

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

**MAKUENI COUNTY SAND CONSERVATION
AND UTILIZATION AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
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COMMITTEE	
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MAKUENI COUNTY SAND CONSERVATION AND UTILIZATION AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

Makueni County Sand conservation and Utilization Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.

2024-2025

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1. Key Entity Information and Management

(a) Background information

The Makueni County Sand Conservation and Utilization Authority was established by the Makueni County Sand Conservation and Utilization Act, 2015 of the County Assembly of Makueni on 13th February 2015. At cabinet level, the Authority is represented by the Executive Committee Member for Lands, who is responsible for the general policy and strategic direction of the Authority. The Authority is domiciled in Kenya and has its head office at Wote Town, Makueni.

(b) Principal Activities

The principal activity of the Authority is to regulate and ensure sustainable conservation and utilization of sand and provide for protection of environment and equitable sharing of the accruing benefits.

(c) Board of directors

	Names of Members	Names of Positions
1.	Sammy Musyoki Mukeku	Chairman appointed under section 7(1)(a) of the Act.
2.		Director, non-public officer appointed under section 7 (1)(c)
3.		Director, non-public officer appointed under section 7 (1)(c)
4.	Magdalene M. Kyalo	Director and Vice-Chairperson, non-public officer appointed under section 7 (1)(c)
5.	Dr. Jossylyn Mutua	Board Member representing the Department of Trade, Industry, Marketing, Tourism and Cooperative Development) representing Cooperatives — Section 7(1)(t)
6.		Board Member - Section 7 1) (g) of the Amendment Act 2022 reads ‘a representative of non-state actors operating

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		within the County.
7.	Nancy Kimutai	Board Member representing County Commissioner — Section 7(1)(h)
8.	Stella M. Wamunyolo	Board Member (Water Resources Authority) representing WRUAs — Section 7(1)(e)
9.	Dr. Geoffrey Muthoka	Board Member (The Chief Officer, Environment and Climate Change) — Section 7 (1)(b)
11.	Kyee Mbatha	Board Member representing County Environment Committee – Section 7(1)(d)

(d) Key Management Team

No.	Designation	Name
1.	Chief Officer - Environment and Climate Change	Dr. Geoffrey Muthoka
2.	Head of Financial Services	Joseph Mutuku
3.	Head of Conservation & Utilization	Alice Mwende

(e) Fiduciary Oversight Arrangements

Audit committee

The committee plays a vital role in ensuring the integrity of financial statements prior to their review and approval by the board. The committee reviews the accounting policies, financial reporting and regulatory compliance of the authority. The committee also continually evaluates the effectiveness of risk management programs. The committee receives reports of the Internal and External Auditors and management's corrective response to the findings. The committee also reviews the overall scope, annual plans for the internal audit function's activities and oversees the alignment of risk management programs and internal audit activities.

The audit committee is composed of;

1. Nancy Kimutai
2. Kye Mbatha
3. Dr. Josslyn Mutua
4. Dr. Geoffrey Muthoka
5. Stellah Munini

Finance, administration and strategy committee

The core functions of the Finance, Administration and Strategy committee are;

1. Monitor and review the overall financial strategies and performance of the authority
2. Monitor and review the current and projected levels of income and expenditure
3. Monitor and review performance against budgets and suggest any action necessary to ensure that the authority remains within the annual budget approved
4. Ensure an effective framework for the financial management

The committee is composed of;

1. Stellah Munini
2. Dr. Josslyn Mutua
3. Dr. Geoffrey Muthoka
4. Nancy Kimutai
5. Magdalene Kyalo

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f. Entity

Headquarters

Telkom Building
P.O. Box 78-90300
Wote, Makueni

g. Entity Contacts

Telephone: (254) 708274961
E-mail: info@makuensandauthority.go.ke
Website: www.makuenisandauthority.go.ke

h. Entity Bankers

Kenya Commercial Bank
Wote Branch
Makueni

i. Independent Auditors




Auditor-General
Office of the Auditor General Anniversary
Towers, University Way
P.O. Box 30084GPO
100 Nairobi, Kenya

j. Principal Legal Advisor




The County Attorney
Government of Makueni County
Wote, Makueni

2. The Board of Directors



The Directors who served the Authority during the year were as follows

 <p>Sammy Mukeku Chairman</p>	<p>Born in 1961.</p> <p>Holds a Bachelor of Education (Arts) from the University of Nairobi and M.A in Police Administration, Management and Criminal Justice from Exeter University, UK. Has undergone extensive training in investigations, management and operations, with over 30 years of experience in public service. Appointed Board Chairman in 7th February 2024.</p>
 <p>Ms. Magdalene Mumbi Kyalo</p>	<p>Master of Arts in population studies with over 20yrs experience</p> <p>Appointed on 14th January 2022</p>
 <p>Kyee Mbatha</p>	<p>Makueni County Environment Committee Representative</p>




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 <p>Dr. Josslyn Mutua</p>	<p>Trade, Industry, Marketing, Tourism and Co-operative Development Representative</p>
 <p>Dr. Geoffrey Muthoka</p>	<p>Chief Officer - Environment and Climate Change</p>
 <p>Nancy Kimutai</p>	<p>Office of the County Commissioner Representative</p>

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 <p>Serah Munguti</p>	<p>Co-Opted Member</p>
 <p>Stella Munini</p>	<p>Water Resources User Associations Representative</p>

3. Management Team

 <p>Dr. Geoffrey Muthoka</p>	<p>Chief Officer - Environment and Climate Change</p>
 <p>Joseph Mutuku Head of Financial Services</p>	<p>He holds MSc Development Finance, Bachelor of Commerce degree Hons (Finance) from KCA University. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK M/no 14398).</p>
 <p>Alice Mwende Head of Conservation and Compliance</p>	<p>She holds a B.A in Social Work and Social Administration and currently pursuing master's degree in Environmental Management with 7 years' experience working in natural resources management.</p>

4. Chairman's Statement

The financial year ended 30th June 2024 was marred by various prevailing factors that affect operations and general work of the Authority such as delayed disbursement of funds from treasury, closure of dependant sand harvesting region and heavy rains that hampered sand harvesting due to flooded rivers being the key ones that impacted on the Authority particularly on revenue generation from the sand. However, the Authority strived to deliver on its mandate through the specific activities that were set out in the performance contracts signed for the year.

Specifically, the Authority registered the following key achievements;

- a. **Revenue Generation:** The Authority raised a total of Ksh. 30,535,501 from own source revenue against the Ksh. 27,762,501 collected in the financial year 2022/2023. This is 9% increase from last year's own source revenue collection. The increment in revenue collection can be attributed to heavy sand deposits for the better part of last year, enhanced enforcement and cess collection
- b. **Public sensitization and awareness creation:** Civic education on the importance of conservation and sustainable utilization of sand as a natural resource has been regarded as a requisite pillar of co-management of natural resources and the Authority has prioritized this as a continuous activity.
- c. **Sand utilization:** Sustainable use of the sand as a natural resource without causing the destruction or extinction of species for future generations is paramount. The Authority set the foundation for a more conserved county, by investing in one mega Sand dam (Kwa Kitungu) along Kaiti River in Wote/Nziu ward to support sand and water conservation and promote environmental protection in the County. Present biodiversity loss is being driven by various human activities. To limit these, the Authority has prioritized catchment restoration in Kiimakiu/kalanzoni earthdams where sand was harvested for commercial use outside the county by ploughing back 65% of accrued benefits from sand cess.
- d. **Conservation activities:** Various sand conservation activities such as regulating sand harvesting, construction of sand dams, and catchment conservation were carried out in the financial year. Compliance with the sand harvesting guidelines are increasingly being adhered to.
- e. **Review of the Act:** A Bill seeking to amend the Act to provide clarity for the effective implementation of this Act was submitted and tabled in the cabinet. Parallel to this, the Authority made remarkable progress by drafting the amendments which now await public participation, county assembly process and assent by the Governor. This will assist in strengthening the legislative powers of the authority.

Challenges

The Authority worked under a challenging period during the year due to heavy rains and inadequate staffing. It also faces budget cuts from the ex-chequer to support the ambitious plans of the Authority.

Future Outlook

The Authority has set its growth trajectory aiming at achieving a balance between conservation and sustainable utilization of sand resources. In the short to medium term, the Authority is laying out mechanisms to increase its effort in construction of sand dams, gabions, terracing, tree growing and riparian land protection. This includes through fundraising from development partners and sale of excess sand at a commercial scale to generate revenue that can be ploughed back into sand dam construction and rehabilitation of sand harvesting sites. Sand dams have been tried and proven to significantly boost water retention in river channels through holding sand. Increased water retention and recharging of aquifers has enabled agribusiness along the rivers boosting socio-economic development. The sand accumulated in the sand dams can be harvested to a sustainable level to generate revenue for the County. In the long term, the Authority envisages a sand based flagship project that will focus on sand value addition.

I take this opportunity to thank my colleagues in the Board for supporting me in providing leadership. I also commend management and staff for working tirelessly to register the achievements witnessed. I am confident that we will continually attain and surpass the targets set for the new financial year.

I also appreciate the governor, the executive, government of Makueni County fraternity, the County Assembly of Makueni, the community at large and all other stakeholders for their continued support.



Sammy Musyoki Mukeku

Chairman

5. Report of the Chief Executive Officer/Managing Director

It is with great pleasure that I present the Annual Report and Financial Statements for the year ended 30th June, 2024 for the Makueni County Sand Conservation and Utilization Authority on its 9th year since its incorporation in 2015.

