

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

DATE: 26 APR 2023

DAY:

TABLED  
BY:

Hon. Naomi Waga, M.P.

CLERK-AT  
THE-TABLE:

Deputy majority whip

Christine Ndlovu

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL COMMUNICATIONS SECRETARIAT**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

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

02 FEB 2023

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**NATIONAL COMMUNICATION SECRETARIAT**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2022**

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## TABLE OF CONTENT

1.	Key Entity Information and Management.....	ii
2.	Management Team .....	v
3.	Report of the Chief Executive Officer .....	xi
4.	Statement of NCS Performance against Predetermined Objectives for FY 2021/22 .....	xiv
5.	Corporate Governance Statement.....	xvii
6.	Management Discussion and Analysis .....	xviii
7.	Environmental and Sustainability Reporting .....	xx
8.	Report of the Management Team .....	xxix
9.	Statement of Accounting Officer Responsibilities.....	xxxi
10.	Report of the Independent Auditor for the National Communication Secretariat .....	xxxiii
11.	Statement of Financial Performance for the year ended 30 June 2022 .....	1
12.	Statement of Financial Position as at 30 June 2022.....	2
13.	Statement of Changes in Net Assets for the year ended 30 June 2022.....	3
14.	Statement of Cash Flows for the year ended 30 June 2022 .....	4
15.	Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022 .	5
16.	Notes to the Financial Statements.....	7

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**1. Key Entity Information and Management**

**(a) Background Information**

The National Communication Secretariat (NCS) was established vide the Kenya Information and Communications Act, 1998, Section 84, on 1<sup>st</sup> October 1998. It was officially formed through Legal Notice 22 of February 1999. NCS is domiciled in Kenya and has no branches.

**(b) Principal Activities**

The principal mandate of the Secretariat is defined in the Kenya Information and Communications Act, 1998, Section 84(2) as to advise the Government on the adoption of a communication policy which:

1. promotes the benefits of technological development to all users of postal and telecommunication facilities;
2. fosters national security, economic prosperity and the delivery of critical social services through posts and telecommunications;
3. facilitates and contributes to the full development of competition and efficiency in the provision of services both within and outside Kenya; and
4. fosters full and efficient use of telecommunication resources including effective use of radio spectrum by the Government in a manner which encourages the most beneficial use thereof in the public interest.

**(c) Key Management**

The Secretariat's day-to-day management is under the following key organs:

- The Communications Secretary (CEO); and
- The Management Committee

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>DESIGNATION</b>	<b>NAME</b>
1.	Communications Secretary (CEO)	Eng. Daniel O. Obam, MBS, HSC
2.	Communications Technology Expert	Eng. Vincent O. Adul, HSC
3.	Communications Legal Expert	Mr. Victor B. Nzomo, HSC
4.	Communications Economic Expert	Dr. Jane W. Munga
5.	Communications Radio Technology Expert	Eng. Andrew K. Okongo
6.	Human Resource & Administration Officer	CHRP Sally C. Mbaya
7.	Internal Auditor	CPA Tabitha W. Mwangi
8.	Accountant	CPA Nelly A. Nandwa

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

9.	Head of Supply Chain Management	Ms. Emmah W. Gitere
10.	ICT Officer	Mr. Kevin O. Nyapere

**(e) Fiduciary Oversight Arrangements**

The Ministry of Information Communication and the Digital Economy performs the oversight mandate over the functioning of the National Communication Secretariat.

The Secretariat does not have a Board of Directors, therefore there are no committees of the board with fiduciary oversight arrangements.

**NCS Headquarters**

9<sup>th</sup> Floor Transcom House  
Community –Ngong Road  
P. O. Box 10756 – 00100  
Nairobi, KENYA

**NCS Contacts**

Telephone: (254) 20 2719953  
Email: [info@ncs.go.ke](mailto:info@ncs.go.ke)  
Website: [www.ncs.go.ke](http://www.ncs.go.ke)

**NCS Bankers**

Kenya Commercial Bank Ltd  
Capital Hill Branch – 4025  
P.O. Box 69695 - 00400  
Nairobi, KENYA

**(f) Independent Auditors**

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



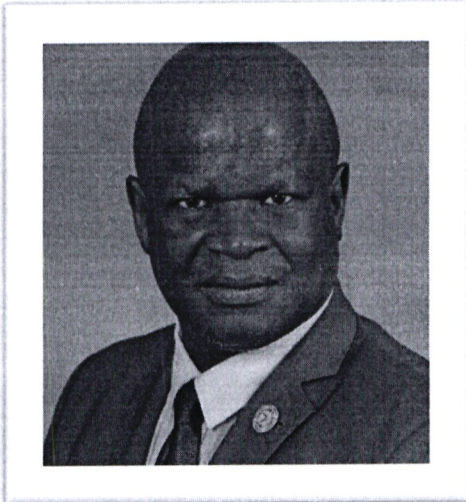
**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**(g) Principal Legal Adviser**

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

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**2. Management Team**



**Eng. Daniel Onyango Obam, MBS, HSC  
Communications Secretary/CEO  
Year of Birth: 1960**

Eng. Daniel Obam is the Communications Secretary/CEO of the National Communication Secretariat. He holds an MSc in Engineering Management from the University of Southern California, USA; a BSc (Hons-Telecoms) from the University of Nairobi and various diplomas and certificates.

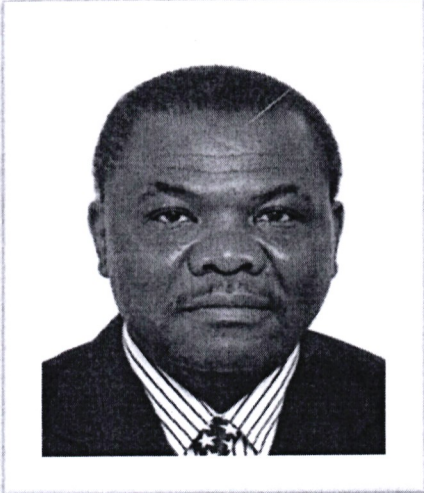
He has been responsible for leading NCS staff and other stakeholders in the development of various policies, strategies and other regulatory policy documents that have informed the development of the ICT sector. Among these are: the Roadmap for the Migration from Analogue to Digital TV, National ICT Policy 2006, National ICT Policy 2020, National Broadband Strategy, Kenya Digital Economy Blueprint for Africa, the National Digital Economy Strategy, the National Addressing Policy and Bill, the Film Policy and Bill, and the National Cybersecurity Strategy for Kenya.

He participates and chairs performance contracting negotiations between Ministry of Information Communication and the Digital Economy and some of its agencies.

He is an expert in ICT policy, strategy, regulatory and operations, spectrum management as well as mobile broadband, having gained this expertise in over 30 years of relevant training and participation in international, regional, and national fora.

He is involved in various activities at the International Telecommunication Union (ITU) including leading the African Group, the Delegation of Kenya and being part of the

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

	<p>Steering Committee of major treaty making meetings of ITU.</p> <p>At the national level, he has been Vice-Chairman of National Preparatory Committee for the Radiocommunication Assemblies and World Radiocommunication Conferences.</p> <p>He is the Chairman of the International Telecommunication Union (ITU) Radiocommunication Advisory Group (RAG) having been elected to the position by Member States in 2015.</p> <p>In 2015, he was awarded the Head of State Commendation (HSC) by The President of the Republic of Kenya in recognition of distinguished and outstanding services rendered to the Nation in the ICT sector.</p>
<div style="text-align: center;">  </div> <p><b>Eng. Vincent Otieno Adul, HSC Communications Technology Expert Year of Birth: 1960</b></p>	<p>Eng. Vincent Adul is the Communications Technology Expert at National Communication Secretariat.</p> <p>He holds a BSc in Electrical Engineering, MSc in Information Systems and MSc in Electrical Engineering from the University of Nairobi.</p> <p>He is a Registered Engineer with the Engineers Board of Kenya, (EBK), Corporate Member of the Institute of Engineers of Kenya (IEK), Member of the Institute of Engineering Technology of the UK and a Member of IEEE (USA).</p>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**



**Mr. Victor Buziba Nzomo, HSC  
Communications Legal Expert  
Year of Birth: 1984**

Mr. Victor Nzomo is the Communications Legal Expert at National Communication Secretariat.

He holds a Bachelor of Laws (LL.B) from University of South Africa and Master of Laws (LL.M) from University of Nairobi.

He is a Member of the Law Society of Kenya (LSK).





**Dr. Jane Wanjiru Munga, HSC  
Communications Economic Expert  
Year of Birth: 1975**

Dr. Jane Munga is the Communications Economic Expert at National Communication Secretariat.

She holds a PhD in Political Science and Government, and a Masters in Economics, both from the University of Alabama, USA.



**Annual Report and Financial Statements  
For the year ended June 30, 2022**

<div style="text-align: center;">  </div> <p><b>Eng. Andrew Kemosi Okongo</b> <b>Communications Radio Technology Expert</b> <b>Year of Birth: 1965</b></p>	<p>Eng. Andrew Kemosi Okongo is the Communications Radio Technology Expert at National Communication Secretariat.</p> <p>He holds a BSc in Electrical Engineering, from the University of Nairobi.</p> <p>He is a Registered Engineer with the Engineers Board of Kenya (EBK), Corporate Member of the Institute of Engineers of Kenya (IEK).</p>
<div style="text-align: center;">  </div> <p><b>CHRP Sally Chenyisa Mbaya</b> <b>Human Resource &amp; Administration Officer</b> <b>Year of Birth: 1977</b></p>	<p>CHRP Sally Chenyisa Malova (MIHRM) is the Human Resource and Administration Officer at the National Communication Secretariat.</p> <p>She holds an MSc in Entrepreneurship from Jomo Kenyatta University of Agriculture and Technology; a BA in Communications from Daystar University; and is a Certified Human Resource Professional (CHRP-K).</p> <p>She is a Member of the Institute of Human Resource Management (IHRM).</p>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

