

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

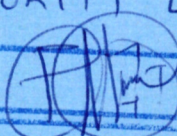
THE AUDITOR-GENERAL

ON

REVENUE STATEMENTS- STATE
DEPARTMENT OF MINING

FOR THE YEAR ENDED
30 JUNE 2018

PARLIAMENT OF KENYA LIBRARY

 THE NATIONAL ASSEMBLY PAPERS LAID	
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CLERK-AT-TABLE:	



**RECEIVER OF REVENUE
STATE DEPARTMENT OF MINING**

REVENUE STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30TH 2018**

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

**RECEIVER OF REVENUE ENTITY – STATE DEPARTMENT OF MINING
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30TH 2018**

Table of Content

I. KEY ENTITY INFORMATION AND MANAGEMENT	3
II. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES	5
III. STATEMENT OF RECEIPTS AND TRANSFERS	6
IV. STATEMENT OF ARREARS IN REVENUE AS AT 30 JUNE 2018	7
V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	8
VI. SIGNIFICANT ACCOUNTING POLICIES.....	10
NOTES TO THE FINANCIAL STATEMENTS (Continued	12
VII. APPENDIX 1: A REPORT OF WAIVERS AND VARIATIONS OF TAXES, FEES OR CHARGES GRANTED BY THE RECEIVER OF REVENUE DURING THE YEAR.....	13
VIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	13

**RECEIVER OF REVENUE ENTITY – STATE DEPARTMENT OF MINING
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30TH 2018**

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The receiver of revenue is under the State department of Mining, Ministry of Petroleum and Mining. At cabinet level, the receiver of revenue is represented by the Cabinet Secretary for Petroleum and Mining, who is responsible for the general policy and strategic direction of the receiver of revenue. The receiver of revenue was appointed as a receiver on 1st July 2016

(b) Principal activities

The receiver of revenue collects revenue from Mining, Royalties, Fees and Licences. Revenue collected is remitted to the National Treasury and used for development

(c) Key Management

The State department's key personnel management holding office during the financial year ending 30th June 2018 are:

NO.	NAME	DESIGNATION
1)	Hon. John Munyes	Cabinet Secretary
2)	Mr John Omenge FGSK R. Geol	Principal secretary
3)	Mr Fredrick Ndambuki	Secretary Administration
4)	Mr Thomas Ndola	Director of Mines and Geology
5)	Mrs Pauline Luganje	Senior Chief Finance Officer
6)	Mr Zedekiah Ogendi	Head of Supplies Chain and management
7)	Mrs Bernard Orina	Head of Human Resource Management
8)	Mrs Jackline Muinamia	Head of Internal Audit
9)	Mr Appolo Muchilwa	ICT

**RECEIVER OF REVENUE ENTITY – STATE DEPARTMENT OF MINING
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30TH 2018**

(d) Entity Headquarters

P.O. Box 30009-00100
Works Building
Ngong Road
Nairobi, KENYA

(e) Entity Contacts

Telephone: (254) 020-2723101
E-mail: ps@mining.go.ke
Website: www.mining.go.ke

(f) Entity Bankers

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

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

**RECEIVER OF REVENUE ENTITY – STATE DEPARTMENT OF MINING
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30th, 2018**

II. STATEMENT OF RECEIVER OF REVENUE’S RESPONSIBILITIES

Section 83 (1) of the Public Finance Management Act, 2012 requires that, at the end of each quarter, a receiver of revenue shall prepare an account of the revenue received and collected by that received during that financial period. Section 83 (2)(b) 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 Principal Secretary in charge of the State department for Mining is responsible for the preparation and presentation of the receiver of revenue account, which gives a true and fair view of the state of affairs of the receiver of revenue for and as at the end of the period ended on June 30th, 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 Ministry of Petroleum and Mining; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary in charge of the state department of Mining accepts responsibility for the State department for Mining’s receiver of revenue accounts, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the State department for Mining’s receiver of revenue account gives a true and fair view of the state department of Mining’s receiver of revenue transactions during the period ended June 30th 2018, and of the State department for Mining’s financial position as at that date. The Principal Secretary in charge of the State department for Mining further confirms the completeness of the accounting records maintained for the receiver of revenue, which have been relied upon in the preparation of the receiver of revenue account as well as the adequacy of the systems of internal financial control.

