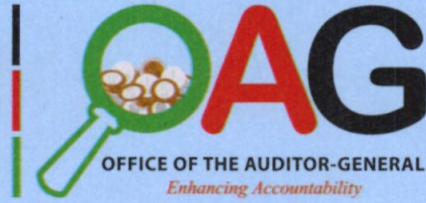


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REPORT

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THE AUDITOR-GENERAL

ON

**STATE DEPARTMENT FOR BROADCASTING
AND TELECOMMUNICATIONS**

FOR THE YEAR ENDED

30 JUNE, 2025

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 11 MAR 2026

DAY.
WEDNESDAY

TABLED BY:	LEADER OF MAJORITY PARTY Hon. OWEN BAYAJ MP
CLERK-AT THE-TABLE:	J. LEMERELLE



STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

**Transitional IPSAS Financial Statements/Prepared in accordance with the Accrual Basis of Accounting Method Under
International Public Sector Accounting Standards (IPSAS)**

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Annual Report and Financial Statements for the year ended June 30, 2025.

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
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1. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

<i>CS</i>	<i>Cabinet Secretary</i>
<i>PS</i>	<i>Principal Secretary</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OSHA</i>	<i>Occupational Safety and Health Act of 2007</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PPE</i>	<i>Property Plant & Equipment</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>SAGAs</i>	<i>Semi-Autonomous Government Agencies</i>
<i>SC</i>	<i>State Corporations</i>
<i>TNT</i>	<i>The National Treasury</i>
<i>ADA</i>	<i>Alcohol and Drug Abuse</i>
<i>AIE</i>	<i>Authority to Incur Expenditure</i>
<i>CAJ</i>	<i>Commission on Administrative Justice</i>
<i>CA</i>	<i>Communication Authority of Kenya</i>
<i>SCFO</i>	<i>Senior Chief Finance Officer</i>
<i>HAU</i>	<i>Head of Accounting Unit</i>
<i>HIV</i>	<i>Human Immunodeficiency Virus</i>
<i>IEC</i>	<i>Information, Education and Communication</i>
<i>ISMIS</i>	<i>Information Security Management Systems</i>
<i>KBC</i>	<i>Kenya Broadcasting Corporation</i>
<i>KICA Bill</i>	<i>Kenya Information and Communication Amendment Bill</i>
<i>KYEB</i>	<i>Kenya Yearbook Editorial Board</i>
<i>MCC</i>	<i>Media Complaints Commission</i>
<i>MCK</i>	<i>Media Council of Kenya</i>
<i>NCDs</i>	<i>Non-Communicable Diseases</i>
<i>NCS</i>	<i>National Communication Secretariat</i>

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<i>NTSA</i>	<i>National Transport and Safety Authority</i>
<i>UHC</i>	<i>Universal Health Coverage</i>
<i>FIHRM</i>	<i>Fellowship of the Institute of Human Resource Management</i>
<i>EGH</i>	<i>Elder of the Order of the Golden Heart</i>
<i>EBS</i>	<i>Elder of the Order of the Burning Spear</i>
<i>MBS</i>	<i>Moran of the Order of the Burning Spear</i>
<i>KIMC</i>	<i>Kenya Institute of Mass Communication</i>
<i>CPA</i>	<i>Certified Public Accountant</i>

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B: Definition of Key Terms

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

No.	Designation	Name	Date Appointment
1	Cabinet Secretary	Eliud Owalo, FIHRM	27/10/2022
2		Dr. Margaret Nyambura Ndung'u, PhD	22/8/2024
3		HON. William Kabogo Gitau	17/01/2025
4	Accounting Officer	Edward Kisiang'ani (PhD)	02/12/2022
5		Stephen M. Isaboke, EBS	17/04/2025
6	Secretary of Administration	Juliana Yiapan, MBS	05/12/2018
7		Waweru Kimani	11/09/2023
	Information Secretary	Judy Munyinyi	01/09/2024
8	Director of Information	Joseph Kiprotich	01/03/2016
9	Director of Public Communications	Monica Omoro	27/08/2024
10	Ag. Director Government Advertising Agency	Michael Okidi	08/02/2019
11	Chief Finance Officer	Martin M. Mosiria	24/03/2023
12	Director Planning	Penuel N. Ondieng'a	08/04/2024
13	Deputy Accountant General	Karanja Priscilla (CPA)	15/02/2023
14	Director Human Resource	Miriam W. Gitau	16/08/2013
15	Management and Development	Juanita Ombima	24/05/2024
16	Deputy Director Supply Chain Management	Francesca Nyambura	27/01/2023

2. Key Entity Information and Management for the State Department for Broadcasting and Telecommunications

(a) Background information

The State Department for Broadcasting and Telecommunications derives its mandate from the Executive Order No. 1 of 2025 as a State Department in the Ministry of Information, Communications and The Digital Economy (MICDE). At the Cabinet level, the State Department is represented by the Cabinet Secretary for the Ministry of Information, Communications and the Digital Economy H.E Hon. William Kabogo Gitau, who is responsible for the general policy and strategic direction of the Ministry.