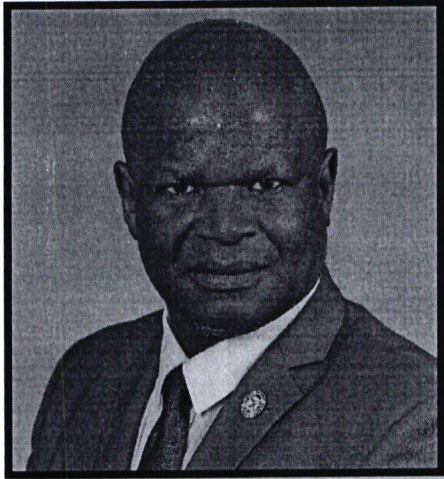
<div data-bbox="220 347 651 772" data-label="Image"> </div> <div data-bbox="220 806 651 929" data-label="Caption"> <p><b>CPA Tabitha Waringa Mwangi</b> <b>Internal Auditor</b> <b>Year of Birth: 1983</b></p> </div>	<div data-bbox="810 324 1396 448" data-label="Text"> <p>CPA Mwangi, Tabitha Waringa is the Internal Auditor at the National Communication Secretariat.</p> </div> <div data-bbox="821 492 1396 817" data-label="Text"> <p>She has a double master's in Business Administration, Strategic Management and Finance from United States International University, Bachelor of Business Administration in finance from the Kenya Methodist University, Certified Public Accountant (CPA-K), Certified Information Systems Auditor (CISA).</p> </div> <div data-bbox="821 862 1396 1064" data-label="Text"> <p>Tabitha is a member of Information Systems and Control Association (ISACA); Institute of Certified Public Accountants of Kenya (ICPAK), and Institute of Internal Auditors (IIA).</p> </div>
<div data-bbox="220 1120 619 1590" data-label="Image"> </div> <div data-bbox="199 1635 574 1758" data-label="Caption"> <p><b>CPA Nelly Awinja Nandwa</b> <b>Accountant</b> <b>Year of Birth: 1982</b></p> </div>	<div data-bbox="810 1108 1396 1187" data-label="Text"> <p>CPA Nelly Nandwa is the Accountant at the National Communication Secretariat.</p> </div> <div data-bbox="810 1232 1396 1388" data-label="Text"> <p>She is a certified public accountant (CPA-K). She holds a MSc. Degree in Commerce and BSc. in Commerce from obtained from Kenya College of Accountancy (KCA) University.</p> </div> <div data-bbox="810 1433 1396 1512" data-label="Text"> <p>She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p> </div>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

 <p><b>Ms. Emmah Wairimu Gitere</b> <b>Head of Supply Chain Management</b> <b>Year of Birth: 1987</b></p>	<p>Ms Emmah W. Gitere is the Head of Supply Chain Management at the National Communication Secretariat.</p> <p>She holds an MSc in Procurement &amp; Logistics from Jomo Kenyatta University of Agriculture and Technology; a Bachelor's degree in Procurement &amp; Supply Chain Management from Busoga University, Uganda.</p> <p>She is a Registered &amp; Licensed member of Kenya Institute of Supplies Management (KISM).</p>
 <p><b>Mr. Kevin Owino Nyapere</b> <b>ICT Officer</b> <b>Year of Birth: 1988</b></p>	<p>Mr. Kevin Nyapere is the ICT Officer at National Communication Secretariat.</p> <p>He holds a BSc in Information Technology from KCA University.</p>

## Annual Report and Financial Statements For the year ended June 30, 2022

### 3. Report of the Chief Executive Officer



During the year under review, the National Communication Secretariat endeavoured to provide efficient, quality and timely ICT policy advisory services that seeks to promote the benefits of technological development to the people of Kenya and encourage rapid adoption of ICT in our daily activities.

To benefit from new digital technologies, the Government has continued to develop and update its policy and regulatory framework for the sector. All these have been geared towards creating an enabling environment where all Kenyans can benefit from ICTs.

In view of the forgoing, the National Communication Secretariat participated in the development of various policy and regulatory frameworks:

- Chairing Taskforce on Development of the National Film Policy, and Bill 2020. This Task force was appointed by the Cabinet Secretary for the Ministry of Information, Communication and the Digital Economy. The National Film Policy seeks to establish legal, regulatory and institutional frameworks that will promote a vibrant film industry that will spark; social, economic and national development. The Draft Policy and Bill were submitted to the Ministry for review and adoption.
- To deliver on its mandate to advise on ICT Policy that foster full and efficient use of telecommunication resources including effective use of the radio spectrum, the Secretariat successfully steered the development of the National Radiofrequency Spectrum Policy Guidelines which were approved by the Cabinet. The guidelines provide the framework for the efficient management of the scarce spectrum resources. This will encourage the development of new and innovative services and supports the digital transformation of our economy.
- NCS was a key member of the taskforce that developed regulations under the Data Protection Act (2019). These included the Data Protection (General) Regulations, 2021; Data Protection (Compliance and Enforcement) Regulations, 2021 and the Data Protection (Registration of Data Controllers and Data Processors) Regulations, 2021.
- To enhance its technical expertise and to keep up with policy global best practices in ICT, NCS represented Kenya's interests in the International ICT Policy meetings in the year under review. The Secretariat represented the Ministry and participated in regional and international meetings held under the auspices of the International Telecommunication Union (ITU), Universal Postal Union (UPU), the African Telecommunications Union (ATU), the United Nations Conference on Trade and Development (UNCTAD); and Common Market for Eastern and Southern Africa (COMESA) and the East African

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Communications Organisation (EACO); among others. NCS continued to chair the Radiocommunication Advisory Group of the ITU and the NCS is currently acting chair of the National Preparatory Committee for the World Radio Conference-2023 (WRC-23) and continued to attend the preparatory meetings. NCS is also chairing sub-Committees of the National Preparatory Committee and is member of other sub-committees.

- NCS as the National Focal Point for the Policy and Regulation initiative for Digital Africa (PRIDA) continued to represent the Ministry in PRIDA meetings. PRIDA, an initiative within the African Union aims to foster universally accessible and affordable broadband across the continent.
- To save resources in National Media Monitoring, NCS steered the development of Common Specifications for a user-based needs National Media Monitoring Solution to meet the varied needs of the various state agencies with shared oversight responsibility of the local media sector especially during the national electioneering period.
- This resulted in a signed Standard Operating Procedure (SOP) for shared use of a National Broadcast Media Monitoring Centre between the Communications Authority of Kenya (CA), Kenya Film Classification Board (KFCB) and Media Council of Kenya (MCK).
- NCS continued to chair the taskforce appointed to revise the Kenya Information and Communications Act of 1998 (KICA) and four (4) regulations under it, namely Broadcasting, Infrastructure Sharing, Interconnection and Subscriber Registration Regulations.

In the year under review, NCS commenced the review of its Strategic Plan for the period 2021 to 2025 to align it with the one from the Ministry of Information Communication and the Digital Economy. The Strategic plan provides a clear roadmap to guide execution of its mandate and meet the expectations of various stakeholders.

The Secretariat is committed to offering strategic and forward looking advisory for the development and transformation of the ICT sector that ensures the digital transformation of the Kenyan economy takes place for social economic benefits of its citizens. NCS will need to diversify its financial sources while continuing to adhere to public finance management practices. Therefore, there is need to enhance the statutory provisions governing the NCS's institutional framework to strengthen its capacity to deliver on its core mandate. This will require the review of the Kenyan Information and Communications Act.

NCS has committed to deliver on the policy commitments for the Cabinet Secretary in the Ministry of Information Communication and the Digital Economy. These include development of an E-Commerce strategy, finalization of the National Addressing System, (NASK) Bill and Policy 2021, Film Policy and Bill, 2021, development of Public Relations & Communications Management Policy and Bill, 2021 and participation in the review of Kenya Information and Communications Act.



**Annual Report and Financial Statements  
For the year ended June 30, 2022**

To strengthen internal controls and improve on administrative processes, NCS filled key vacant positions in Communications Radio Technology and Head of Supply Chain Management. To further enhance internal controls, NCS has finalised the development of the Internal Audit Charter and Manual and is currently in the process of developing the Supply Chain Management Policy and Procedures Manual. The Secretariat was able to complete the review of the Human Resource Instruments and the same were submitted to the State Department for Public Service, for review and subsequent approvals.

Despite various challenges orchestrated by an underfunded budget, all these achievements were made possible due to the dedicated team of staff at the Secretariat. I take this opportunity to appreciate their efforts and commitment.

**Eng. Daniel O. Obam, MBS, HSC  
Communications Secretary**

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**4. Statement of NCS Performance against Predetermined Objectives for FY 2021/22**

NCS achieved its performance targets set for the FY 2021/2022 period that were based on the predetermined objectives.

NCS Strategy Model includes its Vision, Mission, Core Values, Key Result Areas (Pillars), and Strategic Objectives and Strategies. The two Pillars are Policy Advisory Services and Institutional Capacity achieved through the following strategic objectives: -

1. To promote and institutionalize Research and Innovation in NCS
2. To facilitate Implementation of international best practices in ICT policy development/review
3. To facilitate various National initiatives towards fostering an enabling environment for digitization of the Kenyan Economy
4. To attract and retain competent human capital
5. To enhance Financial Management
6. To promote efficient supply chain management practices
7. To entrench Corporate Governance
8. To integrate IT in NCS operations

NCS developed Annual Work Plans based on the above pillars and objectives. Assessment of the Management's performance against its Annual Work Plan was done on a quarterly basis and achievement was as indicated in the diagram below:-

Strategic Pillar / Key Result Area (KRA)	Objectives	Key Performance Indicators	Activities	Achievements
1. Policy Advisory Services	1. To promote and institutionalize Research and Innovation in NCS	1. ICT Sector Policy Advisories 2. ICT policy Bills and Strategies	1. Oversee the development of Policy Advisories prepared through consultative Expert meetings 2. Oversee the development of ICT Policies, Bills and Strategies	1. All Advisories requested submitted to the Ministry 2. Final Draft Documents submitted to the Ministry and undergoing due process for adoption
	2. To facilitate the Implementation of international best practices	3. Report on Draft National Government Communication Policy (NGCP)	3. Appointments, various meetings,	3. Submitted Completed

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

	<p>in ICT policy development /review</p> <p>3. To facilitate various National initiatives towards fostering an enabling environment for digitization of the Kenyan Economy</p>	<p>4. Draft National Film Policy and Bill</p> <p>5. Draft Data Protection Regulations, 2021</p> <p>6. National Broadcast Media Monitoring Centre</p>	<p>validation and drafting</p> <p>4. Finalization of the Draft National Film Policy and Bill</p> <p>5. Operationalise the Data Protection Act through development of data protection regulations</p> <p>6. Oversee the identification of the appropriate media monitoring technology solution with automated functionalities to deliver media analytics and data validation across all media platforms</p>	<p>report on NGCP</p> <p>4. Revised Draft Kenya Film Policy and Bill 2022</p> <p>5. Regulations gazetted on 31/12/21</p> <p>6. Signed SOP for the National Broadcast Loggers (signed by CA, KFCB and MCK)</p>
<b>2. Institutional Capacity</b>	<p>1. To enhance institutional capacity to plan and manage NCS resources efficiently and effectively</p>	<p>1. Human Resource Policies, Guidelines and Manuals</p>	<p>1. Review and development of HR instruments</p>	<p>1. Draft HR Instruments submitted for approval</p>
		<p>2. Resourcing Plan</p>	<p>2. Recruit for vacant positions, continually train and develop staff.</p>	<p>2. Filled positions of Communications Radio Technology Expert and</p>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

				Head of Supply Chain Management professionals
		3. Audit Charter and Policies and Procedures Manual	3. Development of Audit Charter and Manual	3. NCS Internal Audit Charter and NCS Internal Audit Policy and Procedures Manual developed
		4. Risk Management Framework	4. Development of Risk management framework	4. Draft NCS Risk Management Register developed
		5. Internal Audit Report	5. Conduct department audits.	5. Department audits undertaken and Reports submitted
		6. Procurement Policies and Procedures Manual	6. Development of Procurement Policies and Procedures Manual	6. Procurement Policy and Procedures Manual developed
		7. Approved Procurement Plan	7. Consolidation of departmental procurement plans for approval	7. Approved Procurement plan in place
		8. Automated Management System	8. Installation and integration of server and ERP	8. Installation and integration of

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

				Server completed.
				Integration of ERP in progress.
		9. Approved Statutory Reports	9. Quarterly and Annual Reporting	9. 100% compliance to statutory requirements on financial reporting

**5. Corporate Governance Statement**

Governance is concerned with the processes, systems, practices and procedures – the formal and informal rules – that govern institutions, the manner in which these rules and regulations are applied and followed, the relationships that these rules and regulations determine or create, and the nature of those relationships. Essentially, governance addresses the leadership role in the institutional framework. Corporate Governance, therefore, refers to the manner in which the power of a corporation is exercised in the stewardship of the corporation’s total portfolio of assets and resources with the objective of maintaining and increasing value and satisfaction of internal and external stakeholders.

