


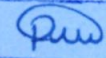
REPUBLIC OF KENYA



Enhancing Accountability



REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 08 APR 2025	DAY: TUES
TABLED BY:	DEPUTY LEADER OF THE MAJORITY PARTY
OF PRESENT AT THE TABLE:	P. MUISA 

THE AUDITOR-GENERAL

ON

SCRAP METAL COUNCIL

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



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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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)**

Scrap Metal Council
Annual Report and Financial Statements
for the year ended June 30, 2024.

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1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A. Acronyms and Glossary of Terms

CEO	Chief Executive Officer
DG	Director General
HoS	Head of Secretariat
ICPAK	Institute of Certified Secretaries
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SMC	Scrap Metal Council

B. Glossary of Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The Scrap Metal Council (SMC) is a State Corporation established under the Scrap Metal Act No. 1 of 2015 on 9th January, 2015 to regulate Scrap Metal dealings in the country.

The Board is composed of ten members excluding ex-officio. The independent members were appointed through a gazette Notice No. 10715 effective 6th October, 2021 while permanent members have different date of appointments. The Chairperson of the Council was appointed vide Kenya Executive Gazette Notice 1416 dated 10th February, 2023.

The Council is supported by the State Department for Industry that has deployed the Secretariat of the Council as provided for in the Act.

(b) Principal Activities

The principal mandate of the Council is to regulate dealings in scrap metal.

The vision

A premier regulator for scrap metal dealing within the region and beyond.

The Mission

To provide a safe and facilitative regulatory environment while looking for best practices and current industry standards for sustainable scrap metal trade and recycling for economic growth.

Core values

The Council seeks to uphold the following core values:

- **Customer focus:** We commit to embrace, meet, delight and exceed our customers' expectations
- **Fairness:** We shall execute our functions and duties, activities and decision-making in ways that are: objective, honest and responsive to our customer needs
- **Excellence:** We shall endeavour to provide eminent services through promotion of creativity, innovation, continuous improvement and adaptation to new ways of doing things.
- **Integrity:** We shall uphold professionalism, honesty and commitment to moral ethical principles
- **Teamwork:** We shall foster close working relationships to achieve our organizational objectives

The Scrap Metal Council (SMC) derives its mandate from Part I (6) of the Scrap Metal Act 2015 which is to:

(a) advice the Cabinet Secretary on:

- (i) The appropriate measures and mechanisms for regulating the scrap metal industry in ensuring economic growth, protection of public health and conformity to the principles of environmental stewardship as required by the Basel Convention;
 - (ii) The appropriate measures and mechanisms for protecting public interest against vandalism, theft of utility infrastructure and private property;
 - (iii) The methods of attracting investors on the utilization of excess scrap materials and supporting existing users of scrap metal;
 - (iv) The applicable license fees to be prescribed under this Act; and
 - (v) Any other matter relevant to the operations of the Scrap Metal Act.
- (b) Receive, vet and process all applications for the grant and renewal of licenses.
 - (c) Receive public complaints and disputes from the public and within the scrap metal industry
 - (d) Submit an annual status report on the scrap metal industry in Kenya to the Cabinet Secretary

The Council is committed to the following strategic objectives:

- (i) To develop regulations, procedures and guidelines within the first year of operations
- (ii) To put in place a robust national and county enforcement framework for compliance with the regulations and associated guidelines.
- (iii) To control illegal trading of scrap metal from public utilities through adoption of self-regulation business member organizations and high penalties/sanctions.
- (iv) To control trading in scrap metal from public infrastructure and utilities institutions
- (v) To establish an investment framework to attract and develop investments for recycling of scrap metal
- (vi) To develop leadership and institutional systems for effective and efficient service delivery
- (vii) To strengthen mobilization of sustainable financial resource stream, applicable accountability mechanism and reporting.

(c) Key Management

The Scrap Metal Council’s day-to-day management is under the Council Secretariat headed by the Head of Secretariat.

No.	Designation	Name
1.	Head of Secretariat	Gideon Oele
2.	Head of Planning	Komora Hiribae
3.	Head of Technical Services	King’uru Wahome
4.	Head of Accounts	Hosea Kidamba
5.	Head of Supply Chain Management	Jane Kinyanjui
6.	Head of Human Resource	Faith Mureithi
7.	Head of ICT	Kemboi Timon
8.	Head of Finance	Joseph Mumo

(d) Fiduciary Management

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

No.	Designation	Name
1.	Head of Secretariat	Gideon Oele
2.	Head of Planning	Komora Hiribae
3.	Head of Technical Services	King’uru Wahome
4.	Head of Accounts	Hosea Kidamba
5.	Head of Supply Chain Management	Jane Kinyanjui
6.	Head of Human Resource	Faith Mureithi
7.	Head of ICT	Kemboi Timon
8.	Head of Finance	Joseph Mumo

(e) Fiduciary Oversight Arrangements

The Council has put in place measures to enforce fiduciary and oversight arrangements to ensure compliance i.e., the Council has 3 key committees:

1. Finance and Human Resource Committee,
2. Audit and Governance Committee, and;
3. Technical Committee.

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These committees provide policy direction and oversight to the Council management. The main objective of the audit and governance is to assist the Board in discharging its duties in relation to operation of adequate systems, control processes and preparation of accurate financial reporting statements in compliance with all applicable legal requirements and accounting standards.

Council's Committees Composition

i. Finance and Human Resource

NO.	NAME	POSITION	No. of Meetings Held
1	Bobby Aaron Johnson	Chairperson	3
2.	Stephen Macharia	Member	1
3.	Stella Mucheke	Member	3
4.	Benard Nzau	Member	1
5.	Lydia Mwenga	Member	3

ii. Audit and Governance

NO.	NAME	POSITION	No. of Meetings Held
1	Shezad Fazal	Chairperson	3
2.	Nancy Ngetich	Member	2
3.	Sarah Duncan	Member	2
4.	Benard Nzau	Member	2

iii. Technical Committee

NO.	NAME	POSITION	No. of Meetings Held
1	Stephen Mutoro	Chairperson	3
2.	Sarah Duncan	Member	2
3.	Lydia Mwenga	Member	3
4.	Stella Mucheke	Member	3
5.	Nancy Ngetich	Member	2

(f) SMC Headquarters

1st Floor, Wing B
Social Health Authority Building
Ragati Road
Nairobi, KENYA

(g) Scrap Metal Council Contacts

P.O. Box 30547 - 00100
Nairobi, KENYA
Telephone: (254) 0114862446
Website: www.scrapmetalCouncil.go.ke
E-mail: info@scrapmetalCouncil.go.ke
X: @ScrapMetalC_ke

(h) Scrap Metal Council Banker

1. Kenya Commercial Bank
Milimani Branch
Bishop Road
NSSF Building

(i) Independent Auditors



Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

3. The Board of Directors/Council

Directors	Details
	<p>Mr. Francis Mugo is the currently the chair of Scrap Metal Council. He is a highly accomplished executive with over 10 years of experience in strategic leadership, regulatory oversight, industry development and fostering collaboration among diverse stakeholders. He is the former Managing Director at Port Properties Limited. He also served as a Part Time Lecturer at the Technical University of Mombasa, a Court Assistant at the Judicial Service Commission and an Administration & Public Relations Officer at Mwaure & Mwaure Waihiga Co. Advocates.</p> <p>He holds a Bachelor’s Degree of Laws-LLB from Mt. Kenya University, Bachelor of Business Administration and Diploma in Procurement and Material Management at the Technical University of Mombasa and Certificate in Financial Application at Kenyatta University.</p>
	<p>Mr. Aaron Johnson Bobby is currently the Chairman and Director at Steelmakers Ltd and Chairman at Metal and Allied Sector in the Kenya Association of Manufacturers.</p>
	<p>Mr. Shezad Jalanvin Fazal is currently the General Manager at the Metal Merchants Ltd and Board Member representing the Metal Cottage Industries. He has vast experience in Strategic Planning, Business Development, Budgets, Business Planning, Business Strategy, Negotiation, New Business Development, Sales Management, Key Account Management and Project Planning. He is the former General Manager at The Smart Brands and consultant at Awal Ltd.</p> <p>He holds a Bachelors of Arts Degree in Business Management from Moi University.</p>