(b) Mandate

The Mandate of the State Department is derived from Executive Order No. 1 of 2025, which stipulates the following functions:

- Telecommunications Policy
- Broadcasting Policy
- Co-ordination of National Government Advertising Services
- Public Communications
- Postal and Courier Services
- Policy on Development of Local Content
- Development and operation of the National Communication Centre
- Government Telecommunications Services
- E-Commerce integration

Vision: Empowering citizens with reliable and affordable information.

Mission: To ensure universal access to high quality broadcasting and telecommunication services, promote innovation, digital inclusion and protect consumer interest.

Core Values

Professionalism, Public participation, Transparency and accountability, Equity and equality, Team work and Patriotism.

(c) Key Management

The day-to-day management of the State Department for Broadcasting and Telecommunications is under the following key organs that work together to manage the State Department effectively, ensuring that its goals and mandates are met.

i. Cabinet Secretary:

This is the top executive, and the Office is responsible for overall leadership and policy direction in the Ministry and State Department.

ii. Principal Secretary:

This is the Accounting Officer responsible for day-to-day administration, implementation of government policies, and overall coordination of the functions of the State Department.

iii. Directorates:

Directorates are headed by Directors who are Senior officials overseeing various directorates within the State Department, including Information and Broadcasting Services, Public Communications, Government Advertising Services.

iv. Administration:

Coordinates the implementation of the State Department's core mandate and deliverables as contained in the Annual Work Plan and Strategic Plan. The State Department's Administration also provides overall support to the support services departments and units within the State Department including Central Planning and Project Management department, Finance, Accounts, Human Resource Management and Development, Supply Chain Management, ICT and Legal Services.

v. Internal Audit Unit:

The Unit ensures compliance with internal controls, policies, and procedures, and provides oversight on financial management and operational efficiency.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

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No.	Designation	Name	Date Appointment
1	Cabinet Secretary	Mr. Eliud Owalo, FIHRM, EGH	27/10/2022
2		Margaret Nyambura Ndung'u, PhD	22/8/2024
3		Hon. William Kabogo Gitau	17/01/2025
4	Accounting Officer	Edward Waswa Kisiang'ani (PhD) CBS	02/12/2022
5		Stephen M. Isaboke, EBS	17/04/2025
6	Secretary of Administration	Juliana Yiapan, MBS	05/12/2018
7		Waweru Kimani	11/09/2023
	Information Secretary	Judy Munyinyi	01/09/2024
8	Director of Information	Joseph Kiprotich	01/03/2016
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13	Senior Deputy Accountant General	Karanja Priscilla (CPA)	15/02/2023
14	Director Human Resource Management and Development	Miriam W. Gitau	16/08/2013
15		Juanita Ombima	24/05/2024
16	Deputy Director Supply Chain Management	Francesca Nyambura	27/01/2023

(e) Fiduciary Oversight Arrangements

Key fiduciary oversight arrangements in the financial year:

- a) Ministerial Audit Committee
- b) Public Finance Management Standing Committee
- c) Budget Implementation Committee
- d) Senior Management Committee

(f) State Department for Broadcasting and Telecommunications Headquarters

P.O. Box 30025

GPO 00100

Telposta Towers

Kenyatta Avenue

NAIROBI, KENYA

(g) State Department for Broadcasting and Telecommunications Contacts

Telephone: (254) 020 492000/100

E-mail: psbroadcasting@ict.go.ke

(h) State Department for Broadcasting and Telecommunications Bankers

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

(i) Independent Auditors

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

(j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

NAIROBI, KENYA

3. Profile of Cabinet Secretary



H. E. Hon. William Kabogo Gitau is a visionary Kenyan leader, entrepreneur, and experienced public administrator with a strong track record in governance and economic transformation. He served as the first Governor of Kiambu County (2013–2017) and as Member of Parliament for Juja Constituency (2002–2013), where he spearheaded development initiatives across infrastructure, healthcare, education, and digital access.

As Governor, Hon. Kabogo implemented ground breaking reforms that led to a 225% increase in county revenue—growing from KES 800 million to KES 2.6 billion through automation and enhanced transparency in public finance. He launched digital inclusion programs such as the Kiambu WiFi initiative, expanded urban infrastructure, and strengthened healthcare systems with modern equipment and emergency response capabilities.

He is also a successful entrepreneur with investments in logistics, real estate, retail, and shipping, and a strong advocate for youth empowerment and sustainable development. Hon. Kabogo holds a Bachelor of Commerce in Accounting and Finance from Punjab University, India.

He continues to be a prominent voice on digital transformation, inclusive growth, and innovative governance across Africa.

Profiles of Accounting Officer



Mr. Stephen Motari Isaboke, EBS is a former consultant in technology, media, oil & gas, and renewable energy in Kenya and the United Arab Emirates (UAE).