Parastatal reforms in Kenya are a deliberate Government response to the need for more effective utilization of public resources in the face of rising societal needs. By adopting a transformational mind-set in the way business is conducted, Government expects the entities it owns to promote and accelerate economic growth and development, and to drive the social and economic transformation in Kenya. State Corporations need to support Government efforts by building the institutional and technical capacity of the state in facilitating and promoting national development; improving the delivery of public services to meet the basic needs of citizens; supporting the creation of employment opportunities in diverse sectors across the entire country and supporting the nation’s regional integration initiatives and international partnerships.

As a major milestone, the Constitution of Kenya, 2010 has taken significant steps to address the question of leadership, governance and management of public resources. The success of State Corporations is premised on the Government’s role in ensuring that public institutions are effectively led and managed. The Secretariat has institutionalized good corporate governance in order to increase efficiency and accountability in the use and deployment of scarce resources.

## **Annual Report and Financial Statements For the year ended June 30, 2022**

The Secretariat continues to uphold as pillars; transparency and disclosure, accountability, risk management, internal controls, ethical leadership and good corporate citizenship. These practices are at the core of the values and principles of Public Service as enshrined under Article 232 of the Constitution of Kenya, 2010 and in the Secretariat's own core values of: Integrity, Professionalism, Patriotism, Inclusivity, Collaboration and Innovation.

In exercising the pillars of risk management and internal controls and in acting in its best interests, NCS Management Team supported the audit function in the development of the NCS Internal Audit Policy and Procedures Manual; the Internal Audit Charter; and the Risk Register. Further, the Secretariat continues to comply with the International Public Sector Accounting Standards (IPSAS) as required by the International Public Sector Accounting Standards Board (IPSAB) who have the legal mandate to guide financial reporting in the public sector through the National Treasury. To uphold the principle of transparency, accountability and disclosure, the Audited Annual Financial Reports is published and uploaded on the Secretariat's website. To ensure ethical leadership, the Secretariat will continue to support its professional staff in maintaining good standing with their respective professional bodies' codes of conduct. Further, the Secretariat reviewed its Human Resource Instruments and will continue to build the capacity of its staff in the diverse fields in order to ensure that best practice advice is provided and appropriate standards in service delivery is upheld. The Secretariat has embarked on the process of acquiring an Enterprise Resource Planning (ERP) in order to be more efficient in service delivery.

### **6. Management Discussion and Analysis**

The printed estimates provided a budget allocation of KShs. 212 million for the Secretariat. However, the National Treasury approved disbursement of a total of Kshs.120 million (Kenya Shillings One Hundred and Twenty Million) for the Financial Year 2020/21. These funds were allocated and utilised to achieve the mandate of the Secretariat and also to provide for routine administrative and operational functions.

#### **Operational Activities**

##### **(i) Renovation and Refurbishment of NCS Office Space and Replacement of Office Equipment**

The Secretariat completed the renovation and refurbishment of its premises, and the completed works were handed over the previous year. As a result, the Secretariat has modern offices including a new boardroom, registry, server room with controlled access. Further renovations that were made during the year included construction of the reception area. In addition, the Secretariat purchased new furniture and fittings. The staff of the Secretariat now work in a more conducive and safer environment.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**



*National Communications Secretariat Reception Area*



*National Communications Secretariat Conference Room*

**Annual Report and Financial Statements  
For the year ended June 30, 2022**



*Communication Secretary's (CEO) Office*

**(ii) NCS Strategic Plan 2021/2025**

The Secretariat completed the development of its Strategic Plan 2021-2025 in the year under review. The Plan serves as the roadmap for NCS activities for the five-year duration. The Plan identifies the measures of success that will support the delivery of the Secretariat's mandate. Further, the Plan identifies strategic objectives, assesses Secretariat's strengths, weaknesses, threats, and opportunities, culminating into a series of strategic activities and numerous detailed tasks that will help in realizing the vision and achieving the strategic goals. Upon completion of the Plan, each Department developed workplans based on the Key Result Areas and Strategic Objectives of the Plan. The work plans were reviewed, and the status of deliverables were reported in order to project future budgets and work for the next financial year.

**7. Environmental and Sustainability Reporting**

The National Communication Secretariat provides quality policy advisory services that fosters efficient use of ICT resources. The core values of NCS are Integrity, Professionalism, Patriotism, Inclusivity, Collaboration and Innovation. NCS therefore endeavours to develop environmental responsible policies to shield Kenya from the negative impact of an expanding ICT ecosystem and to promote the positive benefits of ICT. Below is the outline of NCS's activities that promote sustainability.

## **Annual Report and Financial Statements For the year ended June 30, 2022**

### **i) Sustainability Strategy and Profile**

Sustainability is entrenched in our Strategic Pillars. To ensure sustainable development and growth, National Communication Secretariat is committed to uphold Environmental, Social and Governance Standards, as well as good professional practises, that exceed the applicable legal and regulatory requirements. To this end, NCS has adopted all reasonable and practical measures to establish Environmental, Social and Governance objectives and targets, measure progress and report its performance in a bid to accelerate the achievement of the Sustainable Development Goals.

### **ii) Environmental Performance**

In executing its mandate, the Secretariat ensures that all the advisories address issues of environmental sustainability where applicable. For instance, NCS was involved in the development of the Draft Kenya Film Policy 2021 which advocates for the protection of the environment in which filming activities take place. Similarly, NCS was involved in the development of the draft National Addressing System Policy which provides for spurring economic growth and human development through environmental accountability.

Internally, the Secretariat is enhancing its environmental performance by putting in place measures to automate lighting and processes, as well as, reduce misuse of paper through unnecessary printing. In addition, the Secretariat has instituted waste management measures such as separating paper from other waste.

NCS has adopted one hectare of trees within Kakamega Forest as part of the Government's efforts on restoration and conservation of forests for environmental protection and climate mitigation. Continuous monitoring of the trees and further expansion of their coverage will be undertaken based on the current undertaking.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**



*Photo of the area on which NCS planted trees at Kakamega Forest*

**iii) Employee Welfare**

To promote safety and health for its staff and their dependents, NCS has made a budgetary provision to cover Personal Protective Equipment (PPE). The Secretariat continues to disseminate information on health and safety to its staff. NCS is compliant with the Work Injury Benefit Act (WIBA) 2007 and also provides medical insurance cover that includes basic health checks on overall wellbeing.

NCS has finalised the development of the HR Instruments that will incorporate and guide the hiring process. The manual incorporates the policy on safety and compliance with Occupational Safety and Health Act (OSHA) 2007.

**iv) Market Place Practices**

National Communication Secretariat adheres to the legal requirement for women, youth and persons with disability to access 30% of government procurement opportunities within the context of the Access to Government Procurement Opportunities (AGPO) program. The AGPO program is founded on the Constitution of Kenya, 2010 Article 227 on the fair equitable, transparent and cost-effective public procurement of goods and services, the Constitution of Kenya, 2010 Article 55 on affirmative action and the Public Procurement and Asset Disposal Act, 2015.

## Annual Report and Financial Statements For the year ended June 30, 2022

### **a) Responsible Competition Practice**

NCS ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors by practising equality and justice for everyone.

### **b) Responsible Supply Chain and Supplier Relations**

NCS adheres to public procurement objective of maximizing economy and efficiency, promotion of competition and ensuring that competitors are treated fairly. NCS also promotes integrity and transparency in all procurement procedures as outlined in Article 227 of the Constitution of Kenya and the Public Procurement and Asset Disposal Act 2015.

### **c) Responsible Marketing and Advertisement**

Social media is quickly becoming one of the main communication tools of the digital age. It is not only a great tool for individuals but also for organizations and brands. National Communication Secretariat has explored and considered using social media platforms like Twitter and LinkedIn in pursuit of responsible marketing and advertisement.

### **d) Product Stewardship**

NCS works with the approved frameworks to ensure good stewardship.

### **v) Corporate Social Responsibility / Community Engagements**

National Communication Secretariat (NCS) has institutionalized its focus on Corporate Social Responsibility (CSR) by planning and budgeting for programmes that are geared towards improving the lives of the larger society. The Secretariat planned for the following programmes in the Financial Year 2021/22:-

#### **Innovation Week at Swahili Pot Hub - Mombasa**

Pwani Innovation Week (PIW) was a joint initiative by the Swahili Hub Foundation and its partners to foster a culture of innovation and technology in Kenya's coastal counties. The goal of PIW was to encourage innovators, policymakers, corporations, funders, researchers and other stakeholders to embrace new ideas and trends.

This year PIW took place from 28<sup>th</sup> to 31<sup>st</sup> March 2022 and NCS sponsored staff to the event as delegates in support of the programme to engage with and share knowledge with various participants. The Communications Secretary moderated discussions on 5G and highlighted Government initiatives towards promoting innovation at a national policy level. The Communications Economic Expert was a panellist in discussions focussing on Women in Tech.

