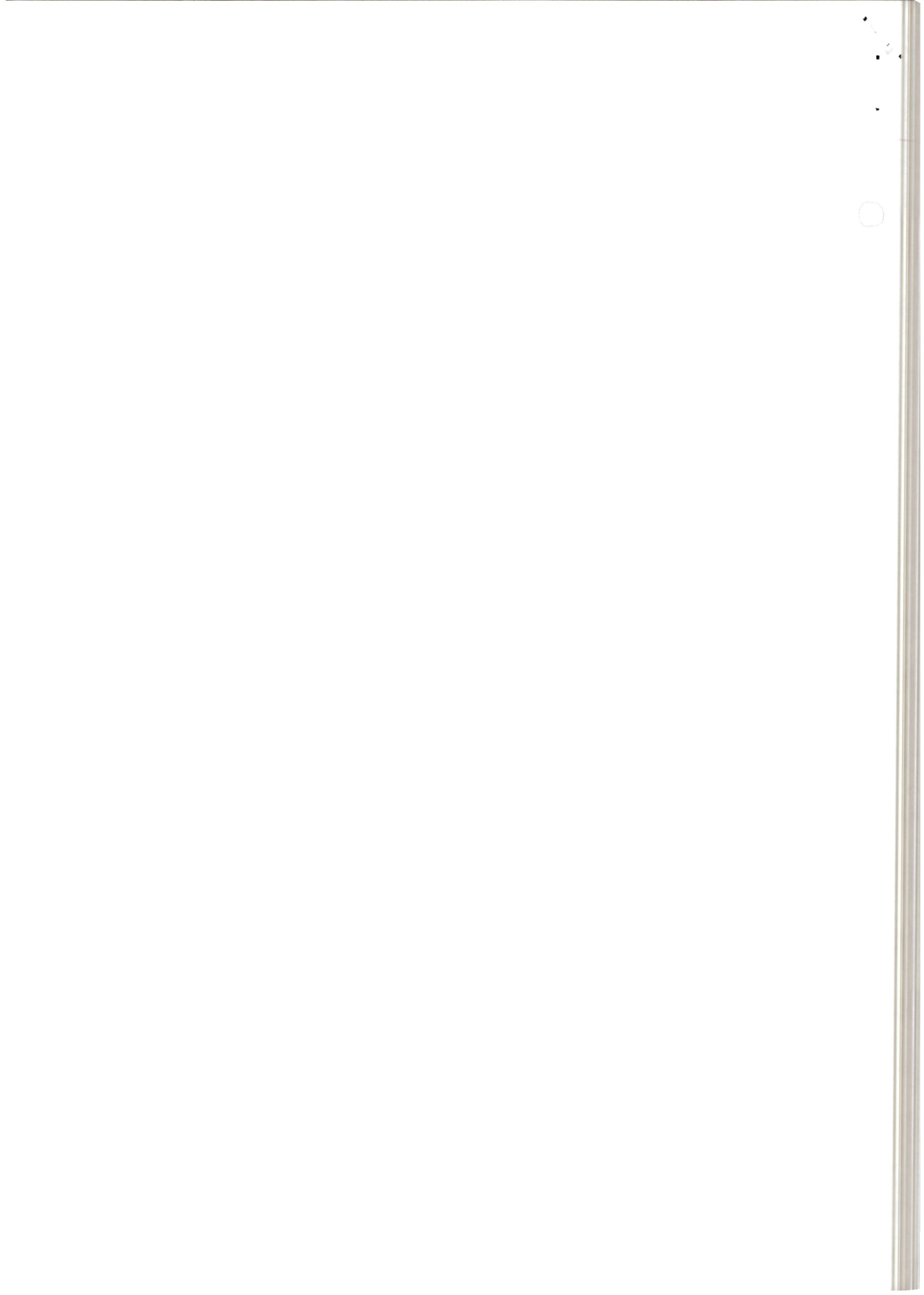
I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