He is an experienced and multidisciplinary business executive with over 25 years of leadership experience in senior management and executive roles. He has previously served as the Group Executive Director of Regulatory and Government Affairs for the Africa Region at MultiChoice Africa Holdings, based in Dubai, UAE.

He has previously held senior leadership positions responsible for Kenya and East Africa at MultiChoice Group, Kenya Shell (a subsidiary of Royal Dutch Shell PLC), Sara Lee, and Unilever.

He has also held non-executive directorships in various companies and served in the management board of the national football team, Harambee Stars.

Mr. Isaboke holds a Bachelor of Commerce (B. Com) degree with Honours in Business Administration from the University of Nairobi, a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (CIM), United Kingdom, and a Master of Business Administration (MBA) degree in Strategic Management from the University of Nairobi.

He is a Fellow of the Chartered Institute of Marketing (FCIM, UK) and a Member of the Institute of Directors (IoD) in Kenya.

4. Statement by the Cabinet Secretary, Ministry of Information, Communication, and the Digital Economy

The Financial Year 2024/2025 marked a significant phase in advancing Kenya's digital transformation through broadcasting and telecommunications. Guided by Executive Order No. 1 of 2025, the National Digital Master Plan 2022–2032, and the Bottom-Up Economic Transformation Agenda (BETA), the State Department remained focused on strengthening access to information, modernising communication infrastructure, and building resilient institutions that enable inclusive growth.

During the year, the Department provided strategic policy direction and oversight to revitalize the sector. Key reforms included the advancement of the National Addressing System Bill, the review of the Kenya Information and Communications Act, and the review of the Media Council Act. We also initiated the development of a National Communication Policy and the Kenya School of Communication Bill. These initiatives are designed to update the policy and regulatory framework, safeguard media freedom and access to information, and provide a coherent basis for public communication in a rapidly evolving digital environment.

Concurrently, we advanced institutional reforms to improve performance and service delivery. Our focus areas include the commercial turnaround of the Kenya Broadcasting Corporation (KBC) and the Postal Corporation of Kenya (PCK), alongside programme-based modernisation of news-gathering and public information services. We also initiated work to strengthen the legal status of entities currently operating under legal notices, notably the Government Advertising Agency (GAA) and the Kenya Institute of Mass Communication (KIMC), by preparing pathways to comprehensive legislation that will provide stable mandates and long-term sustainability. These institutional actions are distinct from, and complementary to, the legislative reviews noted above.

Strategically, the Department continued to champion universal access through investments and partnerships that expand cellular and broadcasting coverage in underserved areas; to modernise government communication through refurbishment of Kenya News Agency facilities and the continued use of *MyGov*; and to support the creative economy and media professionalism through retooling, accreditation, and expanded training opportunities. Our programmes are progressively

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integrating climate action, gender equality, disability inclusion, and youth empowerment, ensuring that broadcasting and telecommunications directly contribute to inclusive socio-economic growth.

Looking ahead, our vision is clear: a legally robust, well-regulated, innovation-ready communications ecosystem that empowers every Kenyan with reliable, affordable, and inclusive services. By aligning policy with practice—through updated laws, fit-for-purpose institutions, and strategic investment—the State Department for Broadcasting and Telecommunications will remain a catalyst for cohesion, innovation, and national prosperity.



.....
Hon. William Kabogo Gitau
Cabinet Secretary
Ministry of Information, Communications & the Digital Economy



Journalists in Mombasa testing the quality of equipment at the newly established Mombasa Media Hub Podcasting Studio.



KIMC Graduation November 2024

5. Statement by the Accounting Officer

The State Department for Broadcasting and Telecommunications derives its mandate from Executive Order No. 1 of 2025, as a State Department within the Ministry of Information, Communications and the Digital Economy (MICDE).

In line with the Government's economic transformation agenda, the State Department prioritized strategic communication through various initiatives. These included the nationwide distribution of the MyGov pullout editions, which carries essential government information such as tender notices and job opportunities in public institutions; the production of news items and success stories; retooling of journalists, training students in mass media, accrediting journalists; establishment of journalists' hubs; development of communication infrastructure in unserved and underserved areas to enhance access to information; and active collaboration with media houses as partners in effective public communication.

During the review period, the broadcasting and telecommunications industry made a significant contribution to GDP, primarily through revenues generated from mobile services, internet data, broadcasting, and media advertising. The sector attracted both domestic and international investment, created new business opportunities, and enhanced market competitiveness. It also generated employment across telecommunications, media production, content creation, and infrastructure development, thereby contributing to efforts to reduce youth unemployment.

For the Financial Year 2024/25, the State Department was allocated a gross budget of KShs.6,615,438,061, entirely under the Recurrent Expenditure vote. These funds were applied in the implementation of three core programmes, namely: General Administration, Planning and Support Services; Information and Communication Services; and Mass Media Skills Development. The table below provides details of the budget allocation by programme and sub-programme, alongside utilization levels and variances.