 <p>Stephen Irungu Macharia</p>	<p>Date of Birth: 1/12/1967 Key Qualification: Artisan Work Experience: Scrap Metal Works Independent or Executive Director: Independent Committee: Finance & Human Resource Committee Independent or Alternate: Independent</p>
	<p>Ms. Sarah Wanjiku Duncan is currently the Deputy Director of Operations at the National Police Service. She is a seasoned Security Expert with over 30 years of experience skilled in intelligence collection, mapping and conducting security operations. She is the former County Commander of Siaya and Vihiga Counties. She also served as the Officer Commanding Railways Police Division, Head of Complaints and Quality Assurance Departments in Nairobi Region, Officer In charge Police Station at Muranga and Kirinyaga Counties and Officer in charge of Petty Crime Section & Motor Vehicle Theft in Buruburu.</p> <p>She holds a Bachelor of Arts in Peace and Conflict Studies from St. Pauls University and a Certificate in Mediation from Mediation Training Institute of East Africa.</p>
 <p>Benard Nzau</p>	<p>Date of Birth: 13/12/1968 Key Qualification: Masters-Business Administration and Supplies Management Work Experience: Supply Chain Management Independent or Executive Director: Independent Committee: Finance & Human Resource Committee, Audit & Governance Committee Independent or Alternate: Alternate</p>
	<p>Mr. Stephen Mutoro is currently the Secretary General of Consumers Federation of Kenya (COFEK). He is a board director at Kenya Industrial Research and Development Institute (KIRDI). Over the years, advocacy for consumer rights and equitable public service delivery has been a cornerstone of his mission. He is the former Chairman at Decentralization and Governance Non-State</p>

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	<p>Actors Network (DEGONSA). He also served as the CEO of The Kenya Alliance of Resident Associations.</p> <p>He holds a Masters of Arts -MA, Criminology from University of Nairobi, PGD, Bachelor of Arts in Literature from University of Nairobi and Certification in Conflict Transformation Across Cultures (CONTACT) from Graduate School of International Training.</p>
 <p>Lydiah Mwenga</p>	<p>Date of Birth: 31/12/1977 Key Qualification: Masters-Business Administration Work Experience: Assistant Director of Industries supporting Policy Implementation of Agro-Industries Independent or Executive Director: Independent Committee: Finance & Human Resource Committee and Technical Committee Independent or Alternate: Alternate to PS, SDI</p>
	<p>Ms. Stella Mucheke is currently the Chief Supply Chain Officer at Kenya Power and Lighting Company. She is the former Deputy Chief Supply Chain Officer at Kenya Power and Lighting Company. She also served as an Assistant Stores & Stock Control Officer, Supplies Assistant 1 and Customer Care Representative at Kenya Power and Lighting Company.</p> <p>She holds a Master’s Degree in Business Administration (MBA-Operations Management from the University of Nairobi, Bachelor’s degree in Economics, Mathematics & Sociology from Egerton University and Graduate diploma holder (CIPS-level 6) from Chartered Institute of Purchasing and Supplies.</p>
	<p>Ms. Nancy Ng’etich is currently the Acting Commissioner, Corporate Support Services at Kenya Revenue Authority. She is an advocate of the High Court of Kenya and a member of Law Society of Kenya, the Institute of Certified Public Secretaries and the Kenya Institute of Management. She is the former Deputy Commissioner in Customs and Border Control. She also served as a Senior Manager Customs and Tax Advisory consulting at Ernest & Young LLP, Legal Tax Administrator at International Global Trade and Customs Laws,</p>

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	<p>Kenya Customs Representative in the National Working Group at the African Continental Free Trade Agreement Protocol and Customs Team Lead at the East African Community (EAC) level.</p> <p>She holds a Master’s Degree in Business Administration, Strategic Management from Kenyatta University, Bachelor’s degree in Law from Moi University, postgraduate Diploma in Law from the Kenya School of Law, Senior Leadership training from Commonwealth Administration of Tax Administration (CATA) and Strathmore Business School (SBS).</p>
 <p>Gideon Oele</p>	<p>Date of Birth: 12/12/1964 Key Qualification: Masters in International Business Work Experience: Trade and Industry Committee: Technical Committee, Finance and Human Resource, Audit & Governance Committee Independent or Alternate: Head of Council Secretariat</p>



NOTE:

- i) **Gideon Oele** was the Head of Secretariat until **May 2024** when he was replaced by **David Rono**

4. Key Management Team

SN	Management	Details
1.		David Rono Head of Secretariat responsible for day to day running of the Scrap Metal Council Secretariat Qualification: Bachelor of Science in Engineering
2.		Komora Hiribae Head of Planning responsible for Corporate Strategy Qualification: B.A (Economics)
3.		Wahome King'uru Head of Technical Services Responsible for Core Functions Qualification: BSc- Biology, Diploma in Economics Development.
4.		Hosea Kidamba Head of Accounts. Responsible for Accounts matters Qualification: BCom- Finance
5.		Jane Kinyanjui Head of Supply Chain Management Responsible for Procurement matters Qualification: Diploma in Purchases and Supplies, CIPS
6.		Faith Mureithi Head of Human Resource Management Responsible for Human Resource Management Qualification: Diploma in Human Resource, Certificate in counselling, Entrepreneur and Value Addition

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7.		<p>Kemboi Timon Head of Information, Communication and Technology Responsible for ICT Issues Qualification: B.S. Computer Science</p>
8.		<p>Joseph Mumo Head of Finance Responsible for finance issues Qualification: CPA (K)</p>

NOTE:

- i) **Gideon Oele** was the Head of Secretariat until **May 2024** when he was replaced by **David Rono**
- ii) **Wahome King'uru** was the Head of Technical Services until **November 2023** when he was redeployed back to the State Department. There is yet to be a replacement of a Technical Officer.

5. Chairman's Statement

SMC specific mandate includes advising the Cabinet Secretary on appropriate measures and mechanism for – regulating the scrap metal industry to contribute to the economic growth; protecting public health and environment stewardship; protecting public interest against vandalism, theft of utility infrastructure and private property; attracting investors on the utilization of excess scrap metal materials; and determining fees to be charged on license dealing in scrap metal. The Council is also mandated to look into complaints and disputes from the public and within the scrap metal industry.

The Council has aligned its regulatory mandate to:

- ❑ The Government Bottom-Up Economic Transformation Agenda (BETA). It is a key enabler to the Finance and Production Sector as a supplier of scrap metal/raw material to metal processing industry.
- ❑ Kenya Vision 2030, Sustainable Development Goals (*SDG 12*) and Agenda 2063(*a prosperous Africa, based on inclusive growth and sustainable development*).