1 April 2019



**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

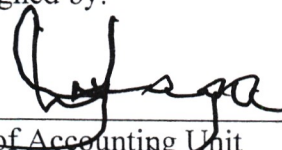
II. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017/2018 Kshs	2016/2017 Kshs
RECEIPTS			
Proceeds from Domestic and Foreign Grants	1	22,321,429	10,000,000
Transfers from National Treasury	2	1,700,403,245	2,060,965,000
Proceeds from Sale of Assets	3	1,493,575	1,903,045
Other Revenues	4	9,758,776	9,305,684
TOTAL REVENUES		1,733,977,025	2,082,173,729
PAYMENTS			
Compensation of Employees	5	432,473,493	370,340,255
Use of goods and services	6	1,023,365,624	629,808,578
Other grants and transfers	7	19,957,975	19,293,425
Social Security Benefits	8	41,147,107	-
Acquisition of Assets	9	216,970,295	1,033,346,320
TOTAL PAYMENTS		1,733,914,494	2,052,788,578
SURPLUS/DEFICIT		62,531	29,385,151

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved and signed by:



Principal Secretary
Name: John Omenge FGSK, R.Geol



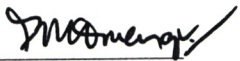
Head of Accounting Unit
Name: Charles Nyaga
Member ICPAK No.11093

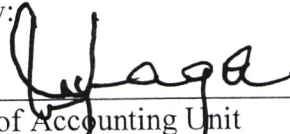
**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

III. STATEMENT OF ASSETS AND LIABILITIES

	Note	2017/2018	2016/2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10A	174,101,713	54,583,275
Cash Balances	10B	-	-
Total Cash And Cash Equivalents		174,101,713	54,583,275
Accounts Receivables - Outstanding Imprest and Clearance Accounts	11	-	2,575,669
TOTAL FINANCIAL ASSETS		174,101,713	57,158,944
LESS: FINANCIAL LIABILITIES			
Accounts Payables - Deposits	12	174,039,182	27,773,793
NET FINANCIAL ASSETS		62,531	29,385,151
REPRESENTED BY			
Fund balance b/fwd	13	29,385,151	28,843,862
Prior year adjustments	14	(29,385,151)	(28,843,862)
Surplus/Deficit for the year		62,531	29,385,151
NET FINANCIAL POSSITION		62,531	29,385,151

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved and signed by:


Principal Secretary
Name: John Omengo FGSK, R.Geol



Head of Accounting Unit
Name: Charles Nyaga
Member ICPAK No.11093

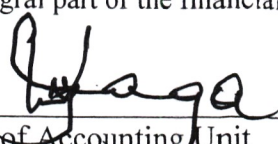
STATE DEPARTMENT OF MINING
 REPORTS AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30TH, 2018

IV. STATEMENT OF CASH FLOWS

	2017/2018 Kshs	2016/2017 Kshs
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts for operating income		
Proceeds from Domestic and Foreign Grants	22,321,429	10,000,000
Transfers from National Treasury	1,700,403,245	2,060,965,000
Other Revenues	9,758,776	9,305,684
	1,732,483,450	2,080,270,684
Payments for operating expenses		
Compensation of Employees	(432,473,493)	(370,340,255)
Use of goods and services	(1,023,365,624)	(629,808,578)
Other grants and transfers	(19,957,975)	(19,293,425)
Social Security Benefits	(41,147,107)	0
	(1,516,944,199)	(1,019,442,258)
Adjusted for:		
Changes in receivables	2,575,669	5,679,589
Changes in payables	146,265,389	23,732,780
Adjustments during the year	(29,385,151)	(28,843,862)
Net cashflow from operating activities	334,995,158	1,061,396,933
CASHFLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Assets	1,493,575	1,903,045
Acquisition of Assets	(216,970,295)	(1,033,346,320)
Net cash flows from Investing Activities	(215,476,720)	(1,031,443,275)
CASHFLOW FROM BORROWING ACTIVITIES		
Net cash flow from financing activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENT	119,518,438	29,953,658
Cash and cash equivalent at BEGINNING of the year	54,583,275	24,629,617
Cash and cash equivalent at END of the year	174,101,713	54,583,275