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Table 1: Budget allocation by Programmes and Sub-programmes

Programmes/Sub Program	Description	Approved Budget	Actual Payment	Variance
Programme 1	General Administration, Planning and Support Services	232,223,668	226,946,800	5,276,868
Sub-Programme 1.1	General Administration, Planning and Support Services	232,223,668	226,946,800	5,276,868
Programme 2	Information And Communication Services	6,095,007,642	5,163,763,350	931,244,292
Sub-Programme 2.1	News and Information Services	4,880,357,642	3,950,508,454	929,849,188
Sub-Programme 2.2	Brand Kenya Initiative	182,750,000	181,394,491	1,355,509
Sub-Programme 2.3	ICT and Media Regulatory Services	1,031,900,000	1,031,860,405	39,595
Programme 3	Mass Media Skills Development	288,206,751	288,206,750	1
Sub-Programme 3.1	Mass Media Skills Development	288,206,751	288,206,750	1
TOTAL		6,615,438,061	5,678,916,900	936,521,161

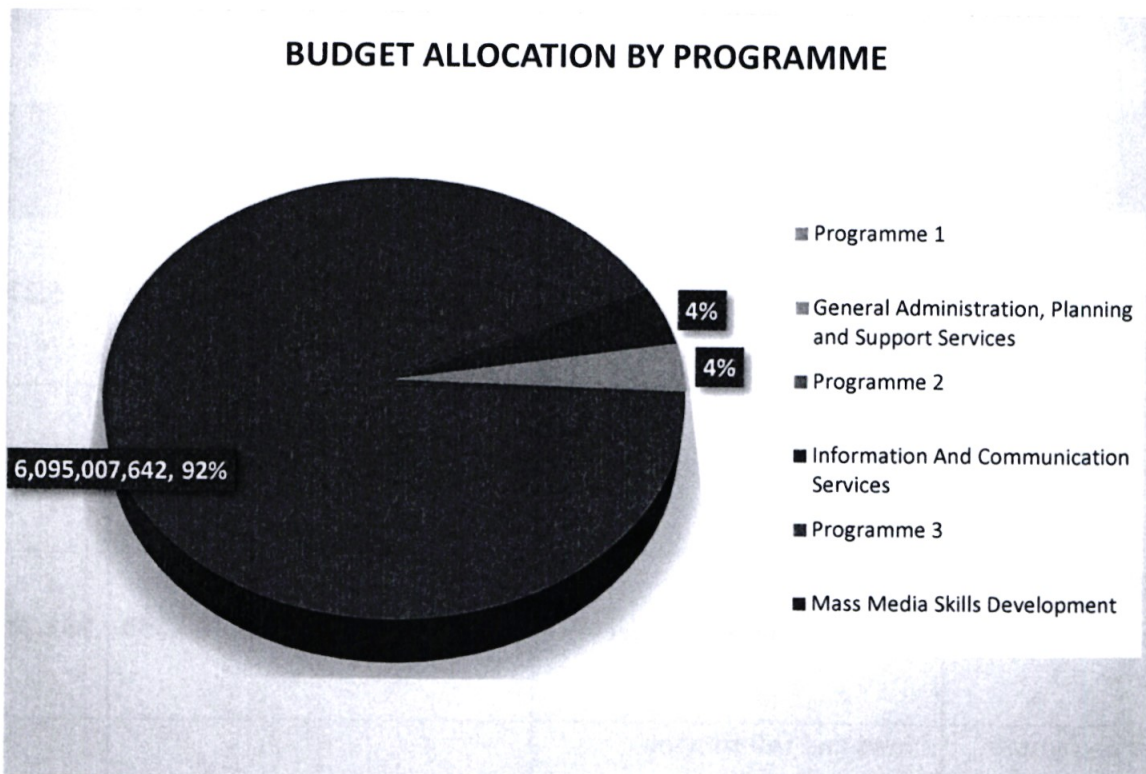
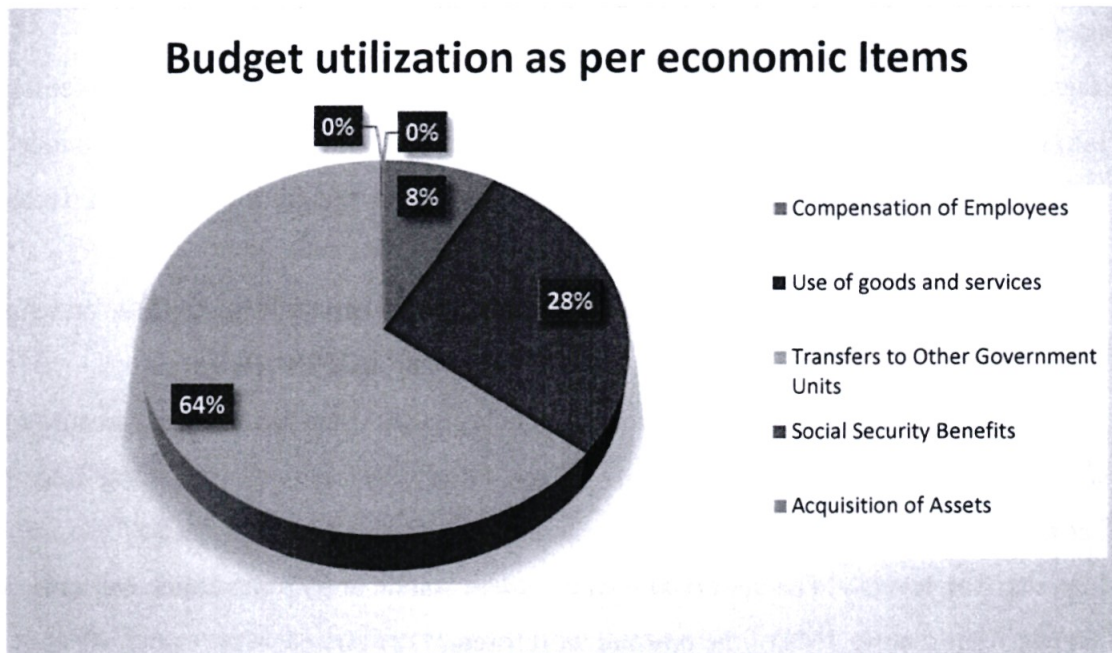