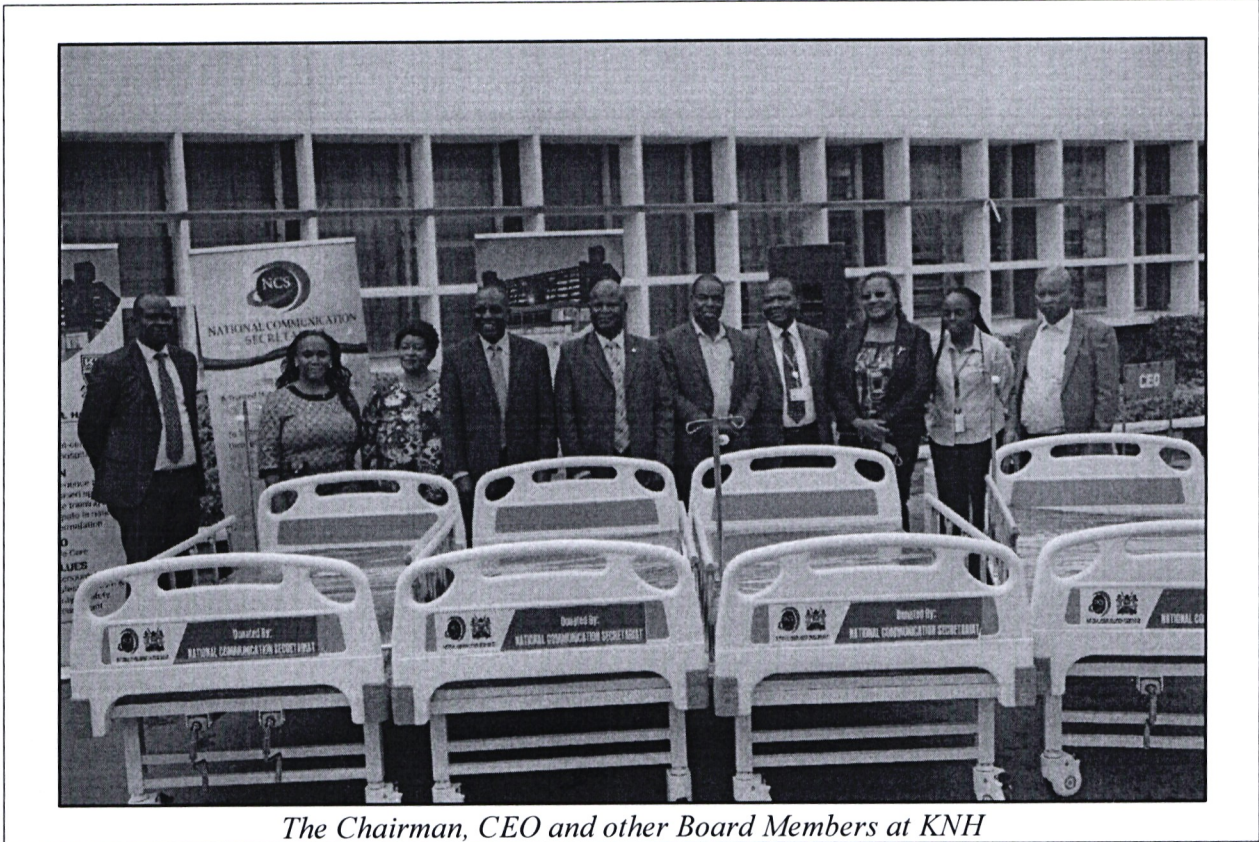
**Annual Report and Financial Statements  
For the year ended June 30, 2022**



**Campaign Initiative of Adopting Beds at The Kenyatta National Hospital.**

In the year under review, NCS donated four (4) double crank beds with mackintosh mattresses to Kenyatta National Hospital (KNH), for patients admitted at the hospital. The effort was aimed at making the treatment of patients under the hospital care more comfortable and friendlier as well as enhance recovery of those ailing. The beds would also serve many more patients visiting the hospital in future.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**



**Planting Trees Initiative at the Kisaina Block (Iloro) Kakamega Forest**

In the year 2019, NCS embarked on a programme to plant trees at Kisaina Block (Iloro) of Kakamega Forest. The Secretariat planted a mix of various indigenous trees in an allocated area of 1 hectare. Unfortunately, the survival rate of the trees planted reduced to almost zero per cent due to various reasons including recolonization by guavas, lack of maintenance and illegal grazing of animals. Consequently, it was recommended that the Secretariat re-invest in this tree planting project. The tree planting project was therefore undertaken in May 2022.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**



*NCS staff together with officials of Kenya Forest Service: Jim Okuto - Regional Forest Conservator; Maurice Wanyiri – Kakamega County Forest Conservator; Martin Wadabwa – Dep. Regional Forest Conservator.*

NCS staff spent time with the local community and planted trees in Kakamega Forest. The Secretariat ensured the community was actively involved in the planting exercise. In order to guarantee proper maintenance of the trees, the community was given the opportunity to plant beans and weed the crops even as the trees grow.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**



*Eng. Daniel Obam, Communications Secretary, NCS, meets the community at Kakamega*

It was noted that 100-year-old trees are cut down just to harvest 1kg of honey. Therefore, in order to have sustainable forest cover, there is need to undertake community sensitization on importance of trees and alternative ways for acquiring honey. The Secretariat will consider this initiative in its future CSR activities.



*NCS staff take a photo with the Community*

**Annual Report and Financial Statements  
For the year ended June 30, 2022**



*NCS staff and Forest officials planting a tree*

## Annual Report and Financial Statements For the year ended June 30, 2022

### 8. Report of the Management Team

The Management team submits its report together with Financial Statements for the year ended June 30<sup>th</sup>, 2022 which shows the state of the National Communication Secretariat's affairs.

#### i) Principal Activities

The principal mandate of the Secretariat is defined in the Kenya Information and Communications Act, 1998, Section 84(2) as to advise the Government on adoption of a Communication policy which:

1. Promotes the benefits of technological development to all users of postal and telecommunication facilities;
2. Fosters national security, economic prosperity and the delivery of critical social services through posts and telecommunications;
3. Facilitates and contributes to the full development of competition and efficiency in the provision of services both within and outside Kenya; and
4. Fosters full and efficient use of telecommunication resources including effective use of radio spectrum by the Government in a manner which encourages the most beneficial use thereof in the public interest.

#### ii) Results

The results of the Secretariat for the year ended June 30<sup>th</sup>, 2022 are as set out from page 1 to page 5

#### iii) Management Team

The Management Team who served during the year are shown on page v to page x. One manager has separated during the year in review. Two new managers were appointed during the year under review.

#### iv) Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, Regulatory entities shall remit into the Consolidated Fund, ninety per centum (90%) of its surplus funds reported in the Audited Financial Statements after the end of each financial year.

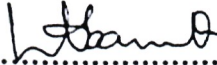
National Communication Secretariat is a non-commercial statutory institution which depends on government grants for all of its operations. Although a surplus was reported in the Audited Financial Statements, the Secretariat did not remit ninety per centum (90%) to the Consolidated Fund because it was committed to fund the medical insurance of staff due in August, 2022 and payment to suppliers of assets that had been procured but not yet paid by 30.06.2022.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**v) Auditors**

The Auditor General is responsible for the statutory audit of the National Communication Secretariat in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Management



.....  
**Eng. Daniel O. Obam, MBS, HSC**

**Communications Secretary**

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**9. Statement of Accounting Officer Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Accounting Officer to prepare financial statements in respect of NCS, which give a true and fair view of the state of affairs of NCS at the end of the financial year and the operating results of NCS for that year. The Accounting Officer is also required to ensure that NCS keeps proper accounting records which disclose with reasonable accuracy the financial position of NCS. The Accounting Officer is also responsible for safeguarding the assets of NCS.

The Management team is responsible for the preparation and presentation of the Secretariat's financial statements, which give a true and fair view of the state of affairs of the Secretariat for and as at the end of the financial year ended on 30<sup>th</sup> June, 2022. This responsibility includes:

- Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of NCS;
- 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;
- Safeguarding the assets of the Secretariat;
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

The Management team accepts responsibility for the Secretariat's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act.


The Management team is of the opinion that the Secretariat's financial statements give a true and fair view of the state of National Communication Secretariat's (NCS) transactions during the financial year ended 30<sup>th</sup> June, 2022, and of the Secretariat's financial position as at that date. The Management team further confirms the completeness of the accounting records maintained for the Secretariat, which have been relied upon in the preparation of the Secretariat's financial statements as well as the adequacy of the systems of internal financial control.

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

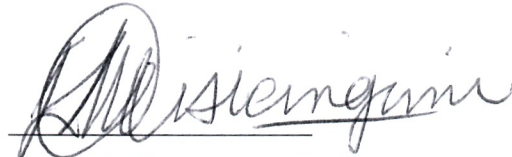
**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Approval of the financial statements**

The Secretariat's financial statements were approved by the Management on 21<sup>st</sup> September 2022 and signed on its behalf by:



**Eng. Daniel O. Obam, MBS, HSC  
Communications Secretary/CEO  
National Communications Secretariat**

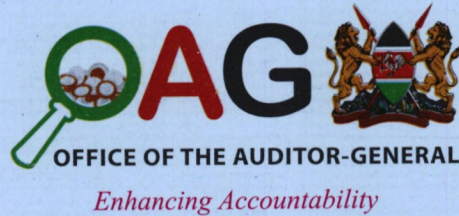


**Edward Kisiang'ani, Ph.D)  
Principal Secretary, State Department  
for Broadcasting and Telecommunication  
Ministry of Information, Communication  
and the Digital Economy**

Date: 25/01/2023

Date: 25.01.23

# REPUBLIC OF KENYA



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

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL COMMUNICATIONS SECRETARIAT FOR THE YEAR ENDED 30 JUNE, 2022**

---

### **PREAMBLE**

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for 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, the risk management environment and the 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 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 National Communications Secretariat set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the

Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Communications Secretariat as at 30 June, 2022, 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 Kenya Information and Communications Act, 1998 and the Public Finance Management Act, 2012.

## **Basis for the Opinion**

### **Failure to Update Fixed Asset Register**

During the year under review, the Secretariat acquired assets classified as computers totalling to Kshs.7,780,875 which, as disclosed in Note 14 to the financial statements includes ten (10) laptops, five (5) desktops, seven (7) tablets and two (2) television sets. However, review of records supporting the assets revealed that the asset register did not disclose details of serial numbers of the assets and holder of the asset. The need for frequent replacement of computers was not explained. In addition, the status of the old computers could not be determined without a current fixed assets register.

In the circumstances, the safety and custody of the assets valued at Kshs.7,780,875 could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Audit Issues**

The audit report of the previous year highlighted several issues under Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circulars.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, 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, except for the matters described in the Basis for Conclusion on 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. Weakness in Human Resource Management**

##### **1.1 Failure to Prepare Handover Reports by Staff on Exit from Office**

Review of the Human Resource Management records and procedures revealed that there were no approved measures put in place for staff exiting the Institution such as handover reports and control of access to the Secretariat's ERP system. As a result, staff who had left the Secretariat could access data in the ERP system thus compromising the security and integrity of the Information System.

##### **1.2 Failure to Disclose Expected Allowance in Appointment Letters to New Staff**

Review of appointment letters for eighteen (18) staff of the Secretariat revealed lack of clear terms of service on salary and benefits on joining the Secretariat. The appointment letters did not specify the expected allowances for the newly appointed staff, hence the administrators have discretion to determine the amount to be paid which may result in irregular payments.

##### **1.3 Failure to Conduct Regular Staff Performance Appraisals and Promotion**

The Secretariat did not carry out annual performance evaluations and quarterly performance review meetings. Instead, the appraisals were done after every three years

at the time of renewal of the staff contracts. Further, there were no controls put in place to guide in promotion of staff, which may lead to disparities in staff job placement and expected salaries and benefits. The Management did not provide satisfactory explanation for these anomalies.

In the circumstances, guidance and controls on human resource management of the Secretariat may be inadequate.

## **2. Irregular Placement of Staff in New Salary Structure**

According to the Salaries and Remuneration Commission (SRC) letter Ref. No. SRC/TS/JE/CS/3/33/1/VOL. V(142) dated 10 May, 2018 on job evaluation, SRC approved a new grading structure for the Secretariat which was to be implemented in four phases with effect from 01 July, 2017. However, review of implementation of the new grading structure by the Secretariat revealed that various officers were wrongly placed in payroll and others were not aligned to the SRC structure.