In the reporting period of the financial year 2023/24, the Authority attained the following milestones:

a. **Public sensitization and awareness creation:** Civic education on the importance of conservation and sustainable utilization of sand as a natural resource has been regarded as a requisite pillar of co-management of natural resources and the Sand Authority has continuously employed different approaches to carry out sensitization including:

- i. **Sensitization meetings:** The Authority held a total of 24 sensitization meetings in the form of public *barazas* in various parts of the County, stakeholder engagement with key stakeholders such as sand dealers, other County and national government departments and the non-state actors.
- ii. **Use of Media:** The Authority used Local FM stations such as Ene, County, Musyi and Mwatu stations and national *Dailies* to raise awareness on sand matters. The Authority also activated its social media pages on Facebook, Twitter and LinkedIn to educate and interact with the public.
- iii. **Dissemination of copies of the Act and Information Communication and Education materials:** The Authority also distributed over 1000 copies of the Makueni County Sand Conservation and Utilization Act, 2015 and Regulations to various segments of the community including local community members, government officers and non- state actors.

Participating in International Days: The Authority in collaboration with NEMA, and WRUA and the County environment department, we participated in the marking the World Environment Day by planting trees at Kiu catchment and World clean-up day by tree planting at Ndue Nguu and rehabilitated wote dump site in Wote/Nziu Ward. The Authority used the forum to educate key stakeholders on sand management, created publicity for the Authority and gathered useful feedback.

iv. **Dissemination of Information, Education and Communication**

Materials: The Authority printed and disseminated 1000 information brochures that summarizes the history, achievements of the Authority and a section on popular issues on the sand Act. Additionally, a service charter has been printed and displayed at the Authority's office and a webpage on the County's website. All these help in creating publicity and recognition for the institution as well as educating the public.

b. Strategic partnerships and linkage creation: Through the community participatory model the Authority constructed one (1) Mega sand dam namely Kwa Kitungu along Kaiti river in Wote/Nziu ward in this financial year. The community model is a way of encouraging community driven investment where they commit to provide local materials and labour. Though the process is slow, it creates deep sense of ownership of the projects more than in the top down kind of investment.

b. Conservation activities:

Regulation of sand harvesting: The Authority designated 58 major sites for local use sand harvesting. Thus, dealers who are permitted to harvest sand for use within Makueni County are directed to the designated sites. Similarly, the Authority closed 10 sites that had been optimally harvested to allow rejuvenation. Unregulated and unsustainable harvesting of sand has detrimental effects to the environment, causes water pollution and infrastructure destruction among others. The Act requires that sites for sand harvesting are assessed and designated. These areas should not be near water sources and at least 100 meters from infrastructure such as sand dams, bridges etc. Scooping on the banks is also prohibited to avoid weakening of the river banks that leads to erosion.

- i. **Construction of sand dams:** The Authority constructed one (1) sand dam within the 2023/2024 financial year. Such initiatives not only enhance the name of the institution in supporting community initiatives but also contribute to the efforts the County and National governments are doing to mitigate climate change by increasing water availability.
- ii. **Riparian and Catchment conservation:** During the financial year, the Authority carried out conservation activities across the county through support of communities with 10,000 tree seedlings for restoration purposes.

- c. **Enforcement and Compliance:** Illegal sand harvesting cases especially for use outside the County have been significantly controlled. The historical illegal sand harvesting hotspots such as Kilome Sub County especially Kiima Kiu Kalanzoni Ward, Kwa Mulu area in Emali, Tulimani in Mbooni and parts of Kibwezi East have had cases reported. Community policing has also been embraced through community reporting of any cases of unregulated or illegal sand harvesting activities in their localities. There has also been increased compliance depicted by the increase in payment of cess as well as the increasing number of inquiries on procedures for acquiring sand for local use. As the local community understands the importance of co-management, enforcement drastically reduces.
- d. **Revenue generation:** With a total of 16 point of sale machines across the County, the Authority raised a total of Ksh. 30,535,543 from local sand cess compared to Ksh. 27,762,501 for the financial year 2022/2023. This is a 9% increase from last year's revenue collection. This is despite the County experiencing periods of inadequate rainfalls resulting to inadequate sand deposits and flooded sand harvesting sites in the third quarter of the period under review leading to slowed harvesting of sand across the county and inadequate staffing.

There is a great potential in raising revenue from regulated and sustainable sand harvesting that could be harnessed to support the County in conservation and supporting socio economic development initiatives.

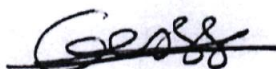
Review of the Act: Through a consultative approach, the Authority began the review of the Makueni County Sand Conservation and Utilization Act, 2015. A Bill seeking to amend the Act in order to provide clarity for the effective implementation of this Act was submitted and tabled in cabinet and adopted. The amendments address salient issues that shall ensure conservation and sustainable utilization of sand resource and increased water availability as envisaged through effective administration of the Act.

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g. **Sand management committees:** In the year under review, the Authority rolled out implementation of ward sand management committees in all 30 wards in the county to enhance effective sand governance.

I sincerely thank the Government of Makueni County, Board of Directors, the Authority's staff and the community as large for their support as well as their effort in making sure the Authority achieve its goals and objectives. I also appreciate our partners, mother department and service providers and all other stakeholders for their respective contributions to the Authority during the year.

I look forward to continued support as we strive to transform Makueni County and contribute to shaping the sand management debate nationally, regionally and globally.



Dr. Geoffrey Muthoka

Chief Officer - Environment and Climate Change

6. Statement of Performance against Predetermined Objectives for FY 2023/2024

The Authority's strategic plan was still at draft stage as at the time of audit and therefore could not objectively compare the performance with the strategic plan as required.

However, the Authority is committed to ensure that it meets its quality objectives which is a core part of its Quality Management System.

The Quality Objectives are listed below:

Quality Objective	Performance against objectives
To provide the sustainable conservation and utilization of sand within Makueni County.	<ul style="list-style-type: none"> - Constructed 1 mega sand dam - Designated 58 sand harvesting sites
To enhance the community's knowledge on importance of environmental protection and sustainable sand utilization.	<ul style="list-style-type: none"> - Did 24 public sensitization forums - Distributed more than 1000 copies of the Act and regulations - Engaged with targeted stakeholders such as sand dealers across the county
To promote socio-economic development through benefits accrued from the sale of sand.	<ul style="list-style-type: none"> - Ploughed back of the revenue share to conservation projects as required by Section 35 of the Act

7. Corporate Governance Statement

The Authority consists of a Board responsible for governance and a Secretariat headed by the Managing Director responsible for the day to day execution of the affairs of the Authority.

The Board consists of;

- a. A Chairperson appointed by the Governor;
- b. The Chief Officer of the department for the time being responsible for matters relating to the Environment or an officer of that department designated in writing by the Chief Officer;
- c. Four members, not being public officers competitively appointed;
- d. One member of the County Environment Committee;
- e. One representatives of WRUAs;
- f. One representative from the department of trade appointed by the Executive Committee Member in charge of trade;
- g. One representative from the department of youth, gender and social services appointed by the Executive Committee Member in charge of youth, gender and social services
- h. The County Commissioner or his representative;
- i. The Managing Director appointed competitively.

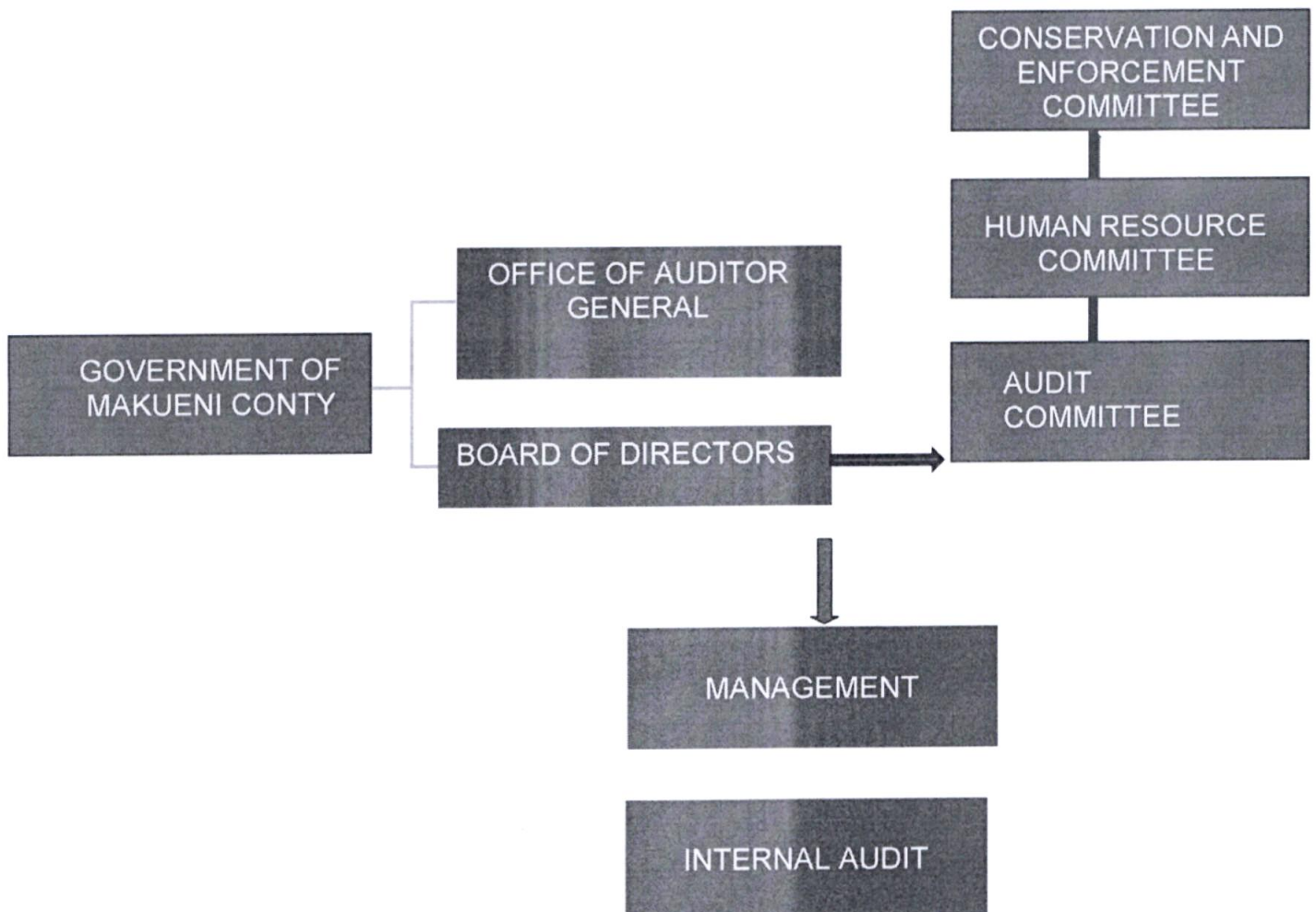
The appointment of a member of the Board may be terminated by the appointing authority where the member-