Table 2: Budget Performance based on Economic Items

Economic Classifications/ Items	Approved Budget Allocation (Kshs)	Actual Payments (Kshs)	Variance (Kshs)
Compensation of Employees	462,896,676	460,435,794	2,460,882
Use of goods and services	2,225,539,637	1,575,927,233	649,612,404
Transfers to Other Government Units	3,915,358,251	3,631,912,357	283,445,894
Social Security Benefits	8,543,497	8,292,429	251,068
Acquisition of Assets	3,100,000	2,349,087	750,913
Total Payments	6,615,438,061	5,678,916,900	936,521,161

NB:-The figures in the above table have been presented as per cash basis of accounting under IFMIS



The variance between the Budget allocation and Actual expenditure of **KShs.936,521,161** is attributed to under collection of AIA.

During the review period, the State Department undertook a wide range of initiatives aimed at strengthening Kenya's broadcasting and telecommunications sector. A total of 550 mass media personnel were trained, thereby expanding the national talent pool in media and communication skills. Through the Government Advertising Agency (GAA), the Department published 50 *MyGov* Weekly pull-out editions in a mainstream newspaper, complemented by an online version to enhance accessibility.

In the regulation and professionalization of the media sector, the State Department accredited 9,023 practicing journalists and monitored broadcast content to ensure compliance with regulatory standards. It facilitated the training of an additional 4,447 journalists in mass media. On content production, the Department oversaw the creation of 5,449 TV news items, 28 regional and online publications, 330 Information, Education and Communication (IEC) materials on government priorities, and four quarterly agenda newspapers produced by the Kenya Yearbook Editorial Board. In telecommunications infrastructure, the Department connected 21 sub-locations to cellular mobile networks.

Challenges

Despite these achievements, several challenges were encountered during programme implementation:

1. Inadequate funding and budget rationalization – Departments and agencies were underfunded, limiting implementation of planned activities, while budget rationalization affected both recurrent and development programmes.
2. Non-remittance of advertising revenue – Failure by Ministries, Departments, and Agencies (MDAs) to remit advertising revenue to the GAA constrained its operations.
3. Inadequate legal frameworks – Institutions such as GAA and the Kenya Institute of Mass Communication (KIMC) operate under legal notices that require upgrading into Acts of Parliament to strengthen their mandates and capacity for long-term projects.
4. Low staffing levels – The approved establishment stands at 997 personnel, but only 363 are in post, representing 36% of the optimal workforce.
5. Obsolete technology and equipment – Outdated broadcasting and training equipment continue to affect KBC TV and radio coverage, signal quality, and content creation.