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved and signed by:


 Principal Secretary
 Name: John Omenge FGSK, R.Geol


 Head of Accounting Unit
 Name: Charles Nyaga
 Member ICPAK No.1109

STATE DEPARTMENT OF MINING
 REPORTS AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30TH, 2018

V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT
 COMBINED

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	Utilisation Difference to Final
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Proceeds from Domestic and Foreign Grants	11,160,715	11,160,715	22,321,429	22,321,429	-	100%
Exchequer releases	1,458,232,109	265,824,313	1,724,056,421	1,700,403,245	23,653,176	99%
Proceeds from Sale of Assets	1,000,000	1,000,000	2,000,000	1,493,575	506,425	75%
Other Receipts	6,000,000	6,000,000	12,000,000	9,758,776	2,241,224	81%
Total Receipts	1,476,392,823	283,985,027	1,760,377,850	1,733,977,025	26,400,825	99%
Payments						
Compensation of Employees	292,150,000	159,833,607	451,983,607	432,473,493	19,510,114	96%
Use of goods and services	529,928,616	503,496,441	1,033,425,056	1,023,365,624	10,059,432	99%
Other grants and transfers	13,375,000	6,625,000	20,000,000	19,957,975	42,025	100%
Social Security Benefits	7,811,643	34,843,395	42,655,038	41,147,107	1,507,931	96%
Acquisition of Assets	633,127,565	(420,813,416)	212,314,149	216,970,295	(4,656,146)	102%
Grand Total	1,476,392,823	283,985,027	1,760,377,850	1,733,914,494	26,463,356	98%
Surplus/De ficit	0	0	0	62,531	(62,531)	

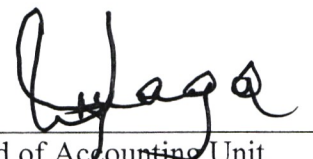
Notes

- i. Under Utilisation on Other Receipts of 81% was as a result of low sale of tenders
- ii. Under Utilization on proceeds from sale of Assets of 75% is as a result of late submission of returns from the Donor
- iii. Overutilization on Acquisition of Assets 102% was as a result of change in supplementary budget.

The entity financial statements were approved and signed by:



Principal Secretary
 Name: John Omenge FGSK, R.Geol



Head of Accounting Unit
 Name: Charles Nyaga
 Member ICPAK No.11093

STATE DEPARTMENT OF MINING
 REPORTS AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30TH, 2018

VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	Utilisation to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
RECEIPTS						
Exchequer releases	841,232,109	697,077,518	1,538,309,626.00	1,514,656,450	23,653,176	98%
Proceeds from Sale of Assets	1,000,000	1,000,000	2,000,000.00	1,493,575	506,425	75%
Other Receipts	6,000,000	6,000,000	12,000,000.00	9,758,776	2,241,224	81%
Total Receipts	848,232,109	704,077,518	1,552,309,626	1,525,908,801	26,400,825	98%
PAYMENTS						
Compensation of Employees	292,150,000	159,833,607	451,983,607	432,473,493	19,510,114	96%
Use of goods and services	529,928,616	503,496,441	1,033,425,056	1,023,365,624	10,059,432	99%
Other grants and transfers	13,375,000	6,625,000	20,000,000	19,957,975	42,025	100%
Social Security Benefits	7,811,643	34,843,395	42,655,038	41,147,107	1,507,931	96%
Acquisition of Assets	4,966,850	(720,925)	4,245,925	3,254,722	991,203	77%
Grand Total	848,232,109	704,077,518	1,552,309,626	1,520,198,921	32,110,705	98%
Surplus/Deficit	0	0	0	5,709,880	(5,709,880)	

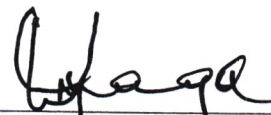
Notes

- i. Under Utilisation on Other Receipts of 81% was as a result of low sale of tenders.
- ii. Under Utilization on proceeds from sale of Assets of 75% is as a result of late submission of returns from the Donor
- iii. Under utilisation on Acquisition of Assets of 77% was as a result of long procurement process and late submission of invoices.