The regulation of the industry is necessary since it:

1. Directly supports millions of Kenyans (both in informal and formal sector) across its value chain i.e., from collectors to dealers/exporters and finally millers.
2. Provides scrap metal for the local metal products manufacturers - *It is estimated that Kenya's 33 steel mills consume over three hundred thousand (300,000) metric tonnes of scrap metal annually (#2022 ban on scrap metal trade vs affordable housing etc.).*
3. Promotes environmental protection and saving of natural resources– e.g. steel recycling requires less energy (60%) while reducing carbon emission by 58% - therefore contributes to promotion of green manufacturing and circular economy of reducing, recycling and reusing (3Rs).
4. Earns the country forex through scrap metal exports (8,670.3 million in 2023 - Economic Survey 2024).

During the Period Under Review, the Council:

- i. Licensed **813** scrap metal dealers countrywide.
- ii. Raised A-in-A of **Kshs. 67,120,335**.
- iii. Issued press releases on 23rd October, 2023 and 23rd May, 2024.
- iv. Held Press Briefing on 4th July and 7th August on KBC, 11th July on K24 and 13th July, 2023 on tv 47
- v. Submitted the Proposed amendments to the Scrap Metal Act No. 1 of 2015 to Parliament
- vi. Attained **70% level of Operationalization** (*Risk Management Policy in Place, 3140 square feet at NHIF Building for office accommodation, Development of HR Tools*)
- vii. Suspended the renewal and issuance of export licenses due to the increased cases of vandalism of Critical National Infrastructure
- viii. Noted and agreed with the action taken by Security Agencies charged with the task of protecting Critical National Infrastructure in Embu County to suspend the scrap metal business in the County until further notice
- ix. Renewed its commitment to the Ministry of Interior and Coordination of National Government regarding mapping and vetting of scrap metal dealers in the Country


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- x. Grew **3,400** Trees as part of the Presidential Directive on National Tree Growing Restoration Campaign
- xi. Created public awareness on the existence of the Council and need to comply with the Act and desist from vandalising of both public and private infrastructures and property by conducting Conducted **9** stakeholder consultations

Despite concerted efforts by the Council to efficiently and effectively discharge its mandate, it is encountering following challenges: -

- i. **Inadequacy of the legal framework**
 - ❖ *Scope of Licensing*
 - ❖ *fines/vandalism etc.*
 - ❖ *composition of the Council (Absence of the National Treasury in the Council) and*
 - ❖ *staffing*
- ii. **Inefficient Self-regulation by Industry**-Anticipating that the Government enforcement agencies cannot be everywhere, the Act created regulatory tiers in which the industry is supposed to practice self-regulation especially by issuing certificates to their members as a prior condition for obtaining SMC license. This system does not seem to be having any effect. There is no sign that the associations have any control on their members and that the interest is mainly on collection of fee. Hence members of the association continue perpetuating reported misconducts.
- iii. **Weak multi-agency cooperation and collaboration**-In some cases, attempts to get information from reported misconducts have not been successful hence making it difficult for the Council to apply appropriate remedies.

Name Francis Mugo

Sign: 

Chairperson of the Board/Council

6. Report of the Head of Secretariat

The Scrap Metal Council was formed following the enactment of the Scrap Metal Act, No. 1 of 2015. The primary function of the Council is to advise the Cabinet Secretary. It is responsible for offering advice to the Cabinet Secretary on;

1. The appropriate measure and mechanisms that shall be put in place for regulating the scrap metal industry and ensuring that there is economic growth, protection of public health and conformity to the principles of environmental stewardship as required by the Basel convention;
2. The appropriate measure and mechanisms for protecting public interest against vandalism, theft of utility infrastructure and private property;
3. The most effective methods of attracting investors into the milling/ recycling industry by supporting the existing users;
4. The most appropriate applicable licensing fees to be fees to be prescribed under this Act; and
5. Any other matter relevant to the smooth operation of the Scrap Metal Act, 2015.

The Council performs its functions through a Secretariat provided by the State Department for Industrialization. The secretariat comprises of **13** staff members deployed from the state department whose details are;

1. Head of Secretariat
2. Head of Planning
3. Head of Accounts,
4. Head of Supply Chain Management
5. Head of Human Resource Management
6. Head of ICT
7. Head of Finance
8. 2 Clerical Officers
9. 2 Support Staffs and
10. Driver

During the Period Under Review, the Council:

- i. Licensed **813** scrap metal dealers countrywide. (*252,286, 116 and 159 licenses being issued in Q1, Q2, Q3 And Q4 respectively*)
- ii. Raised A-in-A of **Kshs. 67,120,335.** (*Kshs. 23,100,035.00, 15,250,000.00, 11,750,050.00 and 15,820,250.00 raised in Q1, Q2, Q3 And Q4 respectively*)
- iii. Held consultative forums with scrap metal dealers in Mumias, Vihiga, Bungoma, Nyamira, Makeni, Muranga, Siaya, Kakamega, Nairobi, Kajiado, Embu and Homa Bay Counties.
- iv. Fully automated the licensing process (*Revamped and upgraded to meet the current technological changes, Automated and streamlined inspection report process and vetting procedures and Onboarded to E-citizen and integrated to the digital Payment system (PESAFLOW)*)
- v. First evaluation by Public Service Performance Management Unit for FY 2022/23 with a composite score of 3.5/5 (*Good Score*)
- vi. Processing of onboarding to the KENTRADE single business window system for linking traders with other relevant licensing agencies is ongoing.
- vii. Reactively disclosed (**18**) information about disposing scrap and renewal processes and resolved all (**27**) complaints received from applicants on the digital Payment system (PESAFLOW).

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- viii. Grew **3400** Trees as part of the Presidential Directive on National Tree Growing Restoration Campaign (50,3000, 200 and 150 trees grown in Nakuru, Embu, Narok and Bungoma respectively)
- ix. Procured purchases amounting to **Kshs 13,823,450.00** which was awarded to PWDs, women and youth as guided by the Public Procurement and Assets Disposal Act 2015 and the Public Procurement and Assets Disposal regulations 2020
- x. Procured locally produced goods and services amounting to **Kshs. 14,062,558.76** as guided by the Public Procurement and Assets Disposal Act 2015 and the Public Procurement and Assets Disposal regulations 2020

Despite concerted efforts by the Council to efficiently and effectively discharge its mandate, the following are inhibiting it: -

a) Structural limitation of the Act

The Council is perhaps the only State Corporation barred by the ACT from employing its staff. The Act provides that State Department for Industry shall deploy Secretariat for the Council.

b) Scope of Licensing

The regulatory coverage by Act leaves out several scrap players thus rendering the Act effective.

c) Inefficient Self-regulation by Industry

Anticipating that the Government enforcement agencies cannot be everywhere, the Act created regulatory tiers in which the industry is supposed to practice self-regulation especially by issuing certificates to their members as a prior condition for obtaining SMC license.

d) Weak multi-agency cooperation and collaboration

In some cases, attempts to get information from reported misconducts have not been successful hence making it difficult for the Council to apply appropriate remedies.

e) Insufficient awareness of existence of SMC and its role

There seems to be limited awareness of the Council and its mandate by a large section of Kenyan citizens and even within the MDAs.