- a. is adjudged bankrupt or enters into a composition or scheme of arrangement with his creditors;
- b. is convicted of an offence and sentenced to imprisonment for a term of six months or more without the option of a fine;
- c. is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Authority; or
- d. Becomes, for any reason, incapable or incompetent of properly performing the functions of office.

The Authority's Board of Directors has the appropriate mix of skills, knowledge and experience to perform its role effectively. The areas of expertise of the current Board of Directors are projects management, natural resources management and conservation, public administration and economics among others.

In order to effectively and efficiently carry out its governance roles and responsibilities, the Board has established Committees. Currently, the Board has four standing Committees namely Audit committee, Finance Committee, Conservation and Enforcement committee and Human resource committee. Each committee has formal terms of reference which have been approved by the Board.

Figure I: Governance structure



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Board meetings.

The following is a list of Board meetings held during the year and the attendance of each member.

Table I: List of Full Board meetings and the attendance during the year

FULL BOARD MEETINGS FINANCIAL YEAR 2023/2024			
N O	NAME	DESIGNATION	NO OF MEETINGS ATTENDED
1	Dr.Mussolini Kithome	Chair	4
2	Sammy Mukeku	Chair	5
3	Mumbi Kyalo	Board Member	9
4	Leonard Mutuku	Board Member	1
5	Stella Munini	Board Member	8
6	Nancy Kimutai	Board Member	9
7	Esther Kivindyo	Board Member	2
8	Sera Munguti	Board Member	0
9	Japheth Mutuku	Chief Officer	3
10	Dr.Geoffrey Muthoka	Chief Officer	3
11	Kyee Mbatha	Board Member	9
12	Dr. Jossylyn Mutua	Board Member	7
13	Philip Nzei	Ag. Managing Director	3

Roles and functions of the Board.

The Board is responsible for the governance of the Authority. The Authority's act 2015 stipulates the governance parameters within which the Board exists and operates. A summary of the Board responsibilities are as follows;

1. Determine the organization's mission, vision, purpose and core values.
2. Set and oversee the overall strategy and approve significant policies of the organization.
3. Ensure that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its shareholders and other stakeholders.
4. Ensure that the strategy of the organization is aligned to the long-term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
5. Approve the organizational structure.
6. Approve the annual budget for the organization.
7. Monitor the organization's performance and ensure sustainability.
8. Enhance the corporate image of the organization.
9. Ensure availability of adequate resources for the achievement of the organization's objectives.
10. Hire the MD, on such terms and conditions of service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff.
11. Ensure effective communication with stakeholders.

Board remuneration.

The Board members are paid sitting allowances for each meeting attended as per the existing SRC circulars. The Board Chairman is paid a monthly taxable honorarium of Kshs 20,000.

Conflict of interest

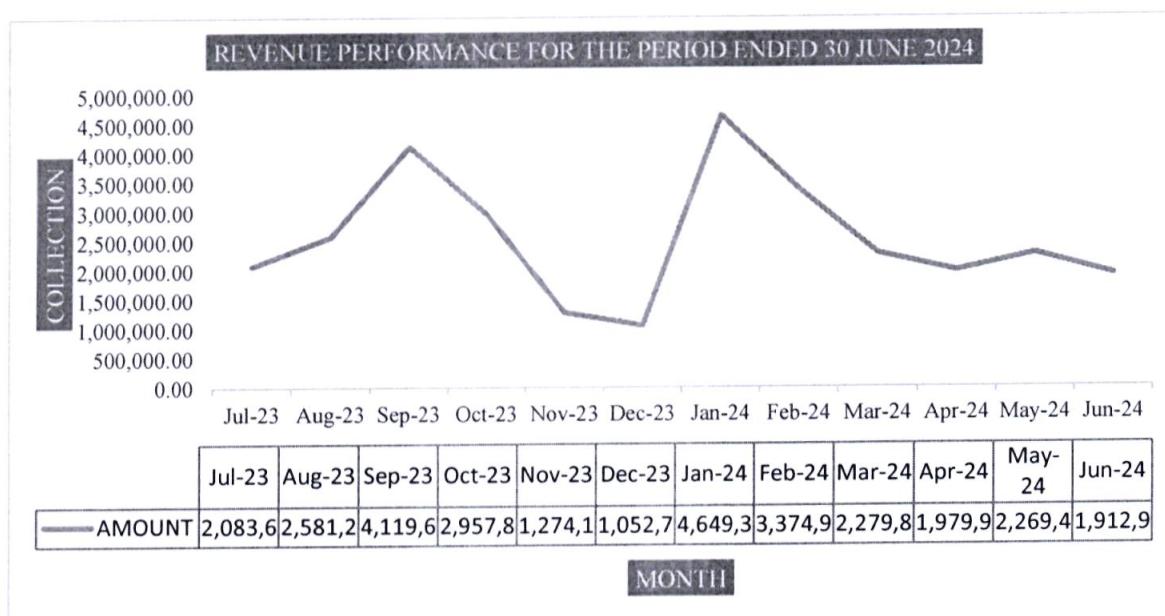
Directors have a statutory duty to avoid situations in which they have interests, which may conflict with the interests of the Authority. Upon presentation of the agenda items for the Committee or Board meetings, members present declare (non) existence of conflict of interests.

8. Management Discussion and Analysis

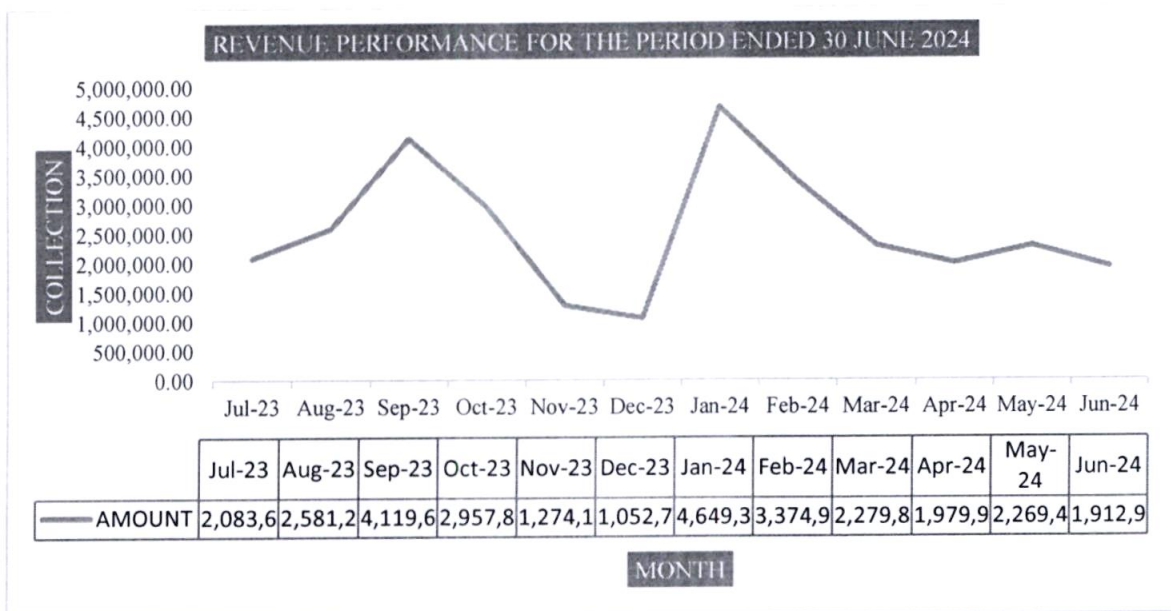
1. Financial Performance

The Authority raised a total of Ksh. 30,535,334 from local sand cess against the Ksh. 27,721,334 for the financial year 2022/2023. This is 9% increase from last year's revenue collection. This performance could have better but County experienced long periods of heavy rainfalls with rivers flowing for longer periods and making the access roads impassable.

Figure II: Analysis of revenue collection from July 2023 to June 2024.



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The revenue performance has been increasing steadily over the years. The increase is attributed to;

1. Dynamic public sensitization by the management over the years.
2. Increased number of revenue clerks and stations over the years.
3. Embracing automation in revenue collection.
4. Setting of annual and monthly revenue targets for each revenue stations.