The entity financial statements were approved and signed by:



Principal Secretary
 Name: John Omenge FGSK, R.Geol



Head of Accounting Unit
 Name: Charles Nyaga
 Member ICPAK No.11093

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

VII. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Comparable Basis	Utilisation Difference	Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS			0			
Proceeds from Domestic and Foreign Grants	11,160,715	11,160,715	22,321,429.00	22,321,429	-	100%
Exchequer releases	617,000,000	(431,253,205)	185,746,795.00	185,746,795	-	100%
Total Receipts	628,160,715	(420,092,491)	208,068,224	208,068,224	-	100%
Payments						
Acquisition of Assets	628,160,715	(420,092,491)	208,068,224.00	213,715,573	(5,647,349)	103%
Grand Total	628,160,715	(420,092,491)	208,068,224	213,715,573	(5,647,349)	103%
Surplus/Deficit	0	0	0	(5,647,349)	5,647,349	

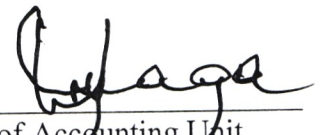
Notes

- i. Overutilization on Acquisition of Assets 102% was as a result of change in supplementary budget.

The entity financial statements were approved and signed by:



Principal Secretary
Name: John Omenga FGSK, R.Geol



Head of Accounting Unit
Name: CPA Charles Nyaga
Member ICPAK No.11093

STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018

IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 30th June, 2018 Kshs	Adjustments Kshs	Final Budget 30th June, 2018 Kshs	Actual on comparable basis 30th June, 2018 Kshs	Budget utilization difference Kshs
General Administration planning and Support services	1,144,270,603		1,144,270,603	1,110,718,474	33,552,129
Mining policy Development and coordination	1,144,270,603		1,144,270,603	1,110,718,474	33,552,129
Resources Surveys and Remote Sensing	186,430,161		186,430,161	184,297,127	2,133,034
Resources Surveys and Remote Sensing	186,430,161		186,430,161	184,297,127	2,133,034
Mineral Resource Management	429,677,086		429,677,086	438,898,892	(9,221,806)
Mineral Resource Management	306,750,320		306,750,320	286,886,026	19,864,294
Geological Survey and Mineral Exploration	122,926,766		122,926,766	152,012,866	(29,086,100)
TOTAL	1,760,377,850	0	1,760,377,850	1,733,914,494	26,463,356

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budget which are programme based.)

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

X. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include Imprests and salary advances and b) payables that include deposits and retentions. The receivables and payables are disclosed in the Statement of Assets and Liabilities. The Statement of Assets and Liabilities is not mandatory statement under the IPSAS Cash basis but is encouraged in order to disclose information on assets and liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

XII SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transfers from the Exchequer

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

External Assistance

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

Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the Entity may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2017, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

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

b) Recognition of payments

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

Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

XII SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of goods and services

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

Interest on borrowing

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

Repayment of borrowing (principal amount)

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

Acquisition of fixed assets

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

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

4. In-kind contributions

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

5. Cash and cash equivalents

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

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

XII SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. There were no other restrictions on cash during the year

6. Accounts Receivable

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

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

XIII NOTES TO THE FINANCIAL STATEMENTS

1. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	2017-2018 Kshs	2016-2017 Kshs
Grants Received from Multilateral Donors (International Organisations)		
UNDP	22,321,429	10,000,000
TOTAL	22,321,429	10,000,000

2 EXCHEQUER RELEASES

Description	2017-2018 Kshs	2016-2017 Kshs
Total Exchequer Releases for quarter 1	79,557,550	157,000,000
Total Exchequer Releases for quarter 2	510,393,479	343,915,000
Total Exchequer Releases for quarter 3	445,549,216	572,000,000
Total Exchequer Releases for quarter 4	664,903,000	988,050,000
TOTAL	1,700,403,245	2,060,965,000