Name DAVID K RONO

Sign: 

Head of Secretariat

7. Statement Of Scrap Metal Council’s Performance Against Predetermined Objectives for FY 2023/2024

(i) Scrap Metal Council (SMC) Performance Review

Scrap Metal Council has Five Key Results Areas with seven Strategic Objectives within the current Strategic Plan for the FY 2023-2027. These strategic pillars are as follows:

Key Result Area	Strategic Objective
1. Regulating the scrap metal industry	To develop regulations, procedures and guidelines within the first year of operations To put in place a robust national and county enforcement framework for compliance with the regulations and associated guidelines
2. Protection of critical national infrastructure and private property	To control illegal trading of scrap metal from public utilities through adoption of self-regulation business member organizations and high penalties/sanctions. To control trading in scrap metal from public infrastructure and utilities institutions
3. Investments promotion in Scrap Metal recycling	To establish an investment framework to attract and develop investments for recycling of scrap metal
4. Leadership and integrity (Governance)	To develop leadership and institutional systems for effective and efficient service delivery
5. Financial Stability and Partnerships	To strengthen mobilization of sustainable financial resource stream, applicable accountability mechanism and reporting.

Scrap Metal Council develops its annual work plans based on the above Five Key Results Areas with seven Strategic Objectives. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Council achieved its performance targets set for the FY 2023-24 period, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objectives	Key Performance Indicator	Target	Achievements
Regulating the scrap metal industry	To control and regulate the dealing in scrap metal business	No. of Licences issued	Issue Licenses 500	-Issued Licenses 813
		Level of mapping of scrap metal dealers countrywide	Inspect and vet the mapped dealers for compliance	-30 % dealers mapped countrywide. Multi Agency Team (MAT) has been working to ensure

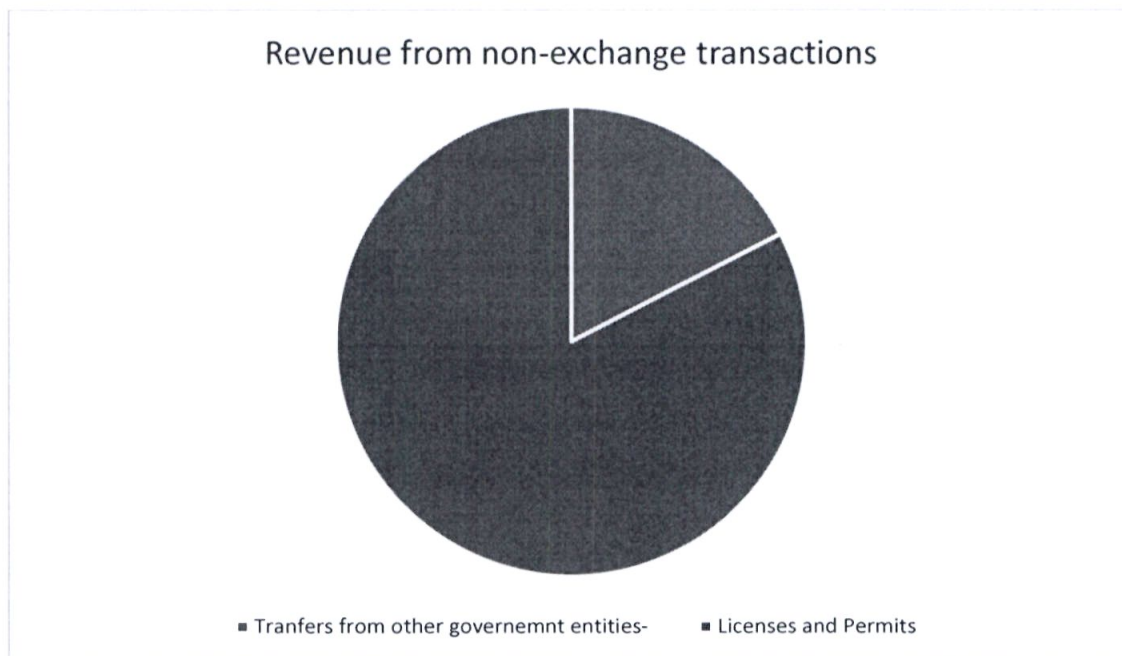
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Strategic Pillar/Theme/Issues	Objectives	Key Performance Indicator	Target	Achievements
				compliance through the Ministry of Interior and Coordination of National Government
		Scrap Metal Act Reviewed	Conduct 10 stakeholder consultations	-Conducted 9 stakeholder consultations
			Prepare final draft Scrap Metal Amendment Bill	- Proposed amendments have been submitted to Parliament
			Submit to the submit to the Cabinet Secretary the final draft Scrap Metal Amendment Bill for onward transmission to Parliament	
		Scrap Metal Act Regulations Developed	Engage Stakeholders on the Draft Rules for operationalization of the Act	Draft Rules to be validated once the Act is finalized
			Review and consolidate stakeholders' input	
			Resubmit rules to Parliament for approval	
	To operationalize the scrap metal council	Level of Operationalization	Development of Operational Manuals	70 % level of operationalization -Completed the development of the draft (1) Organization Structure,

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Strategic Pillar/Theme/Issues	Objectives	Key Performance Indicator	Target	Achievements
				Grading and Staff Establishment, (2) Career Guidelines and (3) Human Resource Policy and Procedure manual in consultation with the Directorate of Public Service Management (DPSM). -Risk Management Policy in place. -Consultancy services sought for preparation of Strategic Plan
			Acquisition and refurbishment of office	- Partitioning of the NHIF Office ongoing
			Equipping of the acquired offices	-Equipping is yet to be done

The Revenue collected throughout the period is plotted as below:

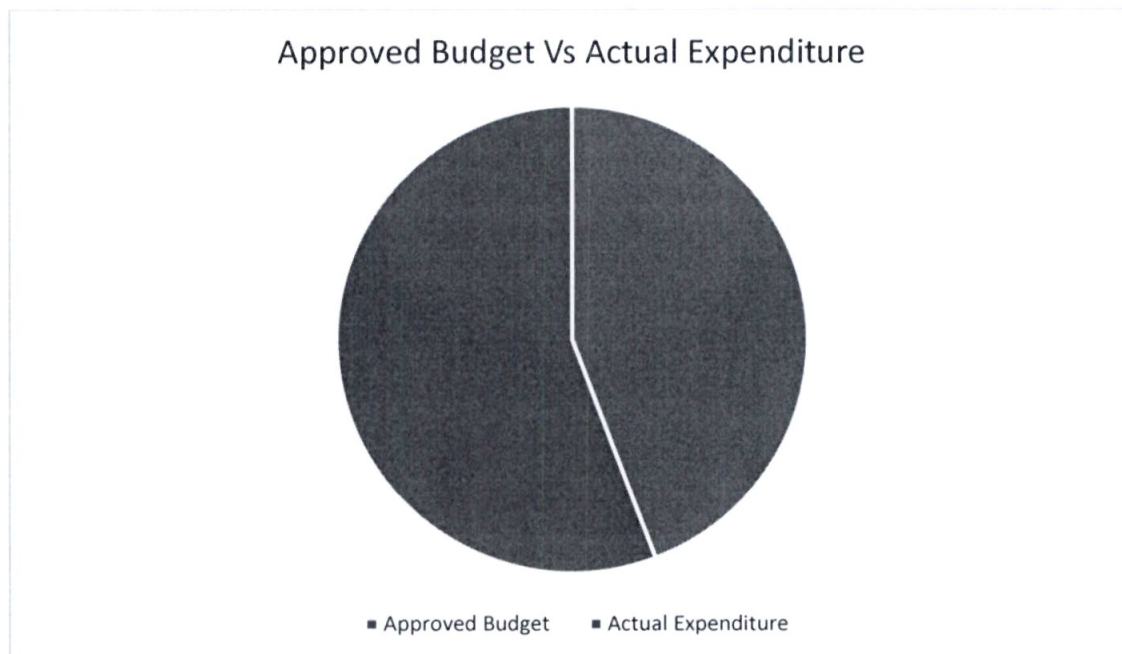


Source: SMC computation

Transfers from SDI were **Kshs. 14,187,500**

Licenses and Permits were **Kshs. 67,120,335**

In terms of Budget Allocated and Actual Expenditure for the Council for the period