Coordinated enforcement and compliance inspections.

2. Key Projects implemented during the year

Section 18 of the Sand Act stipulates that the Authority shall ensure that in all designated sand utilization sites, sand dams and gabions are constructed. Section 35 of the Act outlines how proceeds from sale of sand will be shared. Below is a list of projects undertaken by the Authority during the year as part of its conservation programs.

Table II: Key Projects implemented during the year

S/N	F/Y	PROJECT NAME	LOCATION	EXPENDITURE	IMPLEMENTATION STATUS
1	2023/2024	Kwa Kitungu Sand dam	Wote/Nziu ward	10,062,905.80	Phase 1 complete

i. Induction of Sand Management Committees

Clause 12 of the Makueni County Sand Conservation and Utilisation Act, 2015 stipulates that the Authority shall establish Ward Sand Management committee in every ward. The ward sand committees shall be responsible for the proper and sustainable conservation and utilization of all sandrelated activities within the ward. During the year the Authority Inducted 18 Ward Sand Management Committees as shown.

Table III: List of Sand Management Committees inducted during the year

S/NO	COMMITTEE	DATE OF MEETING
1	Tulimani	20 th July,2023
2	Thange	5 th September,2023
3	Kiumbulyu North	13 th September,2023
4	Kisau-Kiteta	20 th September,2023
5	Ilima	26 th September,2023
6	Kasikeu	24 th November, 2023
7	Kilome (Morning) Malili-Sub-county admin's Office	12 th December, 2024
8	Kaiti (Afternoon) Nunguni- Sub-county admin's Office	12 th December, 2024
9	Makueni (Morning) Kathonzweni- Sub-county admin's Office	13 th February, 2024
10	Mbooni (Afternoon) Tawa- Sub-county admin's Office	13 th February, 2024
11	Kibwezi West (Morning) Makindu- Sub-county admin's Office	14 th February, 2024
12	Kibwezi East (Afternoon) Kambu- Sub-county admin's Office	14 th February, 2024
13	Ukia	19 th April,2024
14	Kiimakiu/Kalanzoni	22 nd April,2024
15	Mukaa	23 rd April,2024
16	Makindu	24 th April,2024
17	Tulimani	25 th April,2024
18	Wote/nziu	26 th April,2024

ii. Public sensitization Meetings.

4. The Authority held 24 public sensitization meetings during the year across the County.

Table IV: List of public sensitization barazas held in the year

S/NO	NAME	DATE
1.	Kwa Mwilu	10 th July ,2023
2.	Ngwani	20 th July 2023

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3.	Kathambalani along Isuuni river	23 rd Aug 2023
4.	Kathambalani, follow up	24 th August,2023
5.	Kiangini	19 th Sept,2023
6.	Kisau/ kiteta	19 th Sept 2023
7.	Kalii, kwa Magret/mama makwasi/kwa Annah Nthusi	21 st Sept 2023
8.	Thange Ward	26 th Sept 2023
9.	Kasunguni	3 rd Oct, 2023
10.	Ikaasu	29 th Nov, 2023
11.	Marwa Market ,Kima Kiu Kalanzoni	29 th Nov, 2023
12.	Mbitini, Mutiswa	18 th Dec, 2023
13.	Kiimakiu/Kalanzoni	18 th Dec, 2023
14.	Isuuni –conflict resolution	1 st Dec, 2023
15.	Isuuni-tree planting	8 th Dec, 2023
16.	Isuuni site opening	19 th Dec, 2023
17.	Kilombo earth dam ,Kima Kiu Kalanzoni	8th March, 2024
18.	Thiva River- Ukia Ward	12 th April, 2024
19.	Itongola site- Tulimani Ward	9 th May, 2024
20.	Itoo River-Tulimani Ward	11 th April, 2024
21.	Uvaani Site	11th April, 2024
22.	Kasyelia site	11th April, 2024
23.	Itoo River, Tulimani Ward	4 th April, 2024
24.	Kaiti River- Wote Nziu ward	2 nd April, 2024

3. Entity's compliance with statutory requirements

During the year, the Authority submitted all deduction due to statutory bodies including NHIF, NSSF,KRA and HELB in time.

4. Major Risks facing the entity

Operational risk: The Authority's work is at times hampered by logistical issues such as lack of transport. Efficient and adequate mobility is critical for a Regulatory body like the Authority

Financial risk: The Authority had been relying heavily on budgetary allocation from the County. Budget slashes, many a time, expose the Authority to financial constraints. The

Authority is increasingly collecting revenue from sand and exploring other sources of income such as private sector and development agencies to support its work.

Legal risk: Some gaps have been identified in the Makueni County Sand Conservation and Utilization Act, 2015 that hamper its implementation and expose the Authority to possible legal issues. Amendments have however been proposed and an amendment Bill submitted to the Makueni County Assembly for consideration.

Political risk: Sand issues are highly emotive and easily politicized due to the powerful cartels that used to control the resource before the enactment of the law. Often, issues are politicized and this adversely affects the Authority's progress. The Authority has however enhanced discussions and information sharing sessions with the members of the County Assembly as well as awareness creation for the Makueni Citizenry to enhance understanding of the tenets of the law.

5. The entity's financial improbity and serious governance issues

The Authority had no financial improbity or serious governance issues during the year.

Great milestones have so far been attained in the 8 years of the Authority's existence. Sanity in the sand sector has been restored with regulated harvesting being undertaken. Revenue that was benefitting a few is now collected and shared equitably. The period provided lessons that offer an opportunity for programs enhancement. These include:

- i. **Knowledge Development:** The Authority needs to carry out targeted studies. Key studies include a feasibility study on sand value chain development. This include value addition options such as developing products like blocks, ceramics, cabros etc. This could also offer an opportunity for private sector partnership to develop the sand industry. Additionally, initial linkage creation with potential partners such as National Construction Authority, Financial institutions, and academic institutions such as SEKU will be made.
- i. **Project implementation model:** The Authority will use the community driven model partnership which ensures the community provide unskilled labour and local materials to create ownership as well as the fully funded approach where the Authority pays the local community for local materials and unskilled labour. This model enables construction of more sand dams as costs are shared.
- ii. **More targeted and deliberate collaboration with key departments and other external**

partners will be adopted to ensure efficiency and effectiveness in awareness creation. Partnerships with the civic education department to raise awareness will be instrumental in covering a larger audience. Partnership with the department of gender and youth affairs will also be explored to seek ways of synergizing our efforts. The youth are highly involved in sand activities thus partnering with the gender and youth department would be a win-win situation. All sand dams should have agricultural activities taking place as water is available for domestic and small scale irrigation schemes. This will require close collaboration with the Agriculture department.

- iii. As an opportunity for negotiated approach, existing initiatives that can be built upon will be prioritized. Some Self Help Groups have built sand dams and are already doing some efforts towards conservation but require alignment to the legislations. The Authority and other partners will strengthen existing groups and linking them with the right support for mentorship. This will contribute to addressing other developmental issues with relevance to sand harvesting such as food security.
- iv. Simple cost-benefit analysis to ensure value for money was done through internal controls in procurement. Basic processes of identifying misuse or inefficient use of financial resources, the identification of errors in allocations of expenditure or income are in place. Within the reporting period, the overall operational and financial performance was satisfactory

9. Environmental and Sustainability Reporting

The Authority promotes sustainable sand management through community driven approach for mutual environmental and socio-economic benefits. Sand is, to an extent, a renewable resource, created as rivers erode upstream and deposit sediment farther downstream. The Authority regulates the amount mined, to be “within the natural variability of the sediment load of the system.” In 2015, a Sand Act was passed by the Makueni County assembly which enabled Sand Conservation in all rivers in the County. Since then, sand harvesting is done in quantities that do not exceed the rate of resupply from the upstream hence the rivers have recharges with

water and sand is available for utilization.

i) Sustainability strategy and profile -

Sand mining is the world’s largest mining endeavor, responsible for 85 percent of all mineral extraction. It is also the least regulated, and quite possibly the most corrupt and environmentally destructive. By far, the mining endeavor globally is mainly for the concrete that goes into buildings. But this little-noticed and largely unregulated activity has serious costs, damaging rivers, wreaking havoc on coastal ecosystems, and even wiping away entire islands.

ii) Table VI: Environmental performance versus the applicable laws.

i.	Compliance with Forest Conservation and Management Act of 2016(10%)	According to the forest act 2016, the goal of this policy is to develop a vibrant bamboo industry benefitting the present and future generations through sustainable management, increasing area grown with bamboo and enabling commercialization and value addition	Participated in National tree planting day at Kiu catchment in Makindu ward and distributed 10,000 tree seedlings in support of environmental protection through tree planting.
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Makueni County Sand conservation and Utilization Authority
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<p>ii.</p>	<p>Compliance Makueni Sand Conservation and Utilization Act 2015 and the Regulations (20%)</p>	<p>Section 12- Sand Management committees</p> <p>Section 18- Construction of Sand dams and gabions</p> <p>Section 27- sand utilization sites and conservation sites.</p> <p>Section 35- Revenue sharing</p>	<p>30 new ward sand management committees nominated</p> <p>1 sand dams constructed</p> <p>58 sand harvesting sites designated</p> <p>Communities were assisted with 10,000 tree seedlings for conservation purposes</p>
<p>iii.</p>	<p>Water act 2016</p>	<p>Water act has extensive provisions on conservation and management of water on water basins and catchments areas. Although most sand mining in Kenya occurs in or next to water rivers, the act plays a limited role mining despite the</p>	<p>Majority of designated sites in Makueni county are along the water catchment area.</p> <p>The sand dealers complied with the water act on where the sand should be harvested to avoid pressure to the water especially by not harvesting sand near the drifts and water sources.</p>

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		clear threat to water resources at regulating sand.	
iv	EMCA Act 1999	The Integrated National Land use guidelines, 2011 prepared by NEMA places on Environmental power to control all activities regarding sand harvesting requiring all the users to form voluntary societies and to be licenced in accordance with the EMCA.	Makueni sand Authority ensured those EMCA regulations where being adhered by ensuring all the sand dealers where being issued permits for the sake of environmental and sustainable development. Sand harvesting is also done 100metres from structures like dykes, bridges, sand dams and water sumps.

i) Employee welfare

The Authority is finalizing the development of Human Resource Policies and Procedures that will guide in all human resources management and development issues. The development process has been consultative and a robust stakeholder involvement before finalization is planned for. The Authority has however been relying on the guidelines provided by the national human resource management policies, has a clear job descriptions and competitively recruits for vacant positions. The Authority observes the gender rule and promotes national cohesion by hiring from other ethnicities and religious affiliations.