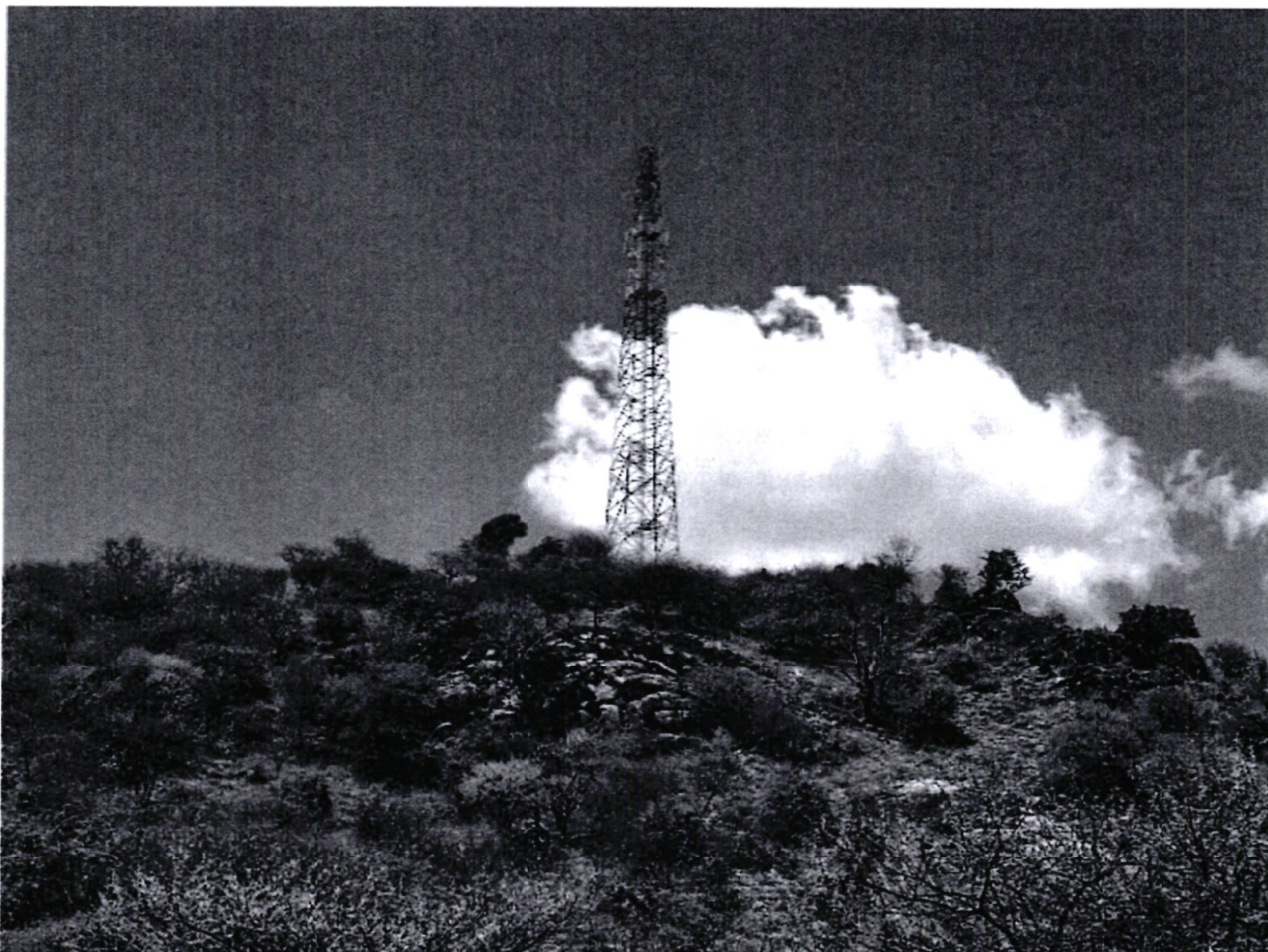
Strategic Interventions

To mitigate these challenges and position the sector for growth, the State Department will pursue the following strategies in the medium term:

1. Programme prioritization and partnerships – Align programmes and projects with available budgetary resources while strengthening collaboration with development partners.
2. Legal reforms – Fast-track the review and enactment of legal frameworks to fully establish GAA and KIMC through Acts of Parliament, thereby entrenching their mandates.
3. Digitization of government advertising services to improve efficiency and accountability.
4. Human resource strengthening – Recruit new staff at the entry level and fill existing vacancies through promotions to address staffing gaps.
5. Modernization of broadcasting and training equipment to keep pace with technological advancements in ICT and enhance efficiency in service delivery.



.....
Stephen M. Isaboke, EBS
Accounting Officer



Litirimin-sub-location in Samburu East, strengthening Kenya`s broadcasting and telecommunications sector.

6. Statement of Performance against Predetermined Objectives for FY2024/25

The key strategic objectives as per the State Department for Broadcasting and Telecommunications Strategic Plan for FY 2023-2027 are to:

- a) Strengthen strategic policy direction.
- b) Strengthen the legal and regulatory framework.
- c) Revitalize institutions.
- d) Increase public access to information.
- e) Enhance Government communication.
- f) Provide government advertising services.
- g) Provide reliable Broadcasting and Telecommunications infrastructure.
- h) Increase employment opportunities for the youth.
- i) Strengthen Postal and Courier services.
- j) Improve requisite mass media skills.
- k) Improve skills for staff in the support departments.
- l) Improve leadership and governance.

The State Department implemented its programmes and projects based on the resources available and recorded milestones and achievements as detailed below.