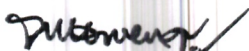
The Principal Secretary in charge of the state department of Mining confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity’s funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Principal Secretary confirms that the receiver of revenue’s accounts 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 Revenue Statements

The revenue statements were approved and signed by the Principal Secretary on 30th June, 2018

Approval of the Revenue Statements

The revenue statements were approved and signed by the Principal Secretary on _____
30 June 2018



Principal Secretary
Name: John Omengo FGSK R, Geol



Assistant Accountant General
Name: CPA Charles W. Nyaga
ICPAK Member Number: 11093

REPUBLIC OF KENYA



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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE REVENUE STATEMENTS

Opinion

I have audited the accompanying revenue statements of the State Department of Mining set out on pages 6 to 14, which comprise of statement of arrears in revenue as at 30 June 2018, and the statement of receipts and transfers 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 revenue statements present fairly, in all material respects, the revenue performance of the State Department of Mining as at 30 June 2018, in accordance with International Public Sector Accounting Standards (IPSAS) and comply with the Mining Act, 2016 and Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of 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 revenue statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Shortfall in Revenue Collection

The statement of comparison of budget and actual amounts reflects an aggregate shortfall in revenue collection amounting to Kshs.195,861,414 equivalent to 21% of the budgeted receipts from three revenue streams during the year under review as shown below:

	Revenue stream	Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Variance (%)
1	Cement Levy	742,108,192	597,066,815	(145,041,377)	(20%)
2	Mineral Export Levy	8,437,105	5,852,050	(2,585,055)	(31%)
3	Mining Royalties	143,188,548	94,953,566	(48,234,982)	(34%)
	Total	893,733,845	697,872,431	(195,861,414)	(21%)

According to management, the shortfall resulted from difficult market conditions which were further worsened by slow economic activities after 2017 General Election, cessation of operations by one of the major mining companies and delay in publication of regulations for licensing mineral dealings, which however, have since been published.

2. Unconfirmed Royalties Income

The statement of receipts and transfers as at 30 June 2018 reflects royalty receipts from Base Titanium Company Limited amounting to Kshs.490,949,539 on account of titanium mineral exports. However, as in the previous financial year, data on the receipts is derived from the company's self-declared export quantities and income records rather than assessment of actual mineral export consignments by the Department.

Management has indicated that officers of the Department have since been deployed at the company's mining sites in Kwale County and the Likoni Port in Mombasa to verify production output and sample mineral exports made by the company.

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. There were no Key Audit Matters to report in the year under review.

Other Matter

Inconclusive Negotiations on Review of Titanium Royalties Regime

The Special Mining Lease No.23 granted to Base Titanium Company Limited provides for review, on request of the Commissioner or the Lessee, of the conditions of the lease with a view to bring them in line with any changed circumstances whether due to economic, technical or other reason, and ensure better control of mining operations.

The Government entered into a deed agreement with Base Titanium Company Limited in February 2014 and undertook to negotiate and review upwards, royalty rates prescribed in the Special Mining Lease within one month. Negotiations commenced soon thereafter and a number of proposals were advanced by both parties with Base Titanium eventually making its final proposal ("Bridge Proposal") that called for the royalty rate to be increased from 2% to 5%, backdated to 2014.

However, as at the time of concluding the audit in December 2019, a final decision had not been arrived at because the company pegged the revision to payment of value added tax refunds that the Kenya Revenue Authority reportedly owes it. The inordinate delay in concluding the matter has deprived the State Department of higher revenue receipts expected when the deed agreement was signed five years ago.