Improvement of skills and managing careers, appraisal and reward systems

The Authority allocates a budget for training to enhance staff competence and capacity to deliver effectively and efficiently. The Authority has embraced performance management and all staff sign performance contracts every year and they commit to achieve their set out targets. Appraisal is done and the best performing staff are recognized and awarded and sanctions instilled for poor performance.

Policy on safety and compliance with Occupational Safety

A safe work environment is necessary for a productive workforce. The Authority complies with the Occupational Safety and Health Act of 2007(OSHA) through the following efforts:

1. Training of staff on handling fire emergencies;
2. Having First Aid Kits and emphasize on the need for personal responsibility culminating in social responsibility;
3. Having a Fire Assembly Point and are in touch with the County Fire Response team in case of emergency.
4. Implementing COVID – 19 and Ministry of Health protocols in place and emphasize on having personal protective equipment at all times in the workplace.

The Authority continues to invest in its human capital (HC) considering they are a primary asset. We continually improve and uphold organizational culture, traditions that add value to our HC and spur continued productivity.

iii) Market place practices-

a) Enhance Responsible competition practice.

The Sand Authority although not strictly doing business, plays a significant role in the Sand market within Makueni County. To this end the Authority encounters stakeholders in the Sand commodity market and must have in place, as a regulatory body, measures to ensure responsible competition practices. The following measures are applied by the Authority:

1. Internal measures

The Authority is keen on the integrity of its staff which will inadvertently reflect on the integrity of the Authority. To this end the Authority, through its management conducts staff anti-corruption training at least once a year and mandates the management to sign and adhere to the Public servants ethics and integrity code.

2. External Measures

The Authority relates with the public and other stakeholders and has in place stakeholder engagement forums and feedback platforms. The Authority is alive to the fact that unrestricted sand market would have devastating impacts to the environment. To ensure no environment

damage is done or at least minimize the damage, the Authority has Environmental officers sitting in the Ward Sand Committees to designate appropriate sites for utilization and close damaged or overly utilized sites.

The Authority also through its enforcement officers and Revenue clerks ensures that all who access Sand in Makueni pay for license and cess without exception. The Authority is non-political and aims at ensuring a level playing field for all actors and respect for competition amongst all stakeholders.

b) Responsible Supply Chain and Supplier relations

The Authority is keen to observe principles of procurement as outlined by the Public Procurement and Asset Disposal Act, 2015. It does this by:

1. Having a well constituted procurement and asset disposal committees namely opening, evaluation and inspection committees.
2. Preparing procurement plans for each financial year in conformity with medium term fiscal framework and fiscal policy objectives.
3. Promoting good business practices by providing the relevant information relating to tenders and specifications of works. The Authority reserves 30% of the procurable budget to youth, women and people living with disability.
4. The Authority also ensures invoices are paid within a period of one month, and has committed to reduce the pending bills to less than 1% for every financial year subject to availability of funds.

c) Responsible Marketing and Advertisement

The Authority ensures responsible marketing and advertisement through:

1. Ensuring there is equity and fairness in provision of information to suppliers on the required goods, works and services.

Ensuring confidentiality of the information received from suppliers about their businesses and bids submitted in accordance with PPDA of 2015.

2. Ensuring the suppliers are notified of the proceeding resulting from the tender they submitted in accordance with the regulation and act.

3. Ensuring there is transparency in evaluation of suppliers and awarding of tenders based on the evaluation criteria described in solicitation document.
4. Ensuring the organization gets value for their money and at the same time the supplier benefits from the service, good or work rendered to the organization.

d) Product Stewardship

The Authority ensures that consumer rights and interests are safeguarded through:

1. Advising the County Government on applicable licences and rates in relation to sand harvesting which in turn is subjected to public participation.
2. Ensuring that public participation is embraced during opening and closing of designated sand harvesting sites.

iv) Corporate Social Responsibility / Community Engagements

While dispensing our mandate as the lead agency in all matters to sand in the County, the Authority has made efforts to also give back to the community. The Authority does not have a structured way of carrying out CSR activities but simply responds to requests by sections of the community.

In the 2023/2024 FY, the Authority assisted community self-help groups involved in construction of sand dams through providing transport to ferry local materials eg hardcore to the construction site. This helped a lot to speed up the completion of the sand dams and ease the work of the community members who are required to offer their contribution through provision of labour and local materials. The authority again bought and distributed tree seedlings to community groups for conservation purposes

10. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the *Authority's* affairs.

i) Principal activities

The principal activity of the Authority is to regulate and ensure sustainable conservation and utilisation of sand and provide for protection of environment and equitable sharing of the accruing benefits.

ii) Results

The results of the Authority for the year ended June 30, 2024, are set out on page 1-7.

iii) Directors

The members of the Board of Directors who served during the year are shown on page v.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Being a County Corporation, the Authority did not remit any funds to the Consolidated Fund because the funds were reallocated in the subsequent year and there is an act which guides on distribution of the resources.

v) Auditors

The Auditor-General is responsible for the statutory audit of the *Authority* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board:

Signature: 

Name: Dr. Geoffrey Ngovi

Date: 23.09.2024

11. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 10) of the Makueni County Sand Conservation and Utilization Act, 2015 require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.


The Directors are responsible for the preparation and presentation of the Authorities financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2024. 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 Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

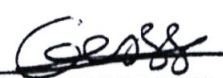
The Directors accept responsibility for the Authorities financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that the Authorities financial statements give a true and fair view of the state of the Authorities transactions during the financial year ended June 30, 2024, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

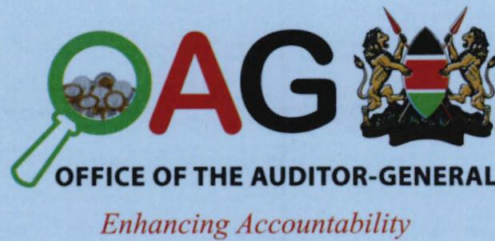
The Authority's financial statements were approved by the Board on 23rd September, 2024 and signed on behalf by:


Signature.....
Name: Sammy Musyoki Mukeni
Chairperson of the Board


Signature:.....
Name: Dr Geoffrey Ngovi
Accounting officer

REPUBLIC OF KENYA

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HEADQUARTERS
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Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MAKUENI COUNTY SAND CONSERVATION AND UTILIZATION AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Makueni County Sand Conservation and Utilization Authority set out on pages 1 to 40 which comprise of the

Report of the Auditor-General on Makueni County Sand Conservation and Utilization Authority for the year ended 30 June, 2024

statement of financial position as at 30 June, 2024 and statement of financial performance, statement of net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Makueni County Sand Conservation and Utilization Authority as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Financing Locally Climate Change Agreement dated 19 May 2022, the Makueni County Sand Conservation and Utilization, Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Cash and Cash Equivalents Balance

The statement of financial position and as disclosed in Note 28 to the financial statements reflect cash and cash equivalents balance of Kshs.262,652. However, review of the cash book revealed that the Bank account had an overdraft of Kshs.212,450 resulting in an overstatement of the bank balance by Kshs.475,102. Although Management indicated that a reconciliation had been done, the reconciliation provided for audit review did not address the issue.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.262,652 could not be confirmed.

2. Unsupported Depreciation and Amortization Amount

The statement of financial performance and as disclosed in Note 19 to the financial statements reflect Kshs.4,143,572 as depreciation and amortization expense. However, Management did not disclose the depreciation policy in the financial statements specifying the method used to depreciate and amortize its assets. Although Management explained that the straight-line method of depreciation was used and the Authority was in the process of developing a depreciation policy, no evidence was provided for audit review.

In the circumstances, the accuracy and completeness of depreciation and amortization expense of Kshs.4,143,572 could not be confirmed.

3. Unsupported Use of Goods and Services

The statement of financial performance and as disclosed in Note 16 to the financial statements reflect use of goods and services amount of Kshs.43,733,216. Included in the amount is Kshs.32,010,930 for other general expenses. However, the ledger provided

for audit review reflected an amount of Kshs.32,860,026 resulting in unexplained variance of Kshs.849,096. In addition, analysis of other general expenses revealed that an amount of Kshs.1,999,260 was paid to a Company in respect of ERP hosting, microsoft business ready enhancement plan and annual maintenance support. However, the cost of the ERP system was not capitalized as an intangible asset. Further, included in other general expenses is Kshs.7,322,700 whose support documents were not provided for audit review.