3 PROCEEDS FROM SALE OF ASSETS

	2017-2018 Kshs	2016-2017 Kshs
Receipts from the Sale of Inventories, Stocks and Commodities	1,493,575	1,903,045
TOTAL	1,493,575	1,903,045

4 OTHER REVENUES

	2017-2018 Kshs	2016-2017 Kshs
Receipts from Administrative Fees and Charges - Collected as AIA	9,758,776	9,305,684
TOTAL	9,758,776	9,305,684

5 COMPENSATION OF EMPLOYEES

Compensation of employees comprise of remuneration paid to employees in return for the work done. It includes sound contributions made by the State Department on behalf of its employees.

	2017-2018 Kshs	2016-2017 Kshs
Basic salaries of permanent employees	190,780,560	200,561,299
Basic wages of temporary employees	29,137,176	42,106,904
Personal allowances paid as part of salary	178,562,261	127,672,052
Other allowances paid as part of salary	33,993,496	-
TOTAL	432,473,493	370,340,255

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

6 USE OF GOODS AND SERVICES

These comprise the total value of goods and services consumed.

	2017-2018 Kshs	2016-2017 Kshs
Utilities, supplies and services	14,144,923	14,676,810
Communication, supplies and services	2,997,363	11,919,900
Domestic travel and subsistence	19,714,036	20,861,018
Foreign travel and subsistence	2,310,745	10,925,121
Printing, advertising and information supplies & services	2,933,410	9,363,831
Rentals of produced assets	5,892,914	8,675,720
Training expenses	6,134,475	22,619,291
Hospitality supplies and services	2,144,166	8,599,122
Insurance costs	19,927,574	19,964,753
Specialised materials and services	56,551,299	93,778,699
Office and general supplies and services	6,852,182	18,987,194
Other operating expenses	844,342,711	356,143,467
Routine maintenance – vehicles and other transport equipment	9,791,268	5,017,534
Routine maintenance – other assets	2,709,192	5,893,905
Fuel Oil and Lubricants	26,919,367	22,382,213
TOTAL	1,023,365,624	629,808,578

7 OTHER GRANTS AND TRANSFERS

Subsidies by the ministry relate to financial assistance provided in the form of reduced price of goods and services.

	2017-2018 Kshs	2016-2017 Kshs
Membership dues and subscriptions to international organizations	-	13,500,000
Scholarships and other educational benefits	19,957,975	5,793,425
Total	19,957,975	19,293,425

8 SOCIAL SECURITY BENEFITS

	2017-2018 Kshs	2016-2017 Kshs
Government pension and retirement benefits	41,147,107	
TOTAL	41,147,107	-

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

9 ACQUISITION OF ASSETS

	2017-2018 Kshs	2016-2017 Kshs
Construction of Buildings	11,823,194	52,853,044
Refurbishment of Buildings	6,450,598	58,675,848
Overhaul and Refurbishment of Construction and Civil Works	22,321,429	18,918,195
Purchase of Vehicles and Other Transport Equipment	13,285,327	-
Overhaul of Vehicles and Other Transport Equipment	3,733,292	-
Purchase of Office Furniture and General Equipment	384,827	1,969,016
Purchase of ICT Equipment, Software and Other ICT Assets	103,887,886	684,079,850
Rehabilitation and Renovation of Plant, Machinery and Equip.	253,560	345,400
Research, Studies, Project Preparation, Design & Supervision	54,830,183	216,504,967
Sub Total	216,970,295	1,033,346,320
Sub Total	216,970,295	1,033,346,320
TOTAL	216,970,295	1,033,346,320

These represent payments made to acquire property, plant and equipment during the year; which have been fully expended in the year of purchase in line with the accounting policies.