In the circumstances, the Secretariat disregarded the SRC guidelines which resulted in irregular underpayment and overpayment of salaries to staff.

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

### **Responsibilities of Management and the Secretariat**

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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Secretariat's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Secretariat or 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 are in compliance with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Secretariat'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**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Secretariat's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Secretariat to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Secretariat to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**30 March, 2023**


**Annual Report and Financial Statements  
For the year ended June 30, 2022**


**11. Statement of Financial Performance for the year ended 30 June 2022**

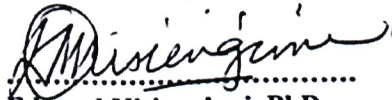
	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	120,000,000	120,000,000
		<b>120,000,000</b>	<b>120,000,000</b>
<b>Revenue from exchange transactions</b>			
Interest Income	7	1,596,446	3,159,379
<b>Total revenue</b>		<b>121,596,446</b>	<b>123,159,379</b>
<b>Expenses</b>			
Use of goods and services	8	96,604,024	48,105,531
Employee costs	9	64,244,868	60,185,701
Depreciation and amortization expense	10	12,624,601	9,629,814
Repairs and maintenance	11	1,384,012	35,570
<b>Total expenses</b>		<b>174,857,505</b>	<b>117,956,616</b>
<b>Net deficit for the year</b>		<b>(53,261,059)</b>	<b>5,202,763</b>

The notes set out on pages 17 to 20 form an integral part of these Financial Statements.

The Financial Statements set out on page 1 were signed on behalf of the management by:

  
 Eng. Daniel O. Obam, MBS,  
 HSC  
 Communication Secretary  
 National Communication  
 Secretariat

  
 CPA Tabitha Mwangi  
 ICPAK NO.11502  
 National Communication  
 Secretariat

  
 Edward Kisiang'ani, PhD  
 Principal Secretary  
 State Department for  
 Broadcasting and  
 Telecommunications  
 Min. of Information,  
 Communication and the  
 Digital Economy

Date: 25.01.2023

Date: 25.01.2023

Date: 25.01.23

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**12. Statement of Financial Position as at 30 June 2022**

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	12	52,318,105	116,040,046
Receivables from Non-Exchange Transactions	13	1,182,087	1,104,577
<b>Total Current Assets</b>		<b>53,500,192</b>	<b>117,144,623</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	14	53,106,036	49,025,193
<b>Total Non- Current Assets</b>		<b>53,106,036</b>	<b>49,025,193</b>
<b>Total Assets</b>		<b>106,606,228</b>	<b>166,169,816</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	15	1,493,850	26,778,078
Current Provisions	16	8,981,699	-
Deferred Income	17	10,000,000	-
<b>Total Current Liabilities</b>		<b>20,475,549</b>	<b>26,778,078</b>
<b>Total Liabilities</b>		<b>20,475,549</b>	<b>26,778,078</b>
<b>Net Assets</b>		<b>86,130,679</b>	<b>139,391,738</b>
Reserves	23(iv)	2,487,000	2,487,000
Accumulated Surplus	23(iv)	75,261,458	128,522,517
Capital Fund	23(iv)	8,382,221	8,382,221
<b>Total Net Assets and Liabilities</b>		<b>86,130,679</b>	<b>139,391,738</b>

The financial statements set out on page 2 were signed on behalf of the Management by:

.....  
Eng. Daniel O. Obam, MBS,  
HSC  
Communication Secretary

.....  
CPA Tabitha Mwangi  
ICPAK NO.11502

.....  
Edward Kisiang'ani, (Ph.D)  
Principal Secretary  
State Department for  
Broadcasting and  
Telecommunications  
Min. of Information  
Communication and the  
Digital Economy

National Communication  
Secretariat

National Communication  
Secretariat

Min. of Information  
Communication and the  
Digital Economy

Date: 25/01/2022

Date: 25/01/2022

Date: 25-01-23

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**13. Statement of Changes in Net Assets for the year ended 30 June 2022**

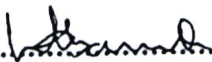

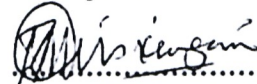
	Revaluation reserve	Accumulated Reserves	Capital Replacement Reserve	Total
	Kshs	Kshs	Kshs	Kshs
As at July 1, 2020	2,487,000	123,319,754	8,382,221	134,188,975
Surplus for the year	-	5,202,763	-	5,202,763
As at June 30, 2021	2,487,000	128,522,517	8,382,221	139,391,738
As at July 1, 2021	2,487,000	128,522,517	8,382,221	139,391,738
Deficit for the year	-	(53,261,059)	-	53,261,059
As at June 30, 2022	2,487,000	75,261,458	8,382,221	86,130,679

Annual Report and Financial Statements  
For the year ended June 30, 2022

14. Statement of Cash Flows for the year ended 30 June 2022

		2021-2022	2020-2021
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	130,000,000	120,000,000
Interest income	7	1,596,446	3,159,379
<b>Total receipts</b>		<b>131,596,446</b>	<b>123,159,379</b>
<b>Payments</b>			
Use of goods and services	8(b)	103,696,660	39,194,910
Employee costs	9(b)	64,322,377	60,352,547
Repairs and maintenance	11	1,384,012	35,570
<b>Total payments</b>		<b>169,403,049</b>	<b>(99,583,027)</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>(37,806,603)</b>	<b>23,576,352</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	14	(16,705,444)	(53,318,698)
Gratuity Paid		(9,209,893)	1,695,160
<b>Net cash flows from/(used in) investing activities</b>		<b>(25,915,337)</b>	<b>(51,623,538)</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>			
		<b>(63,721,940)</b>	<b>(28,047,480)</b>
Cash and cash equivalents at 1 July	12	116,040,045	144,087,231
<b>Cash and cash equivalents at 30 June</b>	<b>12</b>	<b>52,318,105</b>	<b>116,040,045</b>

The financial statements set out on page 4 were signed on behalf of the Management by:

.....  .....	.....  .....	.....  .....
Eng. Daniel O. Obam, MBS, HSC Communication Secretary National Communication Secretariat	CPA Tabitha Mwangi ICPAK NO.11502 National Communication Secretariat	Edward Kisiang'ani (Ph.D) Principal Secretary State Department for Broadcasting and Telecommunications Min. of Information Communication and the Digital Economy
Date: 28.01.2023	Date: 28.01.2023	Date: 25.1.2023

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**15. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022**

	Original budget Kshs	Adjustments Kshs	Final budget Kshs	Actual on comparable basis Kshs	Performance difference Kshs	% of utilization
	A	b	C=(a+b)	d	e=(c-d)	f=d/c* 100
<b>Revenue</b>						
GoK Grants	120,000,000	10,000,000	130,000,000	130,000,000	-	
Interest Income	-	1,596,446	1,596,446	1,596,446	-	
Bal. B/F	<b>89,203,037</b>	-	89,203,037	89,203,037	-	
<b>Total Income</b>	<b>209,203,037</b>	<b>11,596,446</b>	<b>220,799,483</b>	<b>220,799,483</b>	-	<b>100%</b>
<b>Expenses</b>						
Use of Goods and Services	103,338,377	16,436,012	109,774,389	103,696,660	6,077,729	95%
Employee costs	75,564,660	-	75,564,660	64,322,377	11,242,283	85%
Repairs and Maintenance	2,800,000	(500,475)	2,299,525	1,384,012	915,513	60%
Capital Expenditure	27,500,000	(4,339,091)	23,160,909	16,705,444	6,455,465	72%
<b>Total Expenditure</b>	<b>209,203,037</b>		<b>210,799,483</b>	186,108,493		
<b>Surplus for the period</b>		-		<b>34,690,990</b>	-	-

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

- \*Compensation of employee underutilization was as a result of incomplete recruitment process for additional staff in the year under review.
- \*Repairs and maintenance underutilization was as a result of minor wear and tear.
- \*The capital expenditure underutilization was as a result of delays in procuring the Secretariat's ERP whose process is still ongoing, additional capital acquisition procurement process are still ongoing.
- \*The difference between original and final budget was as a result of reallocation

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**16. Notes to the Financial Statements**

**1. General Information**

National Communication Secretariat (NCS) is established by and derives its authority and accountability from Kenya Information and Communications Act, 1998 Act. NCS is wholly owned by the Government of Kenya and is domiciled in Kenya. NCS's principal activity is ICT policy advisory.

**2. Statement of Compliance and Basis of Preparation**

The Secretariat's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of NCS. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, except for the measurement at re-valued amounts of certain items of property, plant and equipment. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis. NCS also complies with PFM Act 2012, PFM Regulations 2015 and the Kenya Information and Communications Act of 1998.

**3. Adoption of New and Revised Standards**

- i. *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.

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> 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:

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p><i>The National Communication Secretariat does not have financial instruments on record in the reporting period and has thus not applied the provision in the revised IPSAS 41.</i></p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul> <p><i>The National Communication Secretariat does not operate an employee benefit or social security scheme as such the revision proposed in this amendment shall not impact on the position presented in the Financial Statement.</i></p>
<p>Amendments to Other IPSAS</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>(a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Standard	Effective date and impact:
<p>resulting from IPSAS 41, Financial Instruments</p>	<p>(b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>(c) 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><i>The National Communication Secretariat is fully financed by Non-Exchange and own generated revenues. It does not currently have a borrowing facility and thus shall not be affected by the proposed amendments to the standard.</i></p>
<p>Other improvements to IPSAS</p>	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
<p>IPSAS 43</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Standard	Effective date and impact:
	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The National Communication Secretariat does not have leases on record in the reporting period and thus shall not be affected by the proposed amendments to the standard.</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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> <p><b><i>The National Communication Secretariat does not have assets held for sale and discontinued operations as such the revision proposed in this amendment shall not impact on the position presented in the Financial Statement.</i></b></p>

iii. *Early adoption of standards*

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

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**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 NCS 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) 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.

**b) Budget information**

The original budget for FY 2021-2022 was approved by the National Assembly on *1<sup>st</sup> July 2021*. 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 NCS upon receiving the respective approvals in order to conclude the final budget.

NCS'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.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**c) Taxes**

National Communication Secretariat is a non-profit making semi-autonomous government agency and is thus not subjected to corporate tax.

There is thus no corporate taxation charge recorded in the statement of financial position for the financial year ended 30<sup>th</sup> June 2022.

***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.

**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, NCS 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.

Depreciation expense for the fixed assets is calculated on straight line basis and the applicable depreciation rates are as shown below:

- Properties, Plant and Equipment - 25%
- Furniture, Fixtures and fittings - 12.5%
- Computers and ICT Equipment - 30%
- Computer Software - 33.33%

**e) 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

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

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.

**f) Research and Development Costs**

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

- i) 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. The Secretariat did not have any such costs nor associated development expenditure in the financial year under review.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

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

**g) Provisions**

Provisions are recognized when NCS 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. Provisions were raised and management determined an estimate based on the information available. Provisions were made for audit fees and staff gratuity accrued for the year. The actual rates were used to calculate the actual rates for gratuity at 31% of the basic salary. Historical costs for the previous financial year was used to calculate the provision for audit fees.