Source: SMC computation

Actual expenditure- **Kshs. 89,905,007.60**

Approved budget was initially Kshs 71,250,000.00. The Council received current grant from GoK of Kshs **14,187,500** as a result of disbursement of Kshs. **Kshs. 2,937,500** from the third quarter for the FY 2022/23

8. Corporate Governance Statement

The Scrap Metal Council is responsible for the governance role of the Council. Both the Council and senior management of the Council are committed to the highest levels of corporate governance, which it considers critical in achieving the Council's mandate. Accordingly, the Council therefore fosters a culture that values and rewards the highest ethical standards and personal and corporate integrity.

The Council recognises that for governance to be effective it must be realised through leadership and collaboration with the council members at the top leading by example and complementing the senior management. This enables effective and efficient decision making and discharge of duties

The Head of Secretariat is the Secretary to the Council and works closely with other members of the Secretariat deployed from the State Department for Industry. The oversight role of the secretariat is to provide strategic direction for the council. Specifically, the council is responsible for;

- i. Determining the council's Mission, Vision, Purpose and Core Values
- ii. Reviewing, evaluating and approving on regular basis, long terms plans for the council
- iii. Reviewing, evaluating and approving the council's budget and financial forecasts
- iv. Reviewing, evaluating and approving major resources allocations and capital investments
- v. Ensuring that the procurement process is cost effective and delivers value for money
- vi. Reviewing and approving the operating and financial results of the council
- vii. Ensuring effective, accurate, timely and transparent disclosure of pertinent information on the organisation's operations and performance
- viii. Ensuring that effective processes and controls are in place
- ix. Reviewing, evaluating and approving overall organisation's structure, the
- x. assignment of senior management responsibilities and plans for
- xi. Senior management development and succession
- xii. Reviewing, evaluating and approving the remuneration structure of the organisation
- xiii. Adopting, implementing and monitoring compliance with organisation's Code of Conduct and Ethics
- xiv. Reviewing on quarterly basis the attainment of the targets and objectives set out in agreed performance measurement with the GOK
- xv. Reviewing periodically the organisation's strategic objectives, and policies relating to sustainability and social responsibility/investment
- xvi. Enhancing council's public image and ensure engagement with stakeholders through effective communication
- xvii. Monitoring compliance with the Constitution, and applicable laws, regulations and standards
- xviii. Reviewing, monitoring and ensuring that the organisation is effectively and consistently delivering on its mandate

Council Meetings

The Council schedule of meetings is prepared annually in advance. The Council holds its regular meetings at least once every three (3) months and special meetings may be called

when necessary. During the year under review, the Council held three (3) regular and one (1) special meeting.

Committees of the Council

The Council has the following principal Committees that meet under defined terms of reference set by the Council. This is intended to facilitate efficient decision-making of the Council in discharging its duties and responsibilities.

a) Audit and Governance Committee

The Committee assists the Council in fulfilling its corporate governance responsibilities and in particular to strengthen the effectiveness of the internal audit function; maintaining oversight on internal control systems; provision of general oversight in risk and compliance matters; and ensuring implementation of audit reports and recommendations. The Committee held three (3) regular meetings in the year under review.

The members of this committee are;

1. Shezad Fazal,
2. Sarah Duncan,
3. Benard Nzau,
4. Nancy Ngetich

b) Finance and Human Resource Committee

The Committee reviews and provides recommendations on issues relating to all human resource policies and procedures, Resource mobilisation, work planning and budgeting, procurement oversight, performance contracting and ensuring compliance with legal and statutory requirements. The Committee held three (3) regular meetings in the year under review. The members of this committee are;

1. Bobby Aaron Johnson,
2. Stella Mucheke,
3. Stephen Macharia,
4. Benard Nzau
5. Lydia Mwenga

c) Technical committee

The committee is responsible for overseeing the licensing and inspection activities of the Council. The Committee held three (3) regular meetings in the year under review. The members of this committee are;

1. Stephen Mutoro,
2. Sarah Duncan,
3. Stella Mucheke,
4. Nancy Ngetich,
5. Lydia Mwenga

Performance Contract

The council annually signs a Performance Contract with the Government as well as setting Corporate Performance Strategies with Management and continues to perform an annual self-evaluation exercise to review and audit its role and success or otherwise to meet the challenges envisaged at the beginning of each year.

Training and Development

The Council recognizes the importance of having a well informed and fully empowered Board and Management. In this regard, relevant training and capacity development opportunities are organised to equip Directors and staff with skills and knowledge necessary to effectively perform their responsibilities

Conflict of Interest

Council Members are required to make written disclosures of any transaction in which they have interest and which would constitute a conflict of interest and abstain from voting when such matters are being considered. A register is maintained for this purpose.

Directors Emoluments

Council Members are entitled to a sitting and other allowances (where applicable) for every meeting attended, within the set Government guidelines. The aggregate amount of emoluments paid to the members during the financial year for services rendered are disclosed in the accounts.

Board Induction and Training

After the inauguration of the council, the council was inducted for four days from 28th to 1st October 2020 while a Mwongozo training was organised from 14th to 16th December 2020.

Board and Member Performance

The State Corporations Advisory Committee (SCAC) evaluated the Council on **28th August, 2023**. The evaluation was conducted as a self/peer review with each Board Member completing a form for the Board (BE 1), Chair (BE2), Individual Board Members (BE3), the CEO (BE4), the Corporation Secretary (BE5) and the Internal Auditor (BE6).

The Council was awarded a score of **4.1844** (out of 5.00) representing a percentage of **83.69**. The Board Self Evaluation Report **recommended** as follows:

- a) The need for a policy on Corporate Social Responsibility
- b) The need for a Communication Strategy
- c) The need to build capacity on the Secretariat for timely and accurate minutes
- d) The need for a Training Needs Assessment and
- e) The need for a Board Performance Improvement Plan

9. Management Discussion and Analysis

The Council raised A-in-A of **Kshs. 47,300,00** and **Kshs. 67,120,335** in FY 2022/23 and FY 2023/24

It is estimated that Kenya's 33 steel mills consumed over three hundred thousand (300,000) metric tonnes of scrap metal annually (#2022 ban on scrap metal trade vs affordable housing etc.).

The Sector earned the country forex through scrap metal exports (8,670.3 million in 2023 - Economic Survey 2024).

During the year under review ending 30th June 2024, the Council set out to develop structures for the operationalization of the council-(*Risk Management Policy in Place, 3140 square feet at NHIF Building for office accommodation, Development of HR Tools*)

Due to lack of staff of the Secretariat, the activities of the Council did not pick up well until towards the end of the financial year when additional staff was deployed to the Secretariat from the state Department for Industry.

Due to inadequate staff and funding, the Council is struggling to meet its mandate which heavily relies on mapping out all the scrap metal dealers in the country to facilitate regulation and licensing.