In the circumstances, the accuracy and completeness of use of goods and services amount of Kshs.43,733,216 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.120,642,065 and Kshs.101,539,532 respectively resulting in an under-funding of Kshs.19,102,533 or approximately 16% of the budget. Similarly, the Authority spent Kshs.71,472,331 against actual receipts of Kshs.101,539,532 resulting to under- utilization of kshs.30,067,201 or approximately 30% of the actual receipts.

The under-funding and under-utilization may affect the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board reporting template.

Other Information

Management is responsible for the other information set out on pages ii to xxxiv which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer/Managing Director, Statement of Performance Against Pre-determined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Report of the Directors and Statement of Director's Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Government of Makueni County Sand Conservation and Utilization Authority financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Board Meetings

The statement of financial performance and as disclosed in Note 18 to the financial statements reflect Board expenses totalling Kshs.3,979,487. However, the Board held Nine (9) full Board meetings which exceeded the six (6) allowed by The National Treasury Circular of March 2020.

In the circumstances, the propriety of the Board expenses of Kshs.3,979,487 could not be confirmed.

2. Construction of Kaiti Sand Dam

The statement of financial performance reflects use of goods and services amounting to Kshs.43,733,216 which as disclosed in Note 16 to the financial statements includes general expenses of Kshs.32,010,930. Included in the amount is Kshs.3,510,000 which

Report of the Auditor-General on Makueni County Sand Conservation and Utilization Authority for the year ended 30 June, 2024

was transferred to the Project Management Committee (PMC) for construction of Kaiti sand dam. Analysis of payment records revealed that a total of Kshs.10,062,906 had been transferred for the construction of the dam. Physical inspection undertaken in November 2024, revealed that the project works were in progress. However, the contract agreement does not specify the start and end date making it difficult to evaluate whether the project was on course or otherwise. In addition, the costs to date for the project could not be confirmed as there was no valuation certificate which had been raised.

Although Management explained that phase one of the project had been completed and it was anticipated that the final completion certificate would be produced after all the phases have been completed, no reason was provided for none issuance of completion certificate for work completed.

In the circumstances, the value of work done and completion percentage achieved could not be confirmed.

3. Lack of a Training Needs Assessment Report

The statement of financial performance and as disclosed in Note 16 to the financial statements reflect Kshs.43,733,216 for use of goods and services. Included in the amount is Kshs.800,610 incurred on staff training and development. However, the expenditure was not supported by Training Needs Assessment Report to justify and validate the training undertaken. This is contrary to Section H.3 (1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that training needs assessment is a performance audit that generates and provides information to assess the inadequacy of knowledge and skills which inhibits an organization from attaining its objectives.

In the circumstances, the training may not have been aligned with the corporation's strategic goals to address critical skills gaps.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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

Responsibilities of Management and the Board of Directors

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

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

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

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

The Board of Directors responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected

to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

Makueni County Sand conservation and Utilization Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.

13. Statement of Financial Performance for the year ended 30th June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from County Government	6	71,003,989	79,963,791
Levies, Fines, and penalties	7	30,535,543	27,721,334
Public Contributions and Donations	8		
Revenue from exchange transactions			
Other income	15		
Total revenue		101,539,532	107,685,125
Expenses			
Use of goods and services	16	43,733,216	51,219,760
Employee costs	17	17,624,626	16,567,879
Board Expenses	18	3,979,487	3,982,497
Depreciation and amortization expense	19	4,143,572	5,154,483
Repairs and maintenance	20	1,991,428	2,605,550
Total expenses		71,472,330	79,530,169
Surplus/(deficit) for the period/year		30,067,202	28,154,955

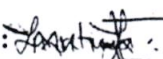
The notes set out on pages 8 to 39 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

Sign: 
Dr. Geoffrey Ngovi

Chief officer/Accounting officer


Date: 23.09.2024

Sign: 
Joseph Mutuku

Head of Finance

ICPAK M/No: 14398

Date: 23.09.2024

Sign: 
Sammy Musyoki Mukeku

Chairman of the Board

Date: 23.09.2024

Makueni County Sand conservation and Utilization Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.

14. Statement of Financial Position as at 30th June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	28	262,652	20,161,457
Receivables from Non-Exchange Transactions	30	25,706,804	11,173,839
Inventories	31		-
Prepayments	34(a)	919,095	-
Total Current Assets		26,888,551	31,335,296
Non-Current Assets			
Property, Plant and Equipment	33	12,833,604	16,081,176
Total Non- Current Assets		12,833,604	16,081,176
Total Assets		39,722,155	47,416,472
Liabilities			
Current Liabilities			
Trade and Other Payables	36	245,100	2,690,975
Refundable Deposits from Customers	37		
Total Current Liabilities		245,100	2,690,975
Net Assets			
Reserves		11,421,768	11,421,768
Accumulated Surplus		28,055,287	33,303,730
Capital Fund			
Total Net Assets		39,477,055	44,725,498
Total Net Assets and Liabilities		39,722,155	47,416,472

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

Sign: 

Dr. Geoffrey Ngovi

Chief officer/Accounting officer

Date: 23.09.2024

Sign: 

Joseph Mutuku

Head of Finance

ICPAK M/No: 14398

Date: 23.09.2024

Sign: 

Sammy Musyoki Mukeku

Chairman of the Board

Date: 23.09.20

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15. Statement of Changes in Net Assets for the year ended 30th June 2024

	Retained Earnings	Capital/Development Grants/Fund	Total
	Kshs	Kshs	Kshs
As at July 1, 2020	(16,126,332)	11,421,768	(4,704,564)
Surplus/ deficit for the year	28,572,266	-	28,572,266
As at June 30, 2021	12,445,934	11,421,768	23,867,702
As at July 1, 2021	3,069,133	11,421,768	23,867,702
Surplus/ deficit for the year	2,079,642		2,079,642
As at June 30, 2022	5,148,775	11,421,768	25,947,344
As at July 1, 2022	5,148,775	11,421,768	16,570,543
Surplus/ deficit for the year	28,154,955		28,154,955
As at June 30, 2023	33,303,730	11,421,768	44,725,498
As at July 1, 2023	33,303,730	11,421,768	44,725,498
Surplus/ deficit for the year	30,067,202	11,421,768	30,067,202
As at June 30, 2024	63,370,932		74,792,700

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16. Statement of Cash Flows for the year ended 30th June 2024

		2023 2024	2022 2023
	NOTES	KSH	KSH
CASHFLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	47	16,312,839	16,958,697
Net cash generated from/(used in) operating activities		16,312,839	16,958,697
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	33	(11,634,230)	(8,962,400)
Net cash generated from/(used in) investing activities		(11,634,230)	(8,962,400)
CASHFLOWS FROM FINANCING ACTIVITIES			
Net cash generated from/(used in) financing Activities			
Increase/(Decrease) In Cash and Cash Equivalents		4,678,609	7,996,297
Cash and Cash Equivalents at Beginning of Year	32	9,107,875	1,111,577
Cash and Cash Equivalents at end of the year	32	262,652	9,107,875

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17. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2024

Description	Original budget	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2023-2024	2023-2024	2023-2024		
Revenue	Kshs	Kshs	Kshs	Kshs	%
Non-Operating Revenue	35,000,000	46,000,000	30,535,543	(15,464,457)	(34)
Other Non-Operating Revenue					
Grants	78,642,965	74,642,065	71,003,989	(3,638,077)	(5)
Total Revenue	113,642,965	120,642,065	101,539,532	(19,102,534)	
EXPENSES					
Staff Costs	21,264,094	21,264,094	17,624,626	3,639,468	17
Board Expenses	4,500,000	4,000,000	3,979,487	20,513	1
General and operations Expenses	35,877,972	36,678,944	34,076,842	2,602,102	7
Maintenance	2,000,000	1,992,799	1,991,428	1,371	0
Depreciation and amortization			4,143,572	(4,143,572)	
Total Recurrent Expenditure	63,642,066	63,935,837	61,815,956	2,119,881	
Surplus/Deficit					
Capital Expenditure	15,000,000	10,228,589	9,656,375	572,214	6
Total Expenditure	78,642,066	74,164,426	71,472,331	2,692,095	

Explanation of budget variances higher/lower than 10%

Non-operating Revenue

The Authority had budgeted own source revenue at Kshs 46M but managed to collect Kshs 30.5M with a deficit of Kshs15.4M. This was due to heavy rains experienced during the reporting period which made sand harvesting risky due to flooding rivers and closure of both local and commercial sand harvesting in Kilome Sub County which has the highest revenue collection index.

Grants

Out of the projected grant of Kshs 74M from the County Government, the Authority only received Kshs 71.05M representing a deficit of Kshs 5%.

Staff Costs

The Authority had budgeted Kshs 21.2M on employee compensation but spent only Kshs 17.6M representing a difference of Kshs 3.6M. The management did not employ key staff as planned for during the year.

Board Expenses

The Authority had budget a compensation of Kshs 4M to the Board members but spent only Kshs 3.98M board expenses.

General and operations expenses.

The Authority had planned to incur Kshs 36.6M on general and operational activities but spent only Kshs 34.07M with a favourable difference of Kshs2.6M. This was attributed due to the delay in disbursement of funds.

18. Notes to the Financial Statements

1. General Information

Makueni County Sand Conservation & Utilisation Authority is established by and derives its authority and accountability from Makueni County Sand Conservation & Utilisation Act 2015. The entity is wholly owned by the Government of Makueni and is domiciled in Kenya. The entity's principal activity is Sand Conservation.

