


REPUBLIC OF KENYA



Enhancing Accountability

 THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT	
DATE: 13 MAY 2021	DAY: THURSDAY
TABLED BY: LOM HON. A. KIMUNYA	OF C. NDIRITU
CLERK-AT-THE-TABLE:	

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2020**



**RECEIVER OF REVENUE
STATE DEPARTMENT FOR MINING**

REVENUE STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Receiver of Revenue is under the State department for 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 2020 are:

NO.	NAME	DESIGNATION
1.	Hon. John Munyes	Cabinet Secretary
2.	Amb. Kirimi P. Kaberi	Principal secretary
3.	Mr Fredrick Ndambuki	Secretary Administration
4.	Mr Thomas Ndola	Director of Mines and Geology
5.	Mrs Pauline Lujanje	Senior Chief Finance Officer
6.	Mr Keneth Mwangi	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	Head ICT
10.	Mr Charles Nyaga	Head Accounting Unit

**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

(d) Entity Headquarters

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Works Building
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(e) Entity Contacts

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(f) Independent Auditors

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

(g) Principal Legal Adviser

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

(h) Bankers

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

**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

II. STATEMENT OF RECEIVER OF REVENUE’S RESPONSIBILITIES

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue shall prepare an account of the revenue received and collected by that receiver during that financial year.

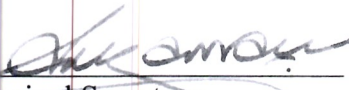
The Principal Secretary in charge of the state department for Mining is responsible for the preparation and presentation of the *receiver of revenue account*, which gives a true and fair view of the state of affairs of the *receiver of revenue* for and as at the end of the financial year (period) ended on June 30, 2020. 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.

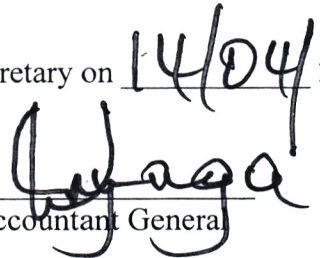
The Principal Secretary in charge of the state department for Mining accepts responsibility for the *entity’s receiver of revenue* accounts, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the *entity’s receiver of revenue* account gives a true and fair view of the state of *entity’s receiver of revenue* transactions during the financial year ended June 30, 2020, and of the *entity’s* financial position as at that date. The Principal Secretary 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 for Mining confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity’s funds received during the year under audit were used for the 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 14/04 2021


Principal Secretary


Deputy Accountant General

REPUBLIC OF KENYA

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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON REVENUE STATEMENTS OF THE STATE DEPARTMENT FOR MINING FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE REVENUE STATEMENTS

Qualified Opinion

I have audited the accompanying revenue statements of the State Department for Mining set out on pages 7 to 21, which comprise the statement of arrears of revenue as at 30 June, 2020, and the statement of receipts and disbursements and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the revenue statements present fairly, in all material respects, the arrears of revenue of the State Department for Mining as at 30 June, 2020, and the revenue performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Mining Act, 2016.

Basis for Qualified Opinion

1. Unreported Cement Levy Arrears by East Africa Portland Cement Company

The statement of arrears of revenue as at 30 June, 2020 reflects cement levy arrears totalling Kshs.1,721,112,708 owed by various companies. Included in the balance, is Kshs.280,329,449 owed by East Africa Portland Cement Company (EAPCC) accrued in the period 2014/2015 to 2017/2018. Further, the Company did not file self-declaration assessments and was therefore, not assessed for cement levy in 2018/2019 and 2019/2020 financial years. Management did not provide any explanation on why levies chargeable to the Company were not assessed and reported in the financial statements.

In the circumstances, the recoverability of the long outstanding arrears of revenue and the accuracy of arrears of cement revenue due since 2017/2018 financial year could not be ascertained.

2. Long Outstanding Arrears from Savanna Cement Company

Included in the arrears of revenue of Kshs.1,721,112,708 is Kshs.375,862,635 due from Savanna Cement Company as cement minerals levy as at 30 June, 2020. Although a payment plan agreement was signed in August, 2017 between the State Department and the Company requiring settlement of the arrears in twenty-four (24) monthly instalments starting from September, 2017, the Company had reneged on the plan stating that it did not hold a mineral license from the State Department and therefore was not liable to pay the levy. The Company had also moved to the High Court challenging Legal Notice No.222 of 2013 which required payment of cement minerals levy by all cement producing companies in Kenya.