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, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Management is also responsible for the submission of the revenue 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 revenue statements described above, management is also responsible for ensuring that the activities, transactions and information reflected in the revenue 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 revenue reporting process, reviewing the effectiveness of how the entity 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 revenue 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 revenue statements.

In addition to the audit of the revenue statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, transactions and information reflected in the revenue 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 revenue statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control 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 revenue 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:

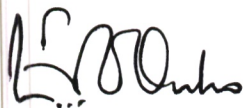
- Identify and assess the risks of material misstatement of the revenue statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

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 revenue statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the State Department to cease to offer its services.
- Evaluate the overall presentation, structure and content of the revenue statements, including the disclosures, and whether the revenue statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding information and business activities of the State Department to express an opinion on the revenue 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

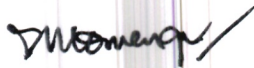
1 April 2019

**RECEIVER OF REVENUE ENTITY – STATE DEPARTMENT OF MINING
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30th, 2018**

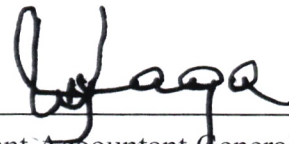
III. STATEMENT OF RECEIPTS AND TRANSFERS

	Note	2017/18 Kshs	2016/17 Kshs
Cement levy	1	597,066,815	503,400,309
Mineral Export Levy	2	5,852,050	18,460,775
Mining Royalties	3	94,953,566	107,179,357
Magadi Soda		135,377,550	50,620,761
Base Titanium		490,949,539	404,220,727
Carbacid		46,411,674	
Other Receipts		40,736,950	
TOTAL NON TAX RECEIPTS		1,411,348,144	1,083,881,930
TOTAL RECEIPTS COLLECTED		1,411,348,144	1,083,881,930
TRANSFERS TO THE EXCHEQUER ACCOUNT		1,252,113,043	1,073,270,743
BALANCE BROUGHT FORWARD		10,611,216	
BALANCE CARRIED FORWARD		169,846,317	10,611,216

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on _____ Sept 30th 2018 and signed by:



Principal Secretary
Name: John Omenge FGSK R, Geol



Assistant Accountant General
Name: Charles W. Nyaga
ICPAK Member Number: 11093

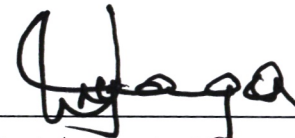
RECEIVER OF REVENUE ENTITY – STATE DEPARTMENT OF MINING
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30th, 2018

IV. STATEMENT OF ARREARS IN REVENUE AS AT 30 JUNE 2018

Classification of Revenue	Accumulated amount in arrears from prior periods to June 2015 (a)	Amount in arrears for the immediate previous year to 30 June 2016 (b)	Amount in arrears for the current year to June 30 2017 (c)	Total arrears as at 30 June 2018 (a+b+c)	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Non Tax Revenues						
Cement levy	nil	nil	nil	898,048,630		
Mineral export levy	nil	nil	nil	nil		
Mining royalties	nil	nil	nil	nil		
Magadi soda	nil	nil	nil	274,038,197		
Base titanium	nil	nil	nil	nil		
Carbacid	<u>nil</u>	<u>nil</u>	nil	<u>6,433,079</u>		
Total	<u>nil</u>	<u>nil</u>	nil			



Principal Secretary
 Name: John Omenge FGSK R, Geol



Assistant Accountant General
 Name: CPA Charles W. Nyaga
 ICPAK Member Number: 11093