One of the major risks the Council faces is:

- i. Dependency on the State Department for the deployment of staff to the secretariat. Given that the state department itself is understaffed, it becomes a challenge for it to deploy adequate staff to the secretariat to facilitate the implementation of the mandate. The Council however proposes to amend the act so that it provides for recruitment of staff to adequately equip the secretariat with the necessary fulltime skilled manpower to implement its mandate.
- ii. The unresolved gazettelement of Scrap Metal Inspectors as guided by Section 20(1) of the Scrap Metal Act No. 1 of 2015.

10. Environmental And Sustainability Reporting

The mandate of the Council includes: advising the Cabinet Secretary on: the appropriate measures and mechanisms for regulating the scrap metal industry in ensuring economic growth; **protection of public health and conformity to the environmental stewardship as required by the Basel Convention**; measures and mechanisms for protecting public interest against vandalism, theft of utility infrastructure and private property; attracting investors on the utilization of excess scrap materials and supporting existing users of scrap metal; and licensing under the scrap metal Act;

The Council undertook the following activities under the Corporate Social Responsibility for the period ended 30th June, 2024:

i). Sustainability Strategy and Profile

The Council put in place the measures to continue reviewing and re-engineering the process of licensing of scrap metal dealers to reduce the taken from 30 days to 25 days by revamping and upgrading of the licensing portal to reduce the manual processes involved.

Process of onboarding to the KENTRADE single business window system for linking traders with other relevant licensing agencies is ongoing. This streamlined the operation of the Council for efficient and effective service delivery.

The Council put in place various Sub Committees of the Board to perform and oversight the SMC Secretariat in its performance of the day-to-day operations. These included the establishment of the following sub committees: Finance and Human Resource, Audit and Governance and Technical Committee.

In addition, the Secretariat its commitment to the Ministry of Interior and Coordination of National Government regarding mapping and vetting of scrap metal dealers in the Country

ii). Environmental Performance

The Council through its application for licensing by the Scrap Metal dealers, instituted a review process to ensure that they are compliant with: the provision of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; and protecting public interest against vandalism, theft of utility infrastructure and private property.

The Council also through the awareness creation campaign programme, sensitized the scrap metal dealers on matters environment as required in the Environmental Management and Co-ordination Act provisions.

iii). Employee welfare

Officers deployed at the Scrap Metal Council Secretariat have continued to enjoy and receive the same employee welfare benefits as designed by the State Department for Industry. The Accounting Officer developed and implemented employee welfare and wellness programmes in the workplace to improve employee productivity, motivation, team working and working environment for the staff at the Headquarters.

These programmes included:

- i.) Medical camp for the staff for general check-up, HIV testing and counselling, Cancer awareness among others;
- ii.) Training on HIV and Aids matters;
- iii.) Stress Management and Mental wellness
- iv.) Undertook regular distribution of condoms to staff in various offices and
- v.) Facilitated leave management for all the employees including leave commutation, bereavement leave where possible

iv). Market Place Practices

The Scrap Metal Council is spearheading the implementation of public procurement preferences targeting special groups of women, youth and persons with disabilities. The Council in the meantime has been using the State Department for Industry list of registered suppliers/contractors for supply/provision of goods, works & services for the year ended 30th June 2024.

The measures put in place included:

- i.) Council using the Government Advertising Agency to place for its advertisement for delivery of various categories of goods and services;
- ii.) Conducted evaluation of tenders for goods and services in a transparent manner adhering to all laid down procedures;
- iii.) Cleared the pending bills with the available resources provided and within reasonable timelines.

v). Corporate Social Responsibility/Community Engagements

The Scrap Metal Council worked with the private sector associations/ communities in advocating for implementation of the provisions of the Scrap Metal Act 2015 and its regulations. This was through participation of the Council in various activities organized including:

- Participation in the week long Madaraka Day Celebrations events in Bungoma County
- Participation in the National Tree Growing Restoration events in Embu, Narok and Bungoma Counties

11. Report Of the Directors

The Directors submit their report together with the audited financial statements for the twelve months period ended June 30, 2024, which show the state of the entity's affairs.

i) Principal activities

The principal activities of the entity are:

- Licencing
- Protection of private and public property from vandalism
- Protection of public health by control of transboundary movement of hazardous materials
- Promotion of investments in utilisation of scrap metal materials

ii) Results

The results of the entity for the period ended June 30, 2024, are set out on page **xvii-xx**.

iii) Directors

The members of the Council who served during the year are shown on page **viii -x**.

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. Scrap Metal Council did not make any remittance to the Consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of Scrap Metal Council in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Name: DAVID K RONDO

Signature: 

Secretary to the Board

12. Statement Of Directors Responsibilities

Scrap Metal Council
Annual Report and Financial Statements
for the year ended June 30, 2024.

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and the scrap metal act no. 1 of 2015) require the Directors to prepare financial statements in respect of the Scrap Metal Council, which give a true and fair view of the state of affairs of the Council at the end of the financial period and the operating results of the Council for year ending 30th June 2024. The Directors are also required to ensure that the Council keeps proper accounting records which disclose with reasonable accuracy the financial position of the Council. The Directors are also responsible for safeguarding the assets of the Council.

The Directors are responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the Council for and as at the end of the financial period 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 Council; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Scrap Metal Council's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) and the scrap metal act no. 1 of 2015. The Directors are of the opinion that the Council's financial statements give a true and fair view of the state of the Council's transactions during the financial year/ ended June 30, 2024, and of the Council's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Council which have been relied upon in the preparation of the Council'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 Council 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 Scrap Metal Council's financial statements were approved by the Council on **24th July, 2024** and signed on its behalf by:



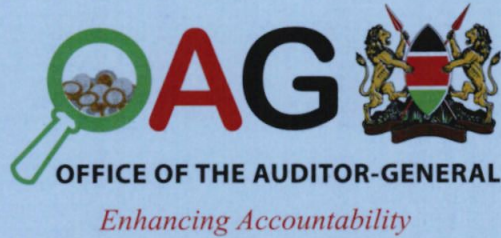
Name
Chairperson of the Board/Council



Name
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON SCRAP METAL COUNCIL (SMC) 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.
- 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.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Scrap Metal Council (SMC) set out on pages 1 to 16 which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for

Report of the Auditor-General on Scrap Metal Council (Smc) for the year ended 30 June, 2024

the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Scrap Metal Council (SMC) 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 Scrap Metal Act (Revised 2022) and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of Scrap Metal Council 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 opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects actual receipts of Kshs.100,927,562 against final budget receipts of Kshs.123,250,000 resulting in an underfunding of Kshs.22,322,438 or 18% of the revenue total budget. Further, the Council spent an amount of Kshs.83,772,602 against actual receipts of Kshs.100,927,562 resulting in an under-utilization of Kshs.17,154,960 or 17% of actual receipts.

The under-funding and under-utilization affected 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. There were no key audit matters to report in the year under review.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters above provide the basis for my audit opinion on the accompanying financial statements.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, an issue was raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. The issue remains unresolved, as the report has not been discussed by the relevant Parliamentary Committee.

Other Information

The Directors and Management are responsible for the other information set out on page iv to xxx which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Head of Secretariat, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, Statement of SMC's Council Performance Against Predetermined Objectives). The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Scrap Metal Council 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. In my opinion, except for the matter described below, I confirm that the other information is not materially inconsistent with the financial statements.