10A.BANK BALANCES

Name of Bank, Account No. & currency	Exc rate (if in foreign currency)	2017-2018	2016-2017
		Kshs	Kshs
Central Bank of Kenya, 1000181877, KShs	-	44,337	20,020,654
Central Bank of Kenya, 1000182008, KShs	-	18,195	6,788,828
Central Bank of Kenya, 1000182326, KShs	-	174,039,182	27,773,793
Total	-	174,101,713	54,583,275

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2018**

10B: CASH IN HAND

	2017-2018		2016-2017	
	Kshs		Kshs	
Cash in Hand – Held in domestic currency				
Cash in Hand – Held in foreign currency				
TOTAL		-		-

Cash in hand should also be analysed as follows:

	2017-2018		2016-2017	
	Kshs		Kshs	
Headquarters, public works Hse Building, Cashoffice				
Location 1				
TOTAL		-		-

11. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

<i>Description</i>	2017-2018		2016-2017	
	Kshs		Kshs	
District suspense		-		2,575,669
TOTAL		-		2,575,669

12. ACCOUNTS PAYABLE

	2017-2018		2016-2017	
	Kshs		Kshs	
Deposits		174,039,182		27,773,793
TOTAL		174,039,182		27,773,793

13. FUND BALANCE BROUGHT FORWARD

	2017-2018		2016-2017	
	Kshs		Kshs	
Bank accounts		54,583,275		24,629,617
Receivables - Outstanding Imprests		2,575,669		8,255,258
Payables - Deposits		(27,773,793)		(4,041,013)
TOTAL		29,385,151		28,843,862

14. PRIOR YEAR ADJUSTMENTS

<i>Description of the error</i>	2017-2018		2016-2017	
	Kshs		Kshs	
Adjustments on bank account balances		(26,809,482)		20,588,604
Adjustments on receivables		(2,575,669)		8,255,258
TOTAL		(29,385,151)		28,843,862

**STATE DEPARTMENT OF MINING
 REPORTS AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018**

15. RELATED PARTY DISCLOSURES

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

The following comprise of related parties to the State Department

- Key management personnel that include the Cabinet Secretaries, Accounting Officers, Director Generals and various committee members within the State Department.
- Other Ministries Departments and Agencies and Development Projects;
- County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions:

	2017-2018 Kshs	2016-2017 Kshs
Key Management compensation		
Transfers to other State Corporations and Semi-Autonomous Government Agencies	19,957,975	19,293,425

**STATE DEPARTMENT OF MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

XIII NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. OTHER IMPORTANT DISCLOSURES

16.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	2017 – 2018	2016 – 2017
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	26,826,510.62	10,927,229.00
Supply of services	91,228,508.57	6,056,479.00
Total	118,055,019.19	33,357,855.00

16.2: OTHER PENDING PAYABLES (See Annex 2)

	2017 – 2018	2016 – 2017
	Kshs	Kshs
Amounts due to National Government entities	-	-
Amounts due to Entity entities	-	-
Amounts due to third parties	174,039,182	27,773,793
Total	174,039,182	27,773,793

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XIII NOTES TO THE FINANCIAL STATEMENTS (Continued)
ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Ks hs)	Additions during the year (Ks hs)	Disposals during the year (Ks hs)	Historical Cost c/f (Ks hs)
Buildings and structures	130,447,087	40,595,221	-	171,042,308
Transport equipment	1,969,016	17,018,619	-	18,987,635
Office equipment, furniture and fittings	-	384,827	-	384,827
ICT Equipment, Software and Other ICT Assets	684,079,850	103,887,886	-	787,967,736
Other Machinery and Equipment	345,400	253,560	-	598,960
Heritage and cultural assets	216,504,967	54,830,183	-	271,335,150
Total	1,033,346,320	216,970,295	-	1,250,316,615

NB:

1. The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 9 on acquisition of assets during the year.
2. The state department of Mining owns the undermentioned pieces of land whose value is not ascertained

- Madini house land in Industrial Area
- Gemstone centre – Voi
- Kwale Regional office
- Migori Regional office
- Kisumu Regional office
- Kakamega Regional office
- Garissa Regional office
- Embu Regional office
- Taita Taveta Regional office



ANNEX 4- REPORTS GENERATED FROM IFMIS

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

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

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