As a result, the recoverability of the long outstanding arrears of revenue and cement levy arrears accruing from the Company since 2017/2018 financial year could not be confirmed.

3. Non-Settlement of Cement Levy Arrears by ARM Cement PLC

Included in the arrears of revenue of Kshs.1,721,112,708 is an amount of Kshs.255,530,933 owed by ARM Cement Plc, having accrued during the financial years 2014/2015 to 2016/2017. During the year under review, ARM Cement Plc was acquired by the National Cement Company Limited as a going concern for a purchase price of US\$.50 Million (Kshs.5.2billion) and a distribution was made to all creditors in April, 2020 as per the administrator records. However, the outstanding cement levy arrears of Kshs.255,530,933 at the time of acquisition was not settled from net proceeds realized from the sale. Management did not explain why outstanding levies were not settled after the sale of the ARM assets and no evidence was provided to show how the buyer, the National Cement Company, intends to settle the outstanding cement levies.

In the circumstances, recoverability of the outstanding arrears of Kshs.255,530,933 is in doubt.

4. Long Outstanding Dues from Magadi Soda Company

The statement of arrears of revenue as at 30 June, 2020 reflects royalty arrears totaling Kshs.622,204,807 owed by Magadi Soda Company, which has accrued since the financial year 2015/2016. Although the Company undertook to settle the arrears with the State Department, no significant progress was made in the year.

Consequently, the recoverability of the arrears of revenue of Kshs.622,204,807 could not be confirmed.

5. Long Outstanding Dues from Carbacid (CO2) Limited

The statement of arrears of revenue shows arrears of revenue of Kshs.30,464,301 due from Carbacid (CO2) Limited. The arrears relate to the financial years 2017/2018 and 2018/2019. However, a review of correspondences revealed that the Company Management had expressed their reservations regarding payment of the royalties before a consensus on payment rates was reached. In addition, the Company did not file a

self-declaration assessment and was, therefore, not assessed for royalties due in the year under review. Recoverability of the arrears of revenue could not, therefore, be confirmed.

6. Unremitted Mining Royalties

The statement of arrears in revenue for the year under review includes outstanding mining royalties totaling Kshs.43,938,695. The royalty arrears comprise of Kshs.28,893,568, Kshs.14,995,851 and Kshs.49,274 accruing from Kilimapesa Gold Pty Limited, Africa Diatomite Industries Limited, and Consol Limited respectively. Management did not provide evidence of any tangible steps being undertaken to recover the arrears of revenue. In addition, a review of records maintained by the State Department revealed that, declared and assessed sales records in respect of Kilimapesa Gold Pty Limited were not up to date and thus the royalty arrears could not be accurately estimated.

In the circumstances the accuracy and recoverability of the royalty arrears could not be confirmed.

7. Outstanding Dues from Rai Cement Company

During the year under review, Rai Cement Company remitted cement levies totaling Kshs.44,701,140. At the same time the Company had outstanding arrears of Kshs.25,776,900 whose recoverability and regularity could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Mining Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of 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.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in use of Public Resources, 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

Dealing in Minerals Without Valid Licenses

A review of the mining cadastral records maintained by the State Department for Mining revealed that East Africa Portland Cement Company (EAPCC) and Rai Cement Company had not been issued with mining rights licenses. However, the companies continued to undertake mining activities and deal in minerals without valid licenses or permits contrary to Section 159 of the Mining Act, 2016.

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 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 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these 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 overall governance.

In preparing the revenue statements, 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 Management is aware of the intention to terminate the State Department or to cease operations.

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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

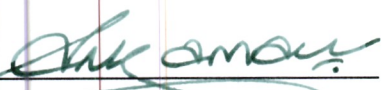
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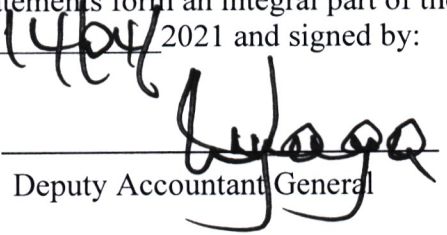
**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