The balance sheet is represented by the statement of financial position and the profit and loss account by the Statement of Financial Performance in these financial statements.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Authority's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Authority*.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Makueni County Conservation and Utilisation Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

Adoption of New and Revised Standards

New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1 st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. Impact The Standard had no impact to the Authority's financial statements

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Standard	Effective date and impact:
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> The nature of such social benefits provided by the Entity. The key features of the operation of those social benefit schemes; and The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p>mpact</p> <p>The Standard had no impact to the Authority's financial statements</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Impact</p> <p>The Standard had no impact to the Authority's financial statements</p>

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Standard	Effective date and impact:
Other improvements to IPSAS	<p>Applicable 1st January 2023 <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA2008). <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. Impact The Authority is yet to adopt the standard.</p>
IPSAS 43	<p>Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. Impact The Authority is yet to adopt the standard.</p>

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Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of</p>

i. Early adoption of standards

The Entity did not early – adopt any new or amended standards in year 2021/2022

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions Rendering of services

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

a) Budget information

The original budget for FY 2023-2024 was approved by the County Assembly on June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

b) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all

or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an *xx*-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

a) Property, plant and equipment

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

b) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

(Continued)

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

e) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- f) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies

(Continued) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an Entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories

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

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

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

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

k) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

m) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

n) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Currently the Authority has no provisions in place.

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

The Authority provides retirement benefits for its employees and directors. Currently the Authority pays the contract staff gratuity at 31% of the annual basic pay.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

s) Related parties

The *Entity* regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the MD and managers*.

t) Service concession arrangements

The *Entity* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

u) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

v) Comparative figures

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

w) Subsequent events

There has been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Notes to the Financial Statements (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

The Authority had no applicable provisions as at the date of reporting

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Notes to the Financial Statements (Continued)

6. Transfers from County Government

Description	2023-2024	2022-2023
	KShs	KShs
Unconditional Grants		
Operational Grant	71,003,989	79,963,791
Total Government Grants And Subsidies	71,003,989	79,963,791

b) Transfers from the County Government

Name Of The Entity Sending The Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2023-2024	Prior year 2022-2023
	KShs	KShs	KShs	KShs	KShs
County Government of Makueni	71,003,989			79,963,791	79,963,791
Total	71,003,989			79,963,791	79,963,791

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7. Levies, Fines and Penalties

Description	2023-2024	2022-2023
	Kshs	Kshs
Building Materials		
Impounding Fees	824,543	965,500
Sand Cess	22,506,000	17,815,834
Licensing	7,205,000	8,940,000
Fines		
Total	30,535,543	27,721,334

The Authority charges taxes to local sand harvesters which are approved through the finance act.

8. Public Contributions and Donations

Description	2023-2024	2022-2023
	Kshs	Kshs
World Wildlife Fund Grant		
Total		

9. Property Taxes Revenue

The Authority did not receive an revenue from property during the year.

10. Licenses, Fees and Permits

The Licenses, Fees and Permits income received are explained in note 7.

11. Rendering of Services

The Authority did not receive revenue from rendering of services during the year.

12. Sale of Goods

The Authority is a regulatory body and does not receive revenue from sale of goods

13. Rental Revenue from Facilities and Equipment

The Authority did not receive revenue from facilities and equipment during the period underaudit.

14. Finance Income

The Authority did not receive revenue from finance income during the year under audit.

15. Other Income

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Description	2023-2024	2022-2023
	Kshs	Kshs
Sale of Tender		
Other misc. incomes		
Total other income		

16. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Water and sewerage charges	41,680	105,276
Telephone, Telex, Facsimile and Mobile Phone Services	496,000	394,140
Internet Connections	258,560	388,080
Advertising, Awareness ,Communication & Publicity Campaigns;	316,600	408,404
Webhosting	53,846	799,410
Domestic travelling and subsistence	3,498,680	3,292,722
Rent expenses	690,898	682,200
Staff training and development	800,610	953,360
Hospitality supplies and services	1,674,547	2,478,933
Bank charges and commissions	262,755	245,100
Office and general supplies and services	1,028,110	1,299,735
Refined fuels, Oils & Lubricants	2,600,000	2,795,620
Direct deposit to county government		1,011,002
Other General Expenses	32,010,930	36,365,777
Total Use of Goods and Services	43,733,216	51,219,760

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17. Employee Costs

	2023-2024	2022-2023
	Kshs.	Kshs.
Basic Pay	10,144,442	8,608,755
House Allowance	1,688,158	1,837,913
Commuter Allowance	1,621,650	1,792,267
Hardship Allowance	2,156,000	2,635,680
NSSF Contribution	528,480	292,320
Housing levy	254,252	
Staff welfare contribution		
Staff Gratuity	747,784	972,668
Transfer Allowance	315,860	173,220
Acting Allowance	-	79,056
Leave allowance	168,000	176,000
Total Staff Cost	17,624,626	16,849,229

18. Board Expenses

Description	2022-2023	2022-2023
	Kshs	Kshs
Chairman/Directors' Honoraria		
Board Meeting Expenses	3,979,487	3,982,497
Total	3,979,487	3,982,497

19. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Motor vehicle Depreciation	2,433,790	3,245,053
Computer and accessories Depreciation	649,309	134,552
Office equipment Depreciation	123,788	525,964
Furniture Depreciation		
Office container,store&ablution block	936,686	1,248,914
Total depreciation and amortization	4,143,572	5,154,483

Notes to the Financial Statements (Continued)
20. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Vehicles	1,991,428	2,107,410
Maintenance of buildings		498,140
Total Repairs and Maintenance	1,991,428	2,605,550

21. Contracted Services

The Authority did not pay for contracted services during the year.

22. Grants and Subsidies

The Authority did not issue grants and subsidies during the year under audit.

23. Finance Costs

The Authority did not incur finance costs during the year under audit.

24. Gain on Sale of Assets

The Authority did not dispose any assets during the year under audit.

25. Unrealized Gain on Fair Value Investments

The Authority did not recognize any unrealized gain on fair value investments during the year under audit.

26. Impairment Loss

The Authority did not recognize impairment loss during the year.

27. Taxation

The Authority did not recognize taxation cost during the year.

28. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account	167,652	14,716,316
Others-MPESA Paybill	95,000	5,445,141
Total Cash And Cash Equivalents	262,652	20,161,457

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Notes to the Financial Statements (Continued)

28 (a) Detailed Analysis of the Cash and Cash Equivalents

		2023-2024	2022-2023
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1174872071	167,627	14,616,874
Kenya Commercial Bank	1173940030	25	99,443
Sub- Total		167,652	14,716,316
b) Others(Specify)			
Mobile Money Accounts	172564	95,000	5,445,141
Sub- Total		95,000	5,445,141
Grand Total		262,652	20,161,457

29 Receivables from Exchange Transactions

The Authority did not recognize receivables from exchange transactions during the year.

30 Receivables from Non-Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Other debtors (non-exchange transactions)	25,706,804	11,173,839
Less: impairment allowance		
Total current receivables	25,706,804	11,173,839

30 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

The Authority did not recognise Impairment Allowance on Receivables from Non-Exchange Transactions during the year.

31 Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable stores		
Total inventories at the lower of cost and net realizable value		

Notes to the Financial Statements (Continued)

32 Investments

The Authority did not recognise any Investments during the year.

33 Property, Plant and Equipment

	Motor vehicles 25%	Office equipment, furniture and fittings 8%	Computers and related equipment 33%	Office container, store and ablution block 25%	Amount Kshs
COST OR VALUATION					
As at 01 July 2020	9,748,000	689,718	1,115,000		11,552,718
Additions		4,000	404,000		408,000
Disposal					
Adjustments					
As at 30 June 2021	9,748,000	693,718	1,519,000		11,960,718
DEPRECIATION					
As at 01 July 2020	6,913,668	155,959	789,568		7,859,195
Eliminated on disposal					
Revaluation/Adjustments					
Charge for the year	708,583	43,021	243,144		994,748
As at 30 June 2021	7,622,251	198,979	1,032,712		8,853,942
NET BOOK VALUE At June 30, 2021	2,125,749	494,738	486,288		3,106,775
As at 01 July 2021	9,748,000	693,718	1,519,000		11,960,718
Additions	6,648,000	14,500	369,000	1,930,900	8,962,400

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Disposal Adjustments					
As at 30 June 2022	16,396,000	708,218	1,888,000	1,930,900	20,923,118
DEPRECIATION					
As at 01 July 2021	7,622,251	198,979	1,032,712		8,853,942
Eliminated on disposal					
Revaluation/Adjustments					
Charge for the year	2,193,437	40,739	285,096		2,519,272
As at 30 June 2022	9,815,688	239,718	1,317,808	-	11,373,215
NET BOOK VALUE At June 30, 2022	6,580,312	468,499	570,192	1,930,900	9,549,903
As at 01 July 2022	16,396,000	708,218	1,888,000	1,930,900	20,923,118
Additions	6,399,900	1,213,400	1,007,700	3,064,756	11,685,756
Disposal Adjustments					
As at 30 June 2023	22,795,900	1,921,618	2,895,700	4,995,656	32,608,874
DEPRECIATION					
As at 01 July 2022	9,815,688	239,718	1,317,808	-	11,373,215
Eliminated on disposal					
Revaluation/Adjustments					
Charge for the year	3,245,053	134,552	525,964	1,248,914	5,154,483
As at 30 June 2023	13,060,741	374,270	1,843,772	1,248,914	16,527,698
NET BOOK VALUE At June 30, 2023	9,735,159	1,547,347	1,051,928	3,746,742	16,081,176
As at 01 July 2023	22,795,900	1,921,618	2,895,700	4,995,656	32,608,874
Additions			896,000		896,000
Disposal Adjustments					

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As at 30 June 2024	22,795,900	1,921,618	3,791,700	4,995,656	33,504,873
DEPRECIATION					
As at 01 July 2023	13,060,741	374,270	1,843,772	1,248,914	16,527,698
Eliminated on disposal					
Revaluation/Adjustments					
Charge for the year	2,433,790	123,788	649,309	936,686	4,143,572
As at 30 June 2023	15,494,531	498,058	2,493,081	2,185,600	20,671,270
NET BOOK VALUE At June 30, 2024	7,301,369	1,423,559	1,298,619	2,810,057	12,833,604

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Notes to the Financial Statements (Continued)

Valuation

The Authority did not value the equipment during the year under reporting.