REVENUE STATEMENTS

FOR THE YEAR ENDED JUNE 30th, 2018

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30th JUNE 2017

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	%variance	Note
	2017-2018	2017-2018	2017-2018	2017-2018	2016-2017		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs		
Cement levy	742,108,192	nil	742,108,192	597,066,815	(145,041,377)	-19.5%	i
Mineral export levy	8,437,105	nil	8,437,105	5,852,050	(2,585,055)	-30.7%	ii
Mining royalties	143,188,548	nil	143,188,548	94,953,566	(48,234,982)	-33.6%	iii
Magadi soda	104,985,349	nil	104,985,349	135,377,550	30,392,201	+28.9%	iv
Base titanium	356,580,563	nil	356,580,563	490,949,539	134,368,976	+37.7%	v
Carbacid	nil	nil	nil	46,411,674			vi
Other Receipts	nil	nil	nil	40,736,950			vii
Total Non tax receipts	1,355,299,757	nil	1,355,299,757	1,411,348,144	56,048,387		
Total receipts	1,355,299,757	nil	1,355,299,757	1,411,348,144	56,048,387		

(a) Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

- i. **Cement levy:** There was an under collection of ksh 145,041,377 (19.5%) revenue in the year under review. This resulted from the elections stand-off in the year.
- ii. **Mining royalties:** Revenue realised fell by kshs 48,234,982 (33.6%) from the budgeted amount due to market difficulties out of elections stand-off in the year.
- iii. **Magadi soda :** Revenue from Magadi soda was ksh **30,392,201.** (**28.9%**)above the budget
- iv. **Mineral export levy:** This activity realized ksh. 2,585,055(30.7%) bellow the budgeted amount.
This was due to election stand-off in the year.

RECEIVER OF REVENUE ENTITY – STATE DEPARTMENT OF MINING
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30TH 2018

- v. **Base Titanium** : There was an over collection by ksh **134,368,976 (37.7%)** above the budget. This is because mineral deposits underground cannot be forecasted with certainty
- vi. **Carbacid**: This activity was not in the budget. The realized levy of ksh 46,411,674.is in respect to years 2013 to 2016
- vii. **Other Receipts**: This activity was not budgeted as revenue. This was A.I.A collected under prospecting license fees banked in revenue account.

**RECEIVER OF REVENUE ENTITY – STATE DEPARTMENT OF MINING
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30th, 2018**

VI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the state department of mining. The accounting policies adopted have been consistently applied to all the years presented.

The revenue statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the state department of mining

2. Recognition of Revenue

The State department for Mining recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the state department of mining

3. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the revenue statements. The revenue budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the revenue's actual performance against the comparable budget for the financial year under review has been included as part of notes to these financial statements.

4. 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.

5. Revenue in Arrears

This relates to revenue due and is yet to be received or collected by the receiver of revenue. The revenue in arrears is as disclosed in the Statement of Revenue in Arrears under section IV of these financial statements.

**RECEIVER OF REVENUE ENTITY – STATE DEPARTMENT OF MINING
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30TH 2018**

SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Comparative Figures

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

7. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2018.

8. Statement of Arrears of Revenue

The statement of arrears of revenue is not a requirement as per the IPSAS Cash Standard. The IPSAS Cash Standard encourages disclosure of accrual based balances since it's a transitional standard to accrual basis of accounting.

The PFM Act, 2012 section 82,2b and section 69(c) of the PFM Regulations 2015 requires a Receiver of Revenue to prepare a statement on revenue of arrears due but not yet collected at the end of the period. This statement has been disclosed under section IV of these financial statements

**RECEIVER OF REVENUE ENTITY – STATE DEPARTMENT OF MINING
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30th, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. BALANCES CARRIED FORWARD

<u>a)Balance carried forward subsequently transferred</u>	Date transferred
Amount	
1. 154,631,898	<i>3rd July 2018</i>
<u>b) Balance carried forward yet to be transferred</u>	
1.10,362,820	<i>15th Aug 2018</i>

**RECEIVER OF REVENUE ENTITY – STATE DEPARTMENT OF MINING
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30TH 2018**

VII. APPENDIX 1: A REPORT OF WAIVERS AND VARIATIONS OF TAXES, FEES OR CHARGES GRANTED BY THE RECEIVER OF REVENUE DURING THE YEAR.

There was no waiver given in the financial year under review 2017/2018

VIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
nil	nil	nil	nil	nil	nil

Guidance Notes:

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