IV. STATEMENT OF RECEIPTS AND DISBURSEMENTS

	Note	2019/2020 K.sh	2018/19 K.sh
Cement levy	1	859,480,302.00	776,306,907
Mineral Export Levy	2	4,049,000.00	7,203,125
Mining Royalties	3	193,379,152.28	74,422,975
Magadi Soda	4	105,234,970.00	195,135,000
Base Titanium	5	508,572,099.00	519,564,262
Carbacid	6	-	6,433,076
TOTAL NON TAX RECEIPTS		1,670,715,523.28	1,579,065,345
TOTAL RECEIPTS COLLECTED		1,670,715,523.28	1,579,065,345
Disbursement to the Exchequer Account		1,692,393,252.28	1,716,622,717
Balance brought forward		21,677,729	159,235,100
BALANCE CARRIED FORWARD		-	21,677,729

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 14/06/2021 and signed by:


Principal Secretary


Deputy Accountant General

**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

V. STATEMENT OF ARREARS OF REVENUE AS AT 30 JUNE 2020

Classification of Receipts	Balance as at 1 st July 2019	Arrears received during the year	Additions in arrears for the current year to June 30, 2020	Total arrears as at 30 June 2020	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Non Tax Receipts						
Magadi Soda	438,671,977	(105,234,970)	288,767,800	622,204,807	Defaulter Notice and reminders	Awaiting response
African Diatomite	12,638,407	(307,250)	2,664,694.45	14,995,851	Received Partially	Awaiting response
Kilimapesa	44,904,552	(21,174,167.55)	5,163,184	28,893,568.45	Defaulter Notice and reminders	Awaiting response
Carbacid (CO2) LTD	30,464,301	-	-	30,464,301	Defaulter Notice and reminders	Awaiting response
Consol	49,273.60	-	-	49,273.60	Defaulter Notice and reminders	Awaiting response
National Cement	-	-	28,871,500	28,871,500	Defaulter Notice and reminders	Awaiting response
Arm	277,918,141	(22,387,208)	-	255,530,933	Defaulter Notice and reminders	Awaiting response
KarsanRamji & Sons	9,648,955	(9,648,955)	1,119,382	1,119,382	Defaulter Notice and reminders	Awaiting response
Bamburi Cement	72,345,238	(72,345,238)	57,014,106.96	57,014,106.96	Received Partially	Awaiting response
Mombasa Cement	62,939,188	(62,939,188)	-	-	Defaulter Notice and reminders	Awaiting response
E.A Portland	280,329,449.60	-	-	280,329,449.60	reminders	Awaiting response
Rai Cement	44,701,140	(44,701,140)	25,776,900	25,776,900	Defaulter Notice and reminders	Awaiting response
Savanna Cement	385,862,635	(10,000,000)	-	375,862,635	Defaulter Notice and reminders	Payment plan Agreement
Total Arrears				1,721,112,708.10		


Principal Secretary


Deputy Accountant General

FOR THE YEAR ENDED JUNE 30, 2020

VI. STATEMENT OF BUDGET COMPARISON.

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	%variance	Note
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs		
Cement levy	799,911,375.00	-	799,911,375.00	859,480,302.00	59,568,927.00	7.44%	i
Mineral export levy	9,301,908.00	-	9,301,908.00	4,049,000.00	(5,252,908.00)	-56.47%	ii
Mining royalties	157,865,374.00	-	157,865,374.00	193,379,152.28	35,513,778.28	22.5%	iii
Magadi soda	60,621,347.00	-	60,621,347.00	105,234,970.00	44,613,623.00	73.59%	iv
Base titanium	448,255,070.00	-	448,255,070.00	508,572,099.00	60,317,029.00	13.46%	v
Carbacid	-	-	-	-	-	0%	vi
Other Receipts	-	-	-	-	-	0%	vii
Total Non tax receipts	1,475,955,074.00	-	1,475,955,074.00	1,670,715,523.28	194,760,449.28	13.20%	
Total receipts	1,475,955,074.00	-	1,475,955,074.00	1,670,715,523.28		13.20%	

**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

VII. 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 *entity*. 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 *entity*.

2. Recognition of Revenue

The *entity* recognises all revenues from the various sources when the event occurs, and the related cash has been received by the *entity*.

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 in these revenue 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 earned and is yet to be received or collected by the receiver of revenue. These arrears are disclosed under the statement of arrears as required under the PFM Act, 2012.

**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

6. Disbursements to the Exchequer

The Receiver of Revenue has a (daily, weekly, monthly) arrangement for sweeping of funds from its bank account to the Exchequer account. Total disbursements to the exchequer are as a result of the sweeping arrangement during the year.