**h) Contingent Liabilities**

NCS 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.

**i) Contingent Assets**

NCS 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 NCS 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.

**j) Nature And Purpose of Reserves**

National communication secretariat maintains reserves in terms of specific requirements.

**i. Revaluation Reserve**

NCS has three motor vehicles purchased in the financial year 2006/2007 that were revalued resulting in a gain on revaluation which is recognised in revaluation reserves in the books.

**ii. Capital Replacement Reserve**

This is the capital that was used to set up and establish NCS when it started operating independent of the parent ministry in the financial year 2005/2006, the reserve is set up to cater for the recognition of the capitalised expenses. There has been no increase in capital reserves from the initial one on establishment.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**iii. Accumulated Reserve**

This is the reserve that is formed up of the surpluses and deficits accumulated over the years that NCS has been in operation.

**k) Changes In Accounting Policies and Estimates**

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

**l) Employee Benefits**

**Retirement Benefit Plans**

National Communication Secretariat provides retirement benefits for its employees under defined contribution plans with the National Social Security Fund. In addition, the Secretariat operates a gratuity fund for its employees. The applicable rate is 31% of basic salary and accrued over a period of three years.

**m) Related Parties**

National Communication Secretariat regards a related party as a person or an NCS with the ability to exert control individually or jointly, or to exercise significant influence over NCS, or vice versa. Members of key management are regarded as related parties and comprise the Communications Secretary, the Experts and the Head of Departments.

**n) 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.

**o) Comparative Figures**

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

**p) 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, 2022.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of National Communication Secretariat 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.

**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. National Communication Secretariat 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 NCS. 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:

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions were made for audit fees and staff gratuity accrued for the year. The actual rates were used to calculate the actual rates for gratuity at 31% of the basic salary. Historical costs for the previous financial year was used to calculate the provision for audit fees.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**6. Transfers from State Department for Broadcasting & Telecommunication**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Unconditional Grants</b>		
Operational Grant	120,000,000	120,000,000
<b>Total Unconditional Grants</b>	<b>120,000,000</b>	<b>120,000,000</b>
<b>Total Government Grants and Subsidies</b>	<b>120,000,000</b>	<b>120,000,000</b>

Funding from Communications Authority of Kenya (CA) as per KICA Sec.19(f) to cover operational costs of NCS to enable NCS carry out its mandate in accordance with KICA Sec.84.

**b) Transfers from Ministries, Departments and Agencies (MDAs)**

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 2021-22	Prior year 2020-2021
	KShs	KShs	KShs	KShs	KShs
State Department for Broadcasting and Telecommunications	120,000,000	0.00	0.00	120,000,000	120,000,000
<b>Total</b>	<b>120,000,000</b>	<b>0.00</b>	<b>0.00</b>	<b>120,000,000</b>	<b>120,000,000</b>

**7. Other Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income	1,596,446	3,159,379
<b>Total other income</b>	<b>1,596,446</b>	<b>3,159,379</b>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**8. Use of Goods and Services**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Travelling - Local	442,301	726,440
External Travel Costs and Air Tickets	23,122,208	1,252,535
Training	6,830,952	3,082,925
Stakeholder's Conference	47,628,116	24,193,201
CSR	1,428,935	-
Covid-19 Related Expenses	1,373,900	1,260,118
Hospitality	577,655	413,384
General Office Supplies	1,182,775	189,391
Computer Accessories and Others	371,136	457,921
Bank Charges	415,413	594,977
Telephone, Postage and Internet	1,715,014	1,203,485
Printing and Stationery	2,504,110	2,948,888
ICT Research	1,415,411	1,922,981
Newspapers, Books and Magazines	347,952	248,640
Audit Fees	139,200	139,200
Legal Fees	0	675,683
Monitoring and Evaluation	835,000	1,512,244
Consultancy	0	1,505,000
Advertising	1,229,975	2,602,083
Cleaning	1,487,353	653,761
Motor Vehicle Running Expenses	1,078,458	2,522,674
Corporate Branding	741,160	0.00
Asset Tagging	1,735,000	0.00
Other General Expenses	2,000	0.00
<b>Total General Expenses</b>	<b>96,604,024</b>	<b>48,105,531</b>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**8 (b) General Expenses Cash Flows**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
<b>General Expenses</b>	96,604,024	48,105,531
<b>Audit Fees Provision</b>	139,200	(139,200)
<b>Adjustment for Prepaid Expenses</b>	-	(1,231,285)
<b>Adjustment for Accrued Expenses</b>	6,953,436	(7,540,136)
<b>Cashflows</b>	<b>103,696,660</b>	<b>39,194,910</b>

**9. Employee Costs**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Salaries and wages	48,470,917	44,304,654
Employer contribution to health insurance schemes	7,354,418	6,845,893
Employer contribution to pension schemes	246,240	238,680
Leave Allowance	412,000	405,000
Club Membership	61,460	61,460
Gratuity	7,638,083	8,330,014
Other employee related costs	61,750	-
<b>Employee costs</b>	<b>64,244,868</b>	<b>60,185,701</b>

Other employees related costs for the year are baggage fees.

**9 b) Employee Costs Cash Flow**

<b>Description</b>	<b>2022-2021</b>	<b>2020-2021</b>
<b>Employee Costs</b>	64,244,867	60,185,701
<b>Adjustment for advances</b>	77,510	166,846
<b>Cash flows</b>	<b>64,322,377</b>	<b>60,352,547</b>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**10. Depreciation and Amortization Expense**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	12,624,601	9,629,814
<b>Total depreciation and amortization</b>	<b>12,624,601</b>	<b>9,629,814</b>

**11. Repairs and Maintenance**

Description	2021-2022	2020-2021
	Kshs	Kshs
Equipment	142,440	35,570
Vehicles Repairs	889,487	0.00
Furniture and Fittings	85,100	0.00
Others	266,985	0.00
<b>Total Repairs and Maintenance</b>	<b>1,384,012</b>	<b>35,570</b>

**12. Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	35,013,116	83,622,593
Savings Account	17,304,989	32,417,453
<b>Total Cash and Cash Equivalents</b>	<b>52,318,105</b>	<b>116,040,046</b>

**(b)) Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank	1117340023	35,013,116	83,622,593
<b>Sub- Total</b>		<b>35,013,116</b>	<b>83,622,593</b>
<b>b) Savings Account</b>			
Kenya Commercial Bank	1136088261	17,304,989	32,417,453
<b>Sub- Total</b>		<b>17,304,989</b>	<b>32,417,453</b>
<b>Grand Total</b>		<b>52,318,105</b>	<b>116,040,046</b>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**13. Receivables from Non-Exchange Transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
Staff debtors	420,232	342,722
Prepayments	761,855	761,855
<b>Total current receivables</b>	<b>1,182,087</b>	<b>1,104,577</b>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**14. Property, Plants and Equipment**

	<b>Motor vehicles</b>	<b>Furniture fixtures Fittings and Equipment</b>	<b>Computers</b>	<b>Total</b>
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
As At 1 July 2020	<b>12,511,458</b>	<b>3,739,670</b>	<b>9,604,495</b>	<b>25,855,623</b>
Additions	7,454,224	41,969,728	3,894,746	53,318,698
<b>As At 30<sup>th</sup> June 2021</b>	<b>19,965,682</b>	<b>45,709,398</b>	<b>13,499,241</b>	<b>79,174,321</b>
Additions	0	8,924,569	7,780,875	16,705,444
<b>As At 30<sup>th</sup> June 2022</b>	<b>19,965,682</b>	<b>54,633,966</b>	<b>21,280,117</b>	<b>95,879,765</b>
<b>Depreciation And Impairment</b>				
At 1 July 2020	10,024,458	2,655,873	7,838,984	20,519,315
Depreciation	1,863,556	5,481,620	2,284,638	9,629,814
<b>As At 30 June 2021</b>	<b>11,888,014</b>	<b>8,137,493</b>	<b>10,123,622</b>	<b>30,149,129</b>
Depreciation	1,863,556	6,658,332	4,102,712	12,624,600
<b>As At 30<sup>th</sup> June 2022</b>	<b>13,751,570</b>	<b>14,795,825</b>	<b>14,226,334</b>	<b>42,773,729</b>
<b>Net Book Values</b>				
<b>As At 30<sup>th</sup> June 2021</b>	<b>8,077,668</b>	<b>37,571,905</b>	<b>3,375,619</b>	<b>49,025,192</b>
<b>As At 30<sup>th</sup> June 2022</b>	<b>6,214,112</b>	<b>39,838,141</b>	<b>7,053,783</b>	<b>53,106,036</b>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**(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:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Motor Vehicles, Including Motorcycles	19,965,682	13,751,570	6,214,112
Computers And Related Equipment	21,280,117	14,226,334	7,053,783
Furniture fixtures Fittings and Equipment	54,633,966	14,795,825	39,838,141
<b>Total</b>	<b>95,879,765</b>	<b>42,773,729</b>	<b>53,106,036</b>

**15. Trade and Other Payables**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Other payables (Accrued Expenses)	1,493,850	26,778,078
<b>Total trade and other payables</b>	<b>1,493,850</b>	<b>26,778,078</b>

**16 Current Provisions**

<b>Description</b>	<b>Gratuity Provision</b>	<b>Other provision(Audit fees)</b>	<b>Total</b>
	<b>Kshs</b>	<b>KShs</b>	<b>KShs</b>
<b>Balance b/d (01.07.2021)</b>	<b>17,913,192</b>	<b>417,600</b>	<b>18,330,792</b>
Additional Provisions	7,638,083	139,200	7,777,283
Provision utilised	(16,847,976)	(278,400)	(17,126,376)
<b>Total provisions as at 30.6.2022</b>	<b>8,703,299</b>	<b>278,400</b>	<b>8,981,699</b>

**17 Deferred Income**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
State Department of Broadcasting & Telecommunications (CAMAT)	10,000,000	0
<b>Total deferred income</b>	<b>10,000,000</b>	<b>0</b>

\* This was unbudgeted income received from State department of Broadcasting & Telecommunications to facilitate training expenses for the CAMAT members.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**18 Revaluation**

**Reserve**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance b/f	2,487,000	2,487,000
<b>Total</b>	<b>2,487,000</b>	<b>2,487,000</b>

**18 a) Capital**

**Replacement**

**Reserve**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance	8,382,221	8,382,221
<b>Total</b>	<b>8,382,221</b>	<b>8,382,221</b>

**18. b) Accumulated Reserves**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance B/F	128,522,517	123,319,754
Surplus/Deficit for the Year	(53,261,059)	5,202,763
<b>Total</b>	<b>75,261,458</b>	<b>128,522,517</b>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**19. Cash Generated from Operations**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Surplus/Deficit for the Year before tax	(53,261,059)	5,202,763
Adjusted for:		
Depreciation	12,624,601	9,629,814
Provision for Audit fees	139,200	139,200
Working Capital Adjustments		
Account Receivable	77,510	166,846
Account Payables	2,768,165	8,771,421
<b>Net Cashflows from Operating Activities</b>	<b>(37,806,603)</b>	<b>23,576,352</b>

**20. Reconciliation of surplus between Budget and Financial Performance**

<b>Surplus as per Statement of Budget</b>	<b>34,690,990</b>
Employee advances	77,510
Capital Expenditure	16,705,444
Depreciation for the Year	(12,624,601)
Provision for Audit fees during the Year	(139,200)
Rolled over resources from previous period	(89,203,037)
Deferred Income	(10,000,000)
Accrued expenses for the period	(1,493,850)
Accruals paid in the year	8,725,686
<b>Surplus as per statement of financial performance</b>	<b>(53,261,059)</b>

**21. Reconciliation on Net Operating Cashflows to Budget Surplus**

<b>Reconciliation of Surplus to operating activities cashflow</b>	
Surplus as per statement of budget	34,690,990
Capital Expenditure	16,705,444
Less rolled over resources	(89,203,037)
<b>Cashflow from operating activities</b>	<b>(37,806,803)</b>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**22 Employee Benefit Obligations**

NCS contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1080 per employee per month.