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Table 1: Programme performance

Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for FY 2024/25			Cumulative Achievement by the end of FY 2024/25			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
General Administration, Planning and Support Services	To strengthen the policy and legal framework	A well-regulated broadcasting and telecommunications sector	Policies, legal and institutional frameworks developed/reviewed	No. of policies developed	5	0	-5	11	2	-9	<p>Targets not achieved; however, two policy documents were approved, namely;</p> <ul style="list-style-type: none"> Public Relations and Communications Management Policy 2023 National e-commerce Strategy 2023
				No. of bills developed	2	0	-2	6	1	-6	<p>Target not achieved. Only the Public Relations and Communication Management Bill was submitted to the Assembly and has undergone second reading. The following bills are at various levels of completion before presentation to the</p>

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Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for FY 2024/25			Cumulative Achievement by the end of FY 2024/25			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
											Cabinet for approval: Media Council Bill; Kenya School of Communication Bill; National Addressing System Bill; Kenya Information and Communication Bill.
				No. of Institutional Frameworks developed	2	0	-2	6	2	-4	Target not achieved. Thus, two Institutional Frameworks are in place <ul style="list-style-type: none"> • PCK HR instruments • SDBT HR instruments
				No. of M & E Reports	4	4	0	12	12	0	Target achieved
Information and Communication Services	To increase public access to reliable and	Well-informed citizenry	Public news and information services enhanced	No. of Daily and Weekly News Information Briefs	302	302	0	906	906	0	Target achieved

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Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for FY 2024/25			Cumulative Achievement by the end of FY 2024/25			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
	affordable information			No. of print news items produced	25,000	24,385	-615	61,800	73,936	12,136	Target achieved. The positive variance is attributed to the additional support provided by PSC interns, media interns, and attachés working in field offices. Their contributions helped boost reporting capacity and coverage across the country.
				No. of TV news items produced	3,100	5,049	1,949	9,300	17,521	8,221	Target achieved. The positive variance is attributed to the additional support provided by PSC interns, media interns, and attachés working in field offices. Their contributions helped boost reporting capacity and

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Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for FY 2024/25			Cumulative Achievement by the end of FY 2024/25			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
											coverage across the country
				No. of regional publications produced	28	28	0	116	105	-11	Target not achieved due to breakdown of printing machines.
				% level of modernization on identified equipment and facilities at the KNA	-	-	-	90	25	-65	Target not achieved. No target was set for FY 2024/25, as the State Department did not have a Development allocation.
				No. of Information, Education & Communication (IEC) materials on government policies,	200	200	0	600	730	130	Target achieved. The positive variance is attributed to extensive news coverage of Public days celebrations.

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Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for FY 2024/25			Cumulative Achievement by the end of FY 2024/25			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
				strategies, and programmes produced and disseminated							
				No. of quarterly reports on Media Monitoring on Government Coverage	4	4	0	16	16	0	Target achieved
				No. of quarterly reports on monitoring of government websites	4	4	0	12	12	0	Target achieved
				No. of weekly MyGov pull-out editions	50	50	0	150	150	0	Target achieved
				Quarterly compliance reports on Government Advertisement directive	4	4	0	12	12	0	Target achieved

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Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for FY 2024/25			Cumulative Achievement by the end of FY 2024/25			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
				% of National Digital signal	-	-	-	98	66	-32	Target not achieved. State Department did not have a Development allocation.
				No. of public broadcasting service hours	2,190	2,190	0	6,570	6,570	0	Target achieved
				No. of publications printed	1	1	0	3	3	0	Target achieved
				No. of Kenya Yearbook editions published and disseminated	1	1	0	3	3	0	Target achieved

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Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for FY 2024/25			Cumulative Achievement by the end of FY 2024/25			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
				Bottom-Up Economic Transformation Agenda (BETA) publications on Agri-Innovation	100	80	-20	100	80	-20	Target not achieved due to budgetary constraints
				Quarterly Agenda Kenya newspaper	4	4	0	12	12	0	Target achieved
Media Regulatory Services	To enhance professionalism in the media industry.	Increased compliance	Enhanced Media Regulation Services	% of the media complaints resolved	100	5	-95	300	167	-133	Target not achieved. Most cases take a long time to conclude due to technical issues.
				No. of Media Standards Developed	8	8	0	16	18	2	Target achieved
				No. of on-job journalists trained	3,100	4,447	1,347	8,100	11,656	3,556	Target surpassed due to one-off partnership with Katiba Institute and Open Society Initiative for East Africa (OSIEA)
				Quarterly reports on Media compliance with	4	4	0	12	12	0	Target achieved

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Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for FY 2024/25			Cumulative Achievement by the end of FY 2024/25			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
				the Journalists' Code of Conduct							
				No. of journalists accredited	8,950	9,023	73	25,350	28,011	2,661	Target overachieved. MCK partnered with public and private institutions to ensure that only accredited journalists gain access to events, highlighting the need for more journalists to seek accreditation.
				% Completion of Digital Content Production Centres	15	2	-13	23	10	-13	Target not achieved due to budgetary constraints.
Mass Media Skills Development	To equip the youth with digital skills	Increased employment in digital jobs	Enhanced talent pool in ICT and mass media skills	No. of trained media practitioners	624	550	-74	2,019	2,186	167	Target achieved. The positive variance is a result of double intake and the popularity of short courses, which is attracting many students.