7. Comparative Figures

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

8. 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, 2020

**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
REVENUE STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

1. CEMENT LEVY

	Original Estimates	Revised Estimates	Actual	% Realized
Cement Levy	799,911,375.00		859,480,302.00	107.45%
Total Cement Levy	799,911,375.00		859,480,302.00	107.45%

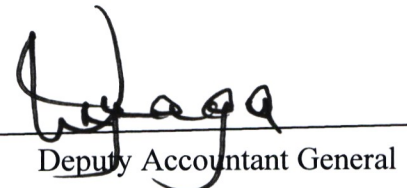
Cement levy: This levy was received from various cement manufacturing companies as shown below

Mombasa Cement Company	ksh.	269,254,994.00
Savannah Cement Company	Ksh.	10,000,000.00
National Cement Company	Ksh.	224,414,445.00
Athi River Mining Cement Co	Ksh	22,387,208.80
Rai Cement Company	Ksh	44,701,140.00
Bamburi Cement Company	Ksh.	273,654,821.00
Karsan Ramji & Sons	Ksh.	15,067,693.20

With an overall over collection of 7.44% against the revised budget estimates. This resulted from the revised estimates

The above revenue statement was approved on 14/04 2021 and signed by:


Principal Secretary


Deputy Accountant General

RECEIVER OF REVENUE ENTITY – (State Department for Mining)
 REVENUE STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

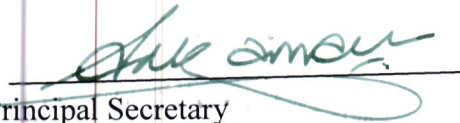
2. MINERAL EXPORT LEVY

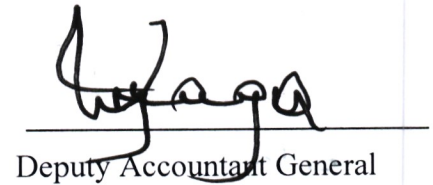
	Original Estimates	Revised Estimates	Actual	% Realized
Mineral Export Levy	9,301,908.00	9,301,908.00	4,049,000.00	43.5%
Total Mineral Export Levy	9,301,908.00	9,301,908.00	4,049,000.00	43.5%

Commentary on Actual Revenue against the Revised Estimates

Mineral Export Levy: There was an under collection of 56.47% against the revised budget estimates, resulting to under collection of revenue in the year under review.

The above revenue statement was approved on 14 July 2021 and signed by:


 Principal Secretary


 Deputy Accountant General

**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
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 FOR THE YEAR ENDED JUNE 30, 2020**

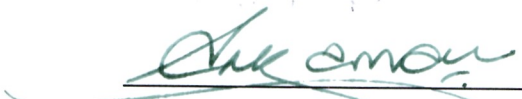
3. MINING ROYALTIES

	Original Estimates	Revised Estimates	Actual	% Realized
Mining Royalties	157,865,374.00	157,865,374.00	193,379,152.28	122.5%
Total Mining Royalties	157,865,374.00	157,865,374.00	193,379,152.28	122.5%

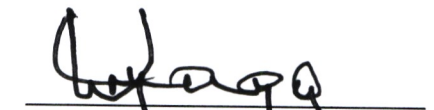
Commentary on Actual Revenue against the Revised Estimates

Mining Royalties: There was an over collection of 22.5% against the revised budget estimates, in the year under review.

The above revenue statement was approved on 4/20/21 2021 and signed by:



 Principal Secretary



 Deputy Accountant General

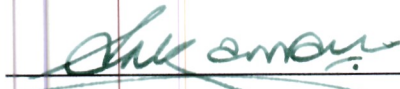
**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
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FOR THE YEAR ENDED JUNE 30, 2020**

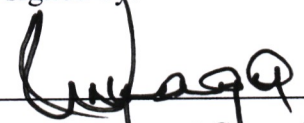
4. MAGADI SODA

	Original Estimates	Revised Estimates	Actual	% Realized
Magadi Soda	60,621,374.00	60,621,374.00	105,234,970.00	173.60%
Total Magadi Soda	60,621,374.00	60,621,374.00	105,234,970.00	173.60%

Magadi Soda: There was an over collection of 73.60% against the revised budget estimates, resulting to over collection of ksh 44,613,623.00 revenue in the year under review.