**23 Financial Risk Management**

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

The Secretariat's financial risk management objectives and policies are detailed below:-

**i) Credit risk**

The Secretariat has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as, trade and other receivables.

Management assesses the credit quality of each staff, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the terms and conditions of service.

The carrying amount of financial assets recorded in the financial statements representing the Secretariat's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:-

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**Financial Risk Management**

The carrying amount of financial assets recorded in the financial statements representing NCS's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at 30 June 2022</b>				
Receivables from non-exchange transactions	1,182,087	1,182,087	0	0
Bank balances	52,318,105	52,318,105	0	0
<b>Total</b>	<b>53,500,182</b>	<b>53,500,182</b>	<b>0</b>	<b>0</b>
<b>As at 30 June 2021</b>				
Receivables from non-exchange transactions	1,104,577	1,104,577	0	0
Bank balances	116,040,045	116,040,045	0	0
<b>Total</b>	<b>117,144,622</b>	<b>117,144,622</b>	<b>0</b>	<b>0</b>

**Financial Risk Management**

The staff under the fully performing category are paying their debts. The credit risk associated with these receivables is minimal.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with NCS Management, who have built an appropriate liquidity risk management framework for the management of NCS's short, medium and long-term funding and liquidity management requirements. NCS manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by NCS under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2022</b>				
Trade payables	1,493,850	-	-	1,493,850
Provisions	139,200	-	139,200	278,400
Employee benefit obligation	-	-	8,703,299	8,703,299
<b>Total</b>	<b>8,074,010</b>	<b>-</b>	<b>8,703,299</b>	<b>10,475,549</b>
<b>As at 30 June 2021</b>				
Trade payables	8,447,286	-	-	8,447,286
Provisions	139,200	-	278,400	417,600
Employee benefit obligation	-	-	17,913,192	17,913,192
<b>Total</b>	<b>8,586,486</b>	<b>-</b>	<b>18,191,592</b>	<b>26,778,078</b>

**iii) Market risk**

NCS Management has put in place an internal audit function to assist it in assessing the risk faced by NCS 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 NCS'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. NCS Management 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 NCS's exposure to market risks or the manner in which it manages and measures the risk.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**Financial Risk Management**

**a) Foreign currency risk**

NCS has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

**b) Interest rate risk**

Interest rate risk is the risk that NCS's financial condition may be adversely affected as a result of changes in interest rate levels. NCS's interest rate risk arises from bank deposits. This exposes NCS to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on NCS's deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**iv) Capital Risk Management**

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	2,487,000	2,487,000
Retained Earnings	75,261,458	128,522,517
Capital Reserve	8,382,221	8,382,221
<b>Total Funds</b>	<b>86,130,679</b>	<b>139,391,738</b>

**24 Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to NCS 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.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**Government of Kenya**

The Government of Kenya is the principal shareholder of NCS, holding 100% of the NCS's equity interest.

**Other related parties include:**

- i) State Department for Broadcasting and Telecommunication; Ministry of ICT, Innovation and Youth Affairs (MIIYA)
- ii) Communication & Multimedia Appeals Tribunal (CAMAT)

	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants /transfers from the government</b>		
Grants from State Department for Broadcasting & Telecommunications	10,000,000	-
<b>Total</b>	<b>10,000,000</b>	-

**25. Commitment and Contingencies**

The Secretariat has one outstanding case, Petition No. ELRCPET/E085/2022: Nelly Awinja Nandwa Vs National Communication Secretariat. The citation herein is "In the Matter of the Constitution of Kenya, 2010 (protection of rights and fundamental freedoms) practice and procedures rule, 2013". She additionally prayed to the courts to be awarded special damages amounting to Ksh.8,781,968.

**26. Events after the Reporting Period**

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

**27. Currency**

The financial statements are presented in Kenya Shillings (Kshs).



**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**27. Appendix**

**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: ( <i>Resolved</i> / <i>Not Resolved</i> )
<b>4.1 Inaccuracies in the Financial Statements</b>	A review of the supporting schedules and reported figures in the financial statements revealed a discrepancy in the figures for receivables from non-exchange transactions which were not reconciled.	The inaccurate figure of receivables from non-exchange transactions has been corrected in the Financial Statements, (attached are Amended Financial Statements for ease of reference).	Resolved
<b>4.2 Unsupported Provisional and Contingencies sum of Kshs.4,350,000 for the Refurbishment and Partitioning of NCS Office</b>	The secretariat awarded a contract to one Hawaka General Contractors Ltd of P.O Box 67176-00200 Nairobi refurbish and partition its offices at a contract sum of Kshs 44,674,461. Out of which a sum of Kshs 4,350,000 was set aside as provisional sums for contingencies The project was completed and handed over on 8 <sup>th</sup> Jan 2021. However there were no records provided to show how the provisional sum of Kshs 4,350,000 was utilised.	The State Department for Public Works was in charge of supervision of the whole project including preparation of payment advise to the NCS. NCS wrote to them requesting for a breakdown of the aforementioned payments, (copy of letter Ref: NCS/CONF/20.254 Vol.1(112) dated 24 <sup>th</sup> January 2022) is herein attached for your reference)	Resolved

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: ( <i>Resolved</i> / <i>Not Resolved</i> )
<p><b>4.3 Human Resource Instrument Task Force</b></p> <p><b>a. Non-compliance with Salary &amp; Remuneration Commission Circular on Taskforce allowance - Constitution of a Taskforce</b></p>	<p>Audit review shows that the taskforce may be irregularly constituted since it consisted of 17 members including of 3 supporting staff. This was noted to be against the government requirements of 15 members.</p>	<p>The Secretariat will adhere to the SRC circular on constitution of a taskforce and shall adjust the membership accordingly.</p>	<p>Resolved</p>
<p><b>b. Payment of taskforce allowance</b></p>	<p>The members of a taskforce will be paid token of compensation known as taskforce allowances as per guidelines effective 1<sup>st</sup> September 2013 REF No. MSPS.2/1A VOL XLVIII/(119). The circular further notes that officers in job group 'T' and above will not be eligible for taskforce allowance since their remuneration package has factored any extraneous assignments they may be required</p>	<p>The Secretariat shall ensure full compliance with the stipulated SRC Circular henceforth</p>	<p>Resolved</p>

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
	to perform in their normal course of duty. On review of the Stakeholders conference payment vouchers, it was noted that, NCS officers in job group T, were paid taskforce allowances totalling to Kshs 696,000 contrary to the payment of taskforce allowance guidelines.		
c. Value for money on HR instruments costs	During the year under review the secretariat incurred Kshs. 24,193,201 on stakeholders' conferences. Further, audit reviews revealed that Kshs 7,993,670.00 was spent on HR taskforce as at 30 <sup>th</sup> June 2021. However, the audit process was yet to be completed despite spending considerable amount of money. The value for money cannot therefore be confirmed and the Secretariat may therefore not realise the intended objectives.	The Secretariat has since defined budgets and timelines to meet the laid-out objectives and deadlines as indicated in the NCS Work Plan 2021-2022.	Resolved
d. Taskforce expected duration of assignment	It was noted that the taskforce was to complete its assignment within 90 days from the date of the first meeting. The taskforce had its first meeting on 9 <sup>th</sup> April 2021 therefore the period for completion of the	The Secretariat will endeavor to fully adhere to the Circular No. OPCAB.2/12A/8 of 18 <sup>th</sup> August 2003.  We however would like to indicate that the Taskforce had a Work Plan at inception (see copy	Resolved



**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
	<p>task is 6<sup>th</sup> July 2021 but the assignment was not complete at the time of the audit in January 2022. This is contrary to the regulating circulars requirements of 20 days for the task to be complete. Further no extension proposal has been approved by the head, directorate of public service management as required which was provided by audit verification.</p>	<p>attached). According to the ToRs of the Taskforce, there were four (4) documents that were to be developed by the Taskforce during the period. A summary of status of each Report is as follows:-</p> <ul style="list-style-type: none"> <li>i. The Human Resource Policy and Procedure Manual for NCS— The document was finalized and adopted by NCS Management, (Soft copy shall be forwarded to your email for reference).</li> <li>ii. The Organizational Structure and Staffing for NCS – The draft document was developed and is currently pending incorporation of amendments by the Taskforce and adoption of the Report by the NCS Management, (Soft copy shall be forwarded to your email for reference).</li> <li>iii. The Career Guidelines for NCS Staff – The draft was developed and is currently pending incorporation of amendments by the Taskforce and adoption by the NCS Management, (Soft</li> </ul>	

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
		<p>copy shall be forwarded to your email for reference).</p> <p>iv. The Draft Salary Structure – The document is yet to be developed.</p> <p>Further, the Taskforce had its inception meeting on 9<sup>th</sup> April 2021 (Minutes attached for reference). Due to the challenges occasioned by the Covid-19 Pandemic and the directive to work from home, it was difficult for the Taskforce to fast-track the process of completing the documents, which required plenary discussions.</p> <p>Finally, we wish to inform you that during the same period, the NCS premises was under renovations from March 2020 all through to January 2021. Thereafter, the process of procuring furniture for the offices including furniture for the Boardroom was underway hence the Taskforce carried out most of its meetings offsite.</p>	

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>
<b>4.4 Irregularities in Assets Management</b>	Audit review of property plant and equipment noted that entity has not been maintaining an asset register to record all assets it owns. Further ownership documents for motor vehicle acquired value at Kshs.7,454,224 were also not produced for audit verification.	We hereby attach copy of the Asset Register for your reference. In addition, please find copy of the motor vehicle Logbooks of vehicles at the Secretariat.	Resolved
<b>4.5 Deficient management of human resource records</b>	A review of the staff personal files for the employee's organization shows that they have not been updated with various academic and professional certificates to confirm the qualifications of the staff as per the Employment Act 2007 Section 79.	Employee files have been updated to include all records	Resolved
<b>4.6 Clarity on Deployment of Staff</b>	Two employees who work in Accounts and Supply chain department on deployment basis from the Parent Ministry of State Department of Broadcasting and Telecommunication were noted to have a contractual arrangement for a duration was for 9 months. However, staff on deployment were also noted to be also on signed contract despite the fact that they are already on permanent and pensionable basis.	The two deployed staff are on an extension of deployment rather than contract following advice from Public Service Commission that indeed, deployed staff are already engaged on permanent and pensionable terms. The Terms and Conditions of Staff of NCS only provide for contract engagement and therefore upon expiry of the respective contracts in September 2021, an extension of deployment was provided pending completion of recruitment of Head of Supply Chain Management and qualification of	Resolved