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. Failure to Gazette Scrap Metal Inspectors

During the year under review, the Council did not gazette scrap metal inspectors. This was contrary to Section 29(5) of the Scrap Metal Act (Revised 2022) which requires the appointment of inspectors under the Act shall be by notice in the Gazette for a renewable period of three years.

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

2. Failure to Conduct a Governance Audit

During the year under review, the Board of directors did not subject the Council to an annual governance audit. This was contrary to the guidelines of Mwongozo Code of Conduct clause 1.13 that requires the Board, in consultations with the Oversight Office, ensure that it subjects the organization to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.

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

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of an Independent Secretariat

Review of the Council's operations revealed that all the staff working for the Council are employees of the State Department for Industry deployed to the Council for a period of three (3) years. Thus, the Council does not have Secretariat staff recruited by the Board of Directors or Management. Further, the State department still relies and utilizes the same staff for its operations.

In the circumstances, this may hinder the operations of the Council and may limit its ability to deliver on its mandate.

2. Lack of an Internal Audit Function

During the year under audit, the Council did not have an internal audit function. This was contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 requires every National Government entity shall ensure that it has appropriate arrangements for

conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, the effectiveness of the internal controls, risk management and governance could not be ascertained.

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 the 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 Council'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 Director are responsible for overseeing the Council'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 IFPP 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

27 December, 2024

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

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	14,187,500	8,112,500
Licenses and permits	7	86,740,062	49,220,003
Total revenue		100,927,562	57,332,503
Expenses			
Use of goods and services	8	74,609,129	48,194,047
Board Expenses	9	8,947,513	5,109,496
Depreciation and amortization expense	10	1,193,000	-
Repairs and maintenance	11	215,960	-
Finance costs	12	-	6,147
Total expenses		84,965,602	53,309,690
Surplus for the period/year		15,961,960	4,022,813
Remission to National Treasury		-	-
Net Surplus for the year		15,961,960	4,022,813

The notes set out on pages 6 to 28 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

David K. Rono

Name:
Accounting Officer

Date 17/12/24

Joseph Mumo

Name:
Head of Finance

ICPAK M/No: 20289

Date 17/12/2024

Francis Inego

Name:
Chairman of the Board

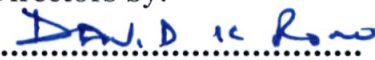


Date 17/12/2024

Scrap Metal Council
Annual Reports and Financial Statements
for the year ended June 30, 2024.

15. Statement of Financial Position as at 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	13	101,362,343	108,212,396
Receivables from Exchange Transactions	14	-	17,344,622
Total Current Assets		101,362,343	125,557,018
Non-Current Assets			
Property, Plant and Equipment	15	20,056,908	-
Total Non- Current Assets		20,056,908	-
Total Assets (A)		121,419,251	125,557,018
Liabilities			
Current Liabilities			
Trade and other payables	16	300,000	20,099,727
Total Current Liabilities		-	20,099,727
Total Liabilities (B)		300,000	20,099,727
Net Assets (A-B)		121,119,251	105,457,291
Represented by:			
Accumulated Surplus/(Deficit)		121,419,251	105,457,291
Net Assets		121,419,251	105,457,291

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

		
.....
Name	Name	Name
Accounting Officer	Head of Finance	Chairman of the Board
	ICPAK Member 20289	
	Number:	
Date 17-12-24	Date 17/12/2024	Date 17/12/2024

Scrap Metal Council
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for the year ended June 30, 2024.

16. Statement of Changes in Net Assets for the year ended 30 June 202

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grant s/ Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2022	-	-	-	101,434,478	-	-	101,434,478
Surplus/ deficit for the year	-	-	-	4,022,813	-	-	4,022,813
As at June 30, 2023	-	-	-	105,457,291	-	-	105,457,291
	-	-	-		-	-	
As at July 1, 2023	-	-	-	105,457,291	-	-	105,457,291
Surplus/ (deficit) for the year	-	-	-	15,961,960	-	-	15,961,960
As at June 30, 2024	-	-	-	121,419,251	-	-	121,419,251

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

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		14,187,500	8,112,500
Licenses and permits		86,740,062	49,220,003
Total receipts		100,927,562	57,332,503
Payments			
Use of goods and services		74,609,129	48,194,047
Board Expenses		8,947,513	5,109,496
Repairs and maintenance		215,960	-
Finance Costs		-	6,147
Total payments		83,772,602	53,309,690
Net cash flows from/(used in) operating activities	17	15,961,960	4,022,813
Cash flows from investing activities			
Purchase of PPE		(9,319,908)	-
Net cash flows from/(used in) investing activities		(9,319,908)	-
Net increase/(decrease) in cash & Cash equivalents		(6,850,053)	6,627,918
Cash and cash equivalents at 1 July	13	108,212,396	101,584,478
Cash and cash equivalents at 30 June	13	101,362,343	108,212,396

Scrap Metal Council
Annual Reports and Financial Statements
for the year ended June 30, 2024.

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c *100
Revenue						
Transfers from Other Governments entities	11,250,000	-	11,250,000	14,187,500	2,937,500	126.11
Licenses and permits	60,000,000	52,000,000	112,000,000	86,740,062	25,259,938	77.45
Total Income	71,250,000	52,000,000	123,250,000	100,927,562	22,322,438	81.89
Expenses						
Use of Goods and Services	63,600,000	49,000,000	112,600,000	74,609,129	37,990,871	66.26
Remuneration of Directors	7,000,000	2,000,000	9,000,000	8,947,513	52,487	99.42
Repairs and Maintenance	650,000	1,000,000	1,650,000	215,960	1,434,040	13.09
Total Expenditure	71,250,000	52,000,000	123,250,000	83,772,602	39,477,398	67.97
Surplus for the period	-	-		17,154,960		

Budget notes

1. The cost of repairs and maintenance reduced drastically due to the purchase of a new motor vehicle.
2. The Council was approved to use reserves during the year that resulted to changes between the original and final budgets.
3. Bank reconciliation as at 30th June 2024 is attached.

19. Notes to the Financial Statements

1. General Information

Scrap Metal Council Entity is established by and derives its authority and accountability from Scrap Metal Council Act of 2015. Scrap Metal Council is wholly owned by the Government of Kenya and is domiciled in Kenya. Scrap Metal Council's principal activity is to regulate dealings in scrap metal, with the vision to be a premier regulator for scrap metal dealing within the region and beyond.

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 Scrap Metal Council'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 Scrap Metal Council. *The* financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. ***New and amended standards and interpretations in issue effective in the year ended 30 June 2024.***

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

Notes to the Financial Statements (Continued)

- ii. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024***

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

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Standard	Effective date and impact:
	they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty</p>

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Standard	Effective date and impact:
	of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

Notes to the Financial Statements (Continued)

iii. Early adoption of standards

Scrap Metal Council did not early – adopt any new or amended standards in the financial year 2023/2024.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

Scrap Metal Council 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 Scrap Metal Council and the fair value of the asset can be measured reliably.

b) Budget information

The original budget for the 2023-2024 was approved by the National Assembly in June, 2023. Subsequent revisions or additional appropriations were made to the

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approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by Scrap Metal Council upon receiving the respective approvals in order to conclude the final budget. Accordingly, Scrap Metal Council recorded additional appropriations of ***Kshs 52,000,000.00*** on the financial year 2023/2024 budget following the National Assembly approval.