The above revenue statement was approved on 14/04 2021 and signed by:


Principal Secretary


Deputy Accountant General

**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
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5. BASE TITANIUM ROYALTY

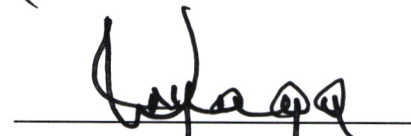
	Original Estimates	Revised Estimates	Actual	% Realized
Base Titanium Royalty	448,255,070.00	448,255,070.00	508,572,099.00	113.46%
Total Base Titanium Royalty	448,255,070.00	448,255,070.00	508,572,099.00	113.46%

Commentary on Actual Revenue against the Revised Estimates

Base Titanium Royalty: There was an over collection of 13.46% against the revised budget estimates, resulting to over collection of ksh 60,317,029 revenue in the year under review. This was due to mineral deposits underground cannot be forecasted with certainty, At times in one location there might be small quantities, while at another significant quantities.

The above revenue statement was approved on 4/6/21 2021 and signed by:


Principal Secretary


Deputy Accountant General

RECEIVER OF REVENUE ENTITY – (State Department for Mining)
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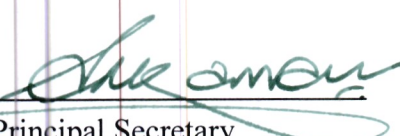
6. CARBACID

	Original Estimates	Revised Estimates	Actual	% Realized
Carbacid	-	-	-	0%
Total Carbacid	-	-	-	0%

Commentary on Actual Revenue against the Revised Estimates

Carbacid: There was no collection of carbacid for the year under review

The above revenue statement was approved on 4/20/21 2021 and signed by:


Principal Secretary


Deputy Accountant General

RECEIVER OF REVENUE ENTITY – (State Department for Mining)
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7. AGEING ANALYSIS OF REVENUE IN ARREARS

Description (Fees on use of goods and services)	Less than 1 year	Between 1-2 years	Totals
Magadi soda	-	622,204,807	622,204,807
African diatomite	-	14,995,851	14,995,851
Carbacid ltd	-	30,464,301	30,464,301
Kilimapesa	-	28,893,568	28,893,568
Arm cement	-	255,530,933	255,530,933
E.A Portland cement	-	280,329,450	280,329,450
Savannah Cement	-	375,862,635	375,862,635
consol	-	49,273.60	49,273.6
Bamburi Cement	57,014,106.96	-	57,014,107
Rai Cement	25,776,900	-	25,776,900
Karsan ramji	1,119,382	-	1,119,382
National cement	-	28,872,499	28,872,499
Totals			1,721,112,708.10

**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
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FOR THE YEAR ENDED JUNE 30, 2020**

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 during the financial year 2019/2020

**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
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**APPENDIX 2: PROGRESS ON FOLLOW UP OF PRIOR YEAR 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.

F/Y- 2017/2018

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)
1232	Shortfall in Revenue Collection	Report has been made to the Auditor General	Director of Mines	Resolved	Appeared before P.A.C on 16 th April 2020
1233	Unconfirmed Royalties Income	Report has been made to the Auditor General	Director of Mines	Resolved	Appeared before P.A.C on 16 th April 2020
1234	Inconclusive negotiations on Review of Titanium Royalty Regime	Report has been made to the Auditor General	Director of Mines	Resolved	Appeared before P.A.C on 16 th April 2020

**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
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F/Y-2018/2019

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
001	Unsupported Transfer to the Exchequer Account	Report has been made to the Auditor General	S.C.F.O	Not Resolved	Awaiting to appear before P.A.C
002	Unreported Cement Arrears	Report has been made to the Auditor General	Head of internal Audit	Not Resolved	Awaiting to appear before P.A.C
003	Unassessed Royalties Due from salt Mining Companies	Report has been made to the Auditor General	Director of Mines	Not Resolved	Awaiting to appear before P.A.C
004	Mineral Export without Permits	Report has been made to the Auditor General	Director of Mines	Not Resolved	Awaiting to appear before P.A.C
005	Un-procedural Export of mineral samples	Report has been made to the Auditor General	Director of Mines	Not Resolved	Awaiting to appear before P.A.C
006	Uncollected Mining Revenue	Report has been made to the Auditor General	Director of Mines	Not Resolved	Awaiting to appear before P.A.C

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;

**RECEIVER OF REVENUE ENTITY – (State Department for Mining)
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