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
4.7 Cash Management i. Use of invalid Receipts in support of expenditure	The financial statement under review shows cash and cash equivalent balance of Kshs.116,040,046 as at 30 June 2021. Audit review shows that Kshs.15,518,810 was paid out to various staff in form of imprest mainly for daily subsistence allowances and for payment of goods and services. However, the following observations were noted about the balance: i. use of invalid receipts in support of expenditure – payment of goods and services were supported by receipts which did not have ETR receipts to confirm deduction of tax as required by KRA law and were therefore invalid.	CPA certification for a staff member in Accounts department. Both these processes are scheduled for completion in the current quarter January – March 2022	Resolved
ii. Lack of role segregation in the	ii. lack of role segregation in the management of imprest – it was also observed that the expenditure via imprest were incurred mostly	The Secretariat will maintain only one (1) Petty Cash Imprest to be held by the Finance & Accounts Department. All requests for Petty Cash fund will be made to the Communication Secretary, with details of the need and the budget. Approvals will then be submitted to Accounts Department to issue the funds which shall be accounted for by the concerned staff in form of valid receipts. Items of low value will be processed via Petty Cash hench forth.	Resolved

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: ( <i>Resolved</i> / <i>Not Resolved</i> )
management of imprest	by the HoDs, accountants and Chief Officers. These were the persons who are responsible for approval and authorisation of imprest and expenditure. There was therefore conflict of interest in the issuance and surrenders of the imprest.	with the role segregation set out in the Finance Policy and Procedures manual	
iii. Excess Cash Payment of Expenditure	iii. Excess cash payment of expenditure – audit review shows imprest payments was about 32% of Kshs.48,108,531 of the general expenditure made during the period was made through imprest. However its not clear whether the procurement process was followed in acquisition of the goods and services	In order for NCS to fulfil its mandate, stakeholder engagement is imperative. The imprest payments were made towards facilitating the stakeholder engagements. Due procedure was followed in all processes.	Resolved
iv. Spending without a budget	iv. spending without a budget – audit review shows that there was no approved line budget to regulate the spending on various expenditure items including travelling expenses consequently, control cannot be confirmed	The NCS is developing Work Plans that will be used to generate line budgets per expenditure item	Resolved

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
4.8 Irregularities in Procurement of goods and services	<p>Audit reviews revealed that the entity did not maintain a list of prequalified suppliers and/or registered suppliers and uses the prequalified list of the parent ministry. However, no correspondences and documentation were availed to verify that the list of suppliers used was from the parent ministry.</p>	<p>In response to payment made to M/s Celex Ltd and Dosan Ltd payment Voucher No. 707/21 and 700/21 for the purchase of Smart TVs and office equipment respectively. In reference to Public Procurement and Asset Disposal Act 2015, under Section 157(5) of the Act, a procuring entity shall allocate at least thirty percent 30% of its annual procurement budget for the purpose of procuring goods, works and services from enterprises owned by Youth, Women and Persons with Disability. In this case, we considered the above referred AGPO groups enterprise (s) registered by the National Treasury as a target group benefiting from the preference and reservation scheme with a valid registration certificate as prescribed in Section 56 of the Public Procurement and Asset Disposal Act. (Registration certificates and request of quotations are attached for ease of reference).</p> <p>In regard to the purchase and installation of server, two (2) server racks and D-Link UPS were awarded and paid to M/s Posh Ltd, the firms invited were from the Framework Agreement from our parent</p>	Resolved

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: ( <i>Resolved</i> / <i>Not Resolved</i> )
		<p>Ministry. The list is attached for your reference. The request for quotation, evaluation reports and professional opinion report is also attached for ease of reference.</p> <p>The purchase of the motor vehicle from Toyota Kenya Ltd was made under a National Framework Agreement and was processed and concluded by the Ministry of Transport Infrastructure, Public Works, Housing and Urban Development (State Department for Public Works – Supplies branch). A copy of the Contract for the same is hereby attached for ease of reference as requested. The copy of logbook of vehicle purchased and the Framework Agreement Contract is herein attached for your reference.</p>	
4.9 IT Internal control	<p>Audit reviews showed that National Communication Secretariat does not have data recovery plan and business continuity policy in place.</p>	<p>The first draft of the Data Recovery Plan and Business Continuity Plan was circulated to the NCS Management for review and input. The same has been included in the Work Plan for this FY 2021/22 with clear timelines of its completion.</p> <p>Further, we would like to inform you that NCS is currently involved in negotiation with the ICT</p>	Resolved

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
4.10 <b>Human Resource Management</b>	<p>i. The staff establishment which technically is being used by the National Communication Secretariat as at June 30<sup>th</sup> 2021 has yet to be approved. The human resource department and the Management should follow up with the Public Services Commission to ensure the Staff establishment has been approved. This is very essential for the staff establishment to be legally valid for the organization.</p> <p>ii. In addition, the staff establishment indicates the overall number of employees for the organization are supposed to be 26. However, the current personnel total to 20. Therefore, there are 6 positions which are not filled in. The management needs to ensure the gaps are filled in for effective and efficient</p>	<p>Authority (ICTA) on how to the Government of Kenya data centre services at Konza Technopolis Development Authority (KOTDA) Datacenters as a means of securing the organization data offsite.</p> <p>i. The Human Resource Department and the NCS Management are in the final stages of the developing the NCS Grading Structure and Staffing in collaboration with the Public Service Commission to provide technical advice in the Human Resource Instruments taskforce. Completion of the HR Instruments will ensure the Secretariat has an approved Staff Establishment.</p> <p>ii. Vacant positions at the Secretariat have been approved for recruitment in order of priority of core mandate functions and legal requirements hence, the recruitment of the positions of Communications Radio Technology Expert (CRTE) and Head of Supply Chain Management to ensure efficient operation of the Secretariat. The variance in the Staff Establishment will be planned for in the NCS budget.</p>	Resolved

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
	<p>operations of the entity as the human resource are the key driver for the organization.</p> <p>iii. The review of the staff establishment in relation to the job group scales also noted that various Heads of department were categorized in Scale 3. However, it was noted for the department of Finance and accounts the head was in category 4. The discrepancies in ranking should be clarified through an approved establishment or harmonized.</p> <p>iv. Head of departments on contract - a review of the staff records shows that most of the heads of departments were on contract basis. This way business of the entity may suffer severely in case of an industrial action.</p> <p>v. lack of clarity on career progression of most staff – review of the staff records shows that some staff have served at their highest grade of their job group without a clear progression plan.</p>	<p>iii. NCS underwent Job Evaluation exercise by Salaries and Remuneration Commission (SRC) who in turn categorized all jobs into its current structure (JE results attached for ease of reference). It may be worth noting that the Secretariat has been in a long-standing appeal with SRC to address various issues following the job evaluation. The taskforce established to review the HR instruments has a proposed structure to address the issue of ranking and career progression, (copy attached for ease of reference).</p> <p>iv. The matter of business entity suffering has been addressed in the proposed HR Policy and Procedures Manual by the HR instruments taskforce where staff on Scale 1 and 2 would be engaged on contractual terms whereas those on Scales 3 to 10 would be engaged on permanent and pensionable terms.</p> <p>HR Instruments taskforce has developed Career Progression Guidelines to address the matter of progression.</p>	



**Annual Report and Financial Statements  
For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
4.11 Governance and the Internal Audit Function	<p>NCS is constituted as a secretariat and as such doesn't have an operational board to oversee its activities especially financial and human resource management. The Communication Secretary is therefore solely in charge of all operations without a clear oversight. The internal audit committee is also not in place to discuss the internal audit reports and follow up the implementation. Human resource managements is also left in the hands of other officers without a proper oversight.</p>	<p>The NCS was constituted as a secretariat stipulated in the Kenya Information and Communication Act Sec.84 (excerpt herein attached).</p> <p>However, we take note of your recommendation and have brought the matter of governance and the operationalization of the internal audit function to the attention of the Ministry of ICT, Innovation and Youth Affairs for guidance, (copy of the letter is attached for ease of reference).</p> <p>In conclusion, we would like to take this opportunity to thank you for the observations and recommendations that you have proffered to us and hope that the explanations presented above suffice for each of the issues raised.</p>	Resolved

.....  
*[Signature]*.....

Communications Secretary

Date: 25.10.2023.....



**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Appendix II: Projects Implemented by National Communication Secretariat**

Due to the nature of the mandate of the NCS, there were no projects that were implemented by NCS in the year 2021/2022.

**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Appendix III: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - Other Income	
Ministry of ICT, innovation and Youth Affairs; State Department for Broadcasting and Telecommunications	15/09/2021	Recurrent	30,000,000	30,000,000	-	-	30,000,000	-	
	12/11/2021	Recurrent	30,000,000	30,000,000	-	-	30,000,000	-	
	28/02/2022	Recurrent	30,000,000	30,000,000	-	-	30,000,000	-	
	20/05/2022	Recurrent	30,000,000	30,000,000	-	-	30,000,000	-	
	17/06/2022	Recurrent	10,000,000	10,000,000	-	-	-	10,000,000	130,000,000
	<b>Total</b>			<b>130,000,000</b>	<b>130,000,000</b>	<b>-</b>	<b>-</b>	<b>120,000,000</b>	<b>10,000,000</b>



**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Appendix IV: Reporting of Climate Relevant Expenditures**

National Communication Secretariat  
 Telephone Number: +254 20 2719953  
 Email Address: [info@ncs.go.ke](mailto:info@ncs.go.ke)  
 Eng. Daniel O. Obam, HSC

Name and contact details of contact person (in case of any clarifications): **CHRP Sally Mbaya, Tel: +254 20 2719953**

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	
Tree Planting	Restoring of tree coverage in Kakamega forest and facilitate and supervise planting of 1000 indigenous trees	Arrest deforestation and improve clean air retention and water Promote tree planting as a lifestyle among the community Improve NCS visibility to the General Public	Site clearing Cutting stakes Staking out Pitting Planting Beating up Seedlings				√	Kenya Forest Services and the Community



**Annual Report and Financial Statements  
For the year ended June 30, 2022**

**Appendix V: Disaster Expenditure Reporting Template**

Date:						Quarter: 4 <sup>th</sup>	
Entity							
Period to which this report refers (FY)	Year 21/22						
Name of Reporting Officer	CHRP Sally Mbaya						
Contact details of the reporting officer:	Email: <a href="mailto:info@ncs.go.ke">info@ncs.go.ke</a> Telephone: +254 20 2719953						
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII	
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments	
Health	COVID 19	Pandemic	Mitigation	PPEs	1,373,900	Protection of NCS staff against Covid and related illness	