Scrap Metal Council'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 economic classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on approved estimates. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) 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 Scrap Metal Council 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.

d) 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, Scrap Metal Council 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.

e) 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.

f) Comparative figures

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

g) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of Scrap Metal Council'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. Scrap Metal Council 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 Scrap Metal Council. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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 Scrap Metal Council.
- 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

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2023-2024	2022-2023
	KShs	KShs
Unconditional Grants		
Operational Grant	14,187,500	8,112,500

(The Council received additional grants as a result of third quarter funding from the previous year)

7. Licenses, Fees and Permits

Description	2023-2024	2022-2023
	Kshs	Kshs
Licenses	67,120,335	49,220,003
Total	67,120,335	49,220,003

(There was an increase in the sensitization programmes conducted countrywide by the secretariat during the year that brought a number scrap metal dealers on board thus resulting in the increased number of licence renewals)

(b) Deferred Revenue

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 (Current FY)	2022-2023
	KShs	KShs	KShs	KShs	KShs
Various-licences	19,619,727	-	-	-	-

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Notes to the Financial Statements (Continued)

8. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Professional Services	2,725,000	-
Advertising	-	146,079
Audit Fees	-	300,000
Conferences and Delegations	4,843,085	1,660,500
Fuel and Oil	1,000,000	982,758
Hospitality and Office Refreshments	234,600	-
Maintenance of Motor Vehicle	-	339,052
Printing and Stationery	3,521,565	-
Hire Charges	-	-
Insurance	389,510	-
Rent expenses	4,541,495	-
Telecommunication	821,000	156,000
Training	407,420	875,276
Purchase of Motor Vehicle	-	11,930,000
Travel, Subsistence & Other Allowances*	56,099,329	31,804,382
Bank charges	26,125	-
Total	74,609,129	48,194,047.00

Notes to the Financial Statements (Continued)

9. Board Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Chairman/Directors' Honoraria	960,000	960,000
Sitting Allowances	3,417,600	1,916,000
Medical Insurance	65,435	-
Induction and Training	120,000	-
Travel and Accommodation	4,384,478	2,233,496
Total	8,947,513	5,109,496

(The Board attended a number of workshops to improve on the governance of the Council including amendment of SMC Act 2015)

10. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Motor vehicles	1,193,000	-

11. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Vehicles	215,960	339,052
Total Repairs and Maintenance	215,960	339,052

(There was a decrease in the cost of maintenance as a result of the new vehicle that was purchased)

12. Finance Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank Charges	-	6147

(This have been moved to use of goods and services this financial year as bank charges are not part of finance costs)

13. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account	101,362,342.90	108,212,396.00
Total Cash And Cash Equivalents	101,362,342.90	108,212,396.00

(The amount should agree with the closing and opening balances as included in the statement of cash flows. List all bank accounts. Provide brief explanation on cash variations compared to the previous year)

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1280294760	104,658,182.90	120,322,966.20
Less Unpresented Cheques		(3,295,840.00)	(12,110,600.00)
Sub- Total		101,362,342.90	108,212,366.20

14. Receivables from Non-Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
CFAO	-	11,930,000
JOJAC INVESTMENTS	-	2,950,200
Outstanding Imprest	-	2,464,422
Total receivables from non- exchange transactions	-	17,344,622

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15. Property, Plant and Equipment

Cost	Motor vehicles	Furniture and fittings	Computers	Total
	Kshs	Kshs	Kshs	Kshs
As At 1 July 2022	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers/Adjustments	-	-	-	-
As at 30th June 2023	-	-	-	-
Additions	11,930,000	3,006,091	6,313,817	21,249,908
Disposals	-	-	-	-
Transfer/Adjustments	-	-	-	-
As at 30th June 2024	11,930,000.00	3,006,091	6,313,817	21,249,908
Depreciation And Impairment				
At 1 July 2023	-	-	-	-
Depreciation	-	-	-	-
Impairment	-	-	-	-
Transfers/Adjustments	-	-	-	-
As At 30th June 2024	11,930,000	3,006,091	6,313,817	21,249,908
Depreciation	(1,193,000)	-	-	(1,193,000)
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/Adjustment	-	-	-	-
As at 30th June 2024	10,737,000	3,006,091	6,313,817	20,056,908
Net Book Values				
As at 30th June 2023	11,930,000.00	-	-	11,930,000
As at 30th June 2024	10,737,000.00	3,006,091	6,313,817	20,056,908

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15 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Motor Vehicles, Including Motorcycles	11,930,000.00	1,193,000.00	10,737,000.00
Computers And Related Equipment	6,313,816.50	-	6,313,816.50
Office Equipment, Furniture, And Fittings	3,006,090.50	-	3,006,090.50
Total	21,249,907.00	1,193,000.00	20,056,907.00

16. Trade and Other Payables

Description	2023-2024	2022-2023
	Kshs	Kshs
OAG	300,000	300,000
PAYE	-	180,000
SUNDRY CREDITORS-License Fees	-	19,619,727
Total trade and other payables	300,000	20,099,727

17. Cash Generated from Operations

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the year before tax	17,154,960	4,022,813
Adjusted for:		
Depreciation	1,193,000	-
Net cash flow from operating activities	15,961,960	4,022,813

Notes to the Financial Statements (Continued)

18. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to Scrap Metal Council 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.

Government of Kenya

The Government of Kenya is the principal shareholder of Scrap Metal Council, holding 100% of Scrap Metal Council's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of Scrap Metal Council, both domestic and external.

Other related parties include:

- i) The State Department for Industry
- ii) Board of directors.

19. Events after the Reporting Period

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

20. Ultimate And Holding Entity

Scrap Metal Council is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Investments Promotions, Trade and Industry. Its ultimate parent is the Government of Kenya.

21. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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20. Appendices

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

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

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)
OAG/SMC/2022/2023/ (11)	Lack of appointment of Inspectors	The Inspectors were appointed pending gazettelement	Resolved	15 th May, 2025

DAVID K Rowo

Director General/C.E.O/M.D (enter title of head of Entity)

Date: 17-12-24

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Appendix II - Inter-Entity Confirmation Letter

Name of Transferring entity: STATE DEPARTMENT FOR INDUSTRY

Name of Beneficiary entity: SCRAP METAL COUNCIL

Confirmation of amounts received by [SCRAP METAL COUNCIL] as at 30th June 2023 2024

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	12 TH JULY, 2023	979,167.00	-	979,167.00	3 RD QUARTER ALLOCATION (FY 2022/2023)
	12 TH JULY, 2023	979,167.00	-	979,167.00	"
	12 TH JULY, 2023	979,166.00	-	979,166.00	"
	14 TH AUGUST, 2023	937,500.00	-	937,500.00	1 ST QUARTER ALLOCATION
	30 TH AUGUST, 2023	937,500.00	-	937,500.00	"
	30 TH AUGUST, 2023	937,500.00	-	937,500.00	"
	30 TH NOVEMBER, 2023	937,500.00	-	937,500.00	2 ND QUARTER ALLOCATION
	7 TH DECEMBER, 2023	937,500.00	-	937,500.00	"
	3 RD JANUARY, 2024	937,500.00	-	937,500.00	"
	8 TH FEBRUARY, 2024	2,812,500.00	-	2,812,500.00	3 RD QUARTER ALLOCATION
	15 TH JUNE, 2024	2,812,500.00	-	2,812,500.00	4 TH QUARTER ALLOCATION
Total		14,187,500.00	-	14,187,500.00	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Hasea Kidamba Sign [Signature] Date 17/10/24