33 (b) Property, Plant and Equipment at Cost

The assets were reported at historical cost basis.
 Property plant and Equipment includes the following assets that are fully depreciate

33 Intangible Assets

The Authority did not recognize Intangible Assets during the year.

34. (a) Prepayments

	2023-2024	2022-2023
	Kshs	Kshs
Insurance	919,095	-
	919,095	-

35. Investment Property

The Authority did not recognize Investment Property during the year.

36. Trade and Other Payables

Description	2023-2024	2022-2023
	Kshs	Kshs
Trade payables	245,100	1,151,312
Employee payables		426,860
Withholding Tax Liability		47,472
Other payables		1,065,330
Total trade and other payables	245,100	2,690,975

37. Refundable Deposits and Prepayments from Customers

Description	2023-2024	2022-2023
	Kshs	Kshs
Customer deposits		
Prepayments		
Other deposits		
Payments received in advance		
Total deposits		

38. Current Provisions

The Authority did not recognise any Provisions during the year.

39. Finance Lease Obligation

The Authority did not recognise any Finance Lease Obligation during the year.

40. Deferred Income

The Authority did not recognise Deferred Income during the year.

41. Employee Benefit Obligations

The Authority did not recognise Employee Benefit Obligations during the year. The Entity also contributes to the statutory National Social Security Fund (NSSF). This is a define contribution scheme registered under the National Social Security Act. The Entity's obligation under the scheme is limited to specific contributions legislated from time to time

42. Non-Current Provisions

The Authority did not recognise Non-Current provisions during the year.

43. Borrowings

The Authority did not recognise any Borrowings during the year.

44. Service Concession Arrangements

The Authority did not recognize any Service Concession Arrangements during the year.

45. Cash Generated from Operations

	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the year before tax	29,148,106	79,374,716
Adjusted for:		
Depreciation	4,143,572	5,154,483
Working capital adjustments		
(Increase)/decrease in inventories	-	-
(Increase)/decrease in trade and other receivables	(14,532,965)	-
Increase/(decrease) in current trade and other payables	(2,445,875)	-
Increase/(decrease) in current retirement benefit obligations		
Increase/(decrease) in payments received in advance		
Net cash flow from operating activities	16,312,839	84,529,198

46. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

a. Credit risk

The Authority is not exposed to Credit

i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

ii) Market risk

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the manner in which it manages and measures the risk.

Capital Risk Management

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

	2022-2023	2021-2022
	Kshs	Kshs
Retained Earnings	29,148,105.74	5,148,774.61
Capital Reserve	11,421,768.00	11,421,768.00
Total Funds	29,148,105.74	16,570,542.61
Total Borrowings	-	-
Less: Cash And Bank Balances	262,652.43	-9,107,874.52
Net Debt/(Excess Cash And Cash Equivalents)	262,652.43	7,462,668.09
Gearing	0.01	0.45

47. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Authority* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

County Government of Makueni

The County Government of Makueni is the principal shareholder of the *Authority*, holding 100% of the *Entity's* equity interest. The County Government has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- a. Key management.
- b. Board of directors.

48. Segment Information

The Authority operates from the Head Quarters and has no other branches.

49. Contingent Assets and Contingent Liabilities

The Authority did not recognize any Contingent Assets and Contingent Liabilities during the year.

Notes to the Financial Statements (Continued)

50. Capital Commitments

The Authority did not recognize any Capital Commitments during the year.

51. Surplus Remission

The Makueni County Sand Conservation and Utilisation Act 2015 states how funds collected by the Authority will be shared during the year. When the Authority is not able to implement the distribution during the year, the funds are reallocated to the subsequent year budget through supplementary budget.

52. Taxation

The Authority did not recognise taxation expense during the year.

53. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%.

The Authority did not recognise Deferred Tax Liability during the year.

54. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

55. Ultimate and Holding Entity

The Entity is a Semi- Autonomous County Government Agency under Makueni County Government.

56. Currency

The financial statements are presented in Kenya Shillings (Kshs)

19. APPENDICES

Appendix I: Implementation Status of Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>Unconfirmed ownership of Assets:</p> <p>Review of ownership documents indicated that although the assests were registered in the name of the Authority, the vehicles registration number plates were those of the County Government of Makueni</p>	<p>Management has initiated the process of changing the number plates from the County Government of Makueni initials to corporate's number plate. So far, we have changed four number plates.</p>	Partially Resolved	
2.	<p>. Accuracy of Domestic Subsistence Allowances-The statement of financial performance and as disclosed in Note 16 reflects an amount of</p>	<p>The management will liase with the budget directorate to ensure the vote lines are captured correctly during budgeting process.</p>	Resolved	

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	<p>Kshs. 51,219,760 under use of goods and services. This amount further includes Kshs. 2,993,379 relating to domestic subsistence travel allowances. However, review of Standing Imprest revealed that an amount of Kshs. 2,781,820 had been charged to Other General expenses instead of Domestic Subsistence Allowances. This has resulted to understatement of domestic subsistence allowances by Kshs.2,781,820 and overstatement of other General expenses by the same amount</p>			
3.	<p>Accuracy Use of Goods and Services-Staff Training</p> <p>The statement of Financial Performance and as disclosed in Note 16 to the financial statements reflects amount of Kshs. 51,219,760 under use of</p>	<p>During budgeting, the vote line on staff training and development is allocated funds factoring the training fee, the facilitation for the officers, and annual renewal fees for professionals. Therefore, management exercised prudence in voting the expenditure as per the</p>	Resolved	

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	<p>goods and services which includes Staff training and development of Kshs. 953,360. However, the ledger provided in support for Staff training and development reflect an amount of Kshs. 932,160 resulting in unexplained variance of Kshs. 21,200. Further, training expenses included an amount of Kshs. 164,760.00 which had been erroneously classified as training expenditure instead of Subscription Kshs. 21,300 and daily Subsistence allowances Kshs. 143,400 respectively.</p> <p>Further, training expenses totaling Kshs. 476,240 were not supported with back to office reports and certificates</p>	<p>approved budget.</p> <p>The staff training and development payment vouchers totaling to Kshs.476, 240 were resubmitted for perusal with all necessary attachments attached.</p>		
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Appendix II: Projects implemented by the Authority

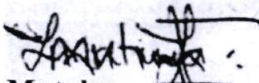
Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

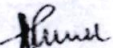
S/NO	F/Y	PROJECT NAME	LOCATION	EXPENDITURE	IMPLEMENTATION STATUS
1	2023/2024	Kwa Kitungu Sand dam	Wote/Nziu ward	10.06M	Phase 1 Complete

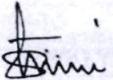
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Appendix III: Transfers from Other Government Entities

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Comprehensive income	Capital Fund	Deferred Income	Other s -> Receivable	
Makueni County Government	25-Sep-23	Recurrent	10,594,492	10,594,492				10,594,492
Makueni County Government	24-Oct-23	Recurrent	1,360,485	1,360,485				1,360,485
Makueni County Government	24-Oct-23	Recurrent	1,847,547	1,847,547				1,847,547
Makueni County Government	31-Oct-23	Development	3,750,000	3,750,000				3,750,000
Makueni County Government	31-Oct-23	Recurrent	1,609,378	1,609,378				1,609,378
Makueni County Government	30-Nov-23	Recurrent	10,594,493	10,594,493				10,594,493
Makueni County Government	27-Dec-23	Development	3,750,000	3,750,000				3,750,000
Makueni County Government	02-Jan-24	Recurrent	1,770,583	1,770,583				1,770,583
Makueni County Government	03-Jan-24	Recurrent	1,825,393	1,825,393				1,825,393
Makueni County Government	01-Feb-24	Recurrent	1,671,279	1,671,279				1,671,279
Makueni County Government	12-Mar-24	Recurrent	1,368,014	1,368,014				1,368,014
Makueni County Government	10-Apr-24	Recurrent	1,309,169	1,309,169				1,309,169
Makueni County Government	08-May-24	Recurrent	1,335,589	1,335,589				1,335,589
Makueni County Government	03-Jun-24	Recurrent	1,255,382	1,255,382				1,255,382
Makueni County Government	04-Jun-24	Recurrent	1,255,382	1,255,382				1,255,382
Makueni County Government	05-Jul-24	Development	228,589	228,589				228,589
Makueni County Government	05-Jul-24	Development	2,500,000	2,500,000				2,500,000
Makueni County Government	17-Jul-24	Recurrent	1,995,408	1,995,408				1,995,408
Makueni County Government	17-Jul-24	Recurrent	10,844,493	10,844,493				10,844,493
Makueni County Government	18-Jul-24	Recurrent	10,138,315	10,138,315				10,138,315
			71,003,989	71,003,989				71,003,989

Sign: 
Joseph Mutuku
 Senior Accountant
 Date 26.07.2027

Sign: 
Urbanus Ndunda
 Ag.Managing Director
 Date 26.07.2027

Sign: 
John Nguni
 Chief officer-Financial services
 Date 26.07.2027