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Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for FY 2024/25			Cumulative Achievement by the end of FY 2024/25			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
				No. of reviewed training curricula	3	3	0	10	8	-2	Target not achieved. The review of the remaining curricula was deferred to FY 2025/26
				% level of completion of phase 2 tuition block	90	100	-	90	100		Target achieved. Tuition block is complete and in use
				% level of automation of the KIMC library	30	30	0	30	30	0	Target achieved

7. Governance Statement

The State Department implements its mandate through General Administration, Planning and Support Services programme, three technical Directorates/Departments, two Autonomous Government Agencies, four Semi-Autonomous Government Agencies, one Secretariat and one Advisory Council as indicated below. The key mandates/functions of the Directorates/Departments are outlined below:

General Administration, Planning and Support Services

The Departments under General Administration, Planning and Support Services are responsible for coordination of all administrative functions in the State Department. The Departments under General Administration comprise the following: Administration, Finance, Central Planning and Project Monitoring Department, Accounts, Human Resource Management and Development, Supply Chain Management, ICT, Public Communication Unit and Legal Services.

Technical Directorates and Departments

i. Directorate of Information and Broadcasting

The Directorate is charged with formulation, interpretation and implementation of Government information policies, programmes and strategies aimed at improving universal access to information.

The functions of the Directorate are to:

- Formulate, interpret and implement Government information policies, programmes and strategies
- Gather, processes, package and disseminate information on Government programmes and Projects as provided for in the Constitution
- Develop content for information and communications purposes; and create awareness through regional publications, information resource centres and mobile cinemas
- Tap into and utilize modern technology to avail accurate, timely and quality news and information to the public
- Support the growth of a knowledge-based economy in the country through sustained and reliable information dissemination to the public
- Entrench the culture of Communication for Development to spur economic growth through participation
- Sustain a network of public information on Government policies and initiatives

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- Maintain a positive Government image through public information
- Promote national cohesion through positive information to create a coherent and cohesive voice



Ministry of Information, Communications and the Digital Economy, Cabinet Secretary, William Kabogo (center) with Directors, at the Directorate of Information, Mr. Joseph Kipkoech (left) and Esther Wanjau speaks to the Officers of the Ministry's state Department of Information at Uchumi House, Nairobi, during the visit tour.

ii. Directorate of Public Communications

The mandate of the Directorate is to undertake formulation, interpretation and implementation of National Public Communications policies, programmes and strategies; and cultivate a positive image to build confidence in Government and catalyse national development through proactive public communications. The functions of the Directorate are to;

- Formulate, interpret and implement National Public Communications policies programmes and strategies

- Publish journals, booklets and other publications aimed at improving the Government's image
- Brand, promote and maintain a positive image of the Government both locally and internationally
- Develop and nurture relations with internal and external public
- Carry out research on public opinion on specific sectoral areas in the Government and on emerging issues in Public Communications and provide appropriate interventions
- Communicate the processes of development projects in line with the Constitution and Kenya Vision 2030
- Manage public communication services that enhance security, peace and national cohesion
- Promote access to information and public participation
- Advise Ministries, Departments and Agencies on matters of public communications and stakeholder engagement
- Carry out media reviews and analysis
- Carry out publicity and advocacy Information, Education and Communication (IEC)
- Manage Government messaging through press releases/statements, supplements, documentaries and publications
- Advise Government on the best media practices
- Manage digital communication for Ministries' websites and social media content

iii. Government Advertising Agency (GAA)

GAA is responsible for consolidating and authorizing Public Sector Advertising services; and development, implementation and reviewing of advertising policies, standards, procedures and guidelines. The functions of Government Advertising Agency are to:

- Process and authorize Public Sector Advertising (PSA)
- Implement Public Sector advertising standards, procedures and guidelines
- Manage the consolidated Government Advertising Fund and Risk Fund for use in case of emergency and risk advertising
- Coordinate Public Sector Advertising contract management and procurement
- Prepare the annual Government Advertising budget
- Monitor Public Sector Advertising to ensure compliance
- Publish "MyGov" Newspaper to articulate Government Development Agenda
- Publish Public Sector print advertisements

Autonomous Government Agencies, Semi-Autonomous Government Agencies, Secretariat and Advisory Council

i. Communications Authority of Kenya (CA)

The Communications Authority of Kenya was established through the Kenya Information Communications (Amendment) Act, 2013 as the regulatory body for the communication's sector to regulate telecommunications, postal and radio communication services. Its functions as spelt out in the Kenya Information and Communication Act, Cap 411A are to;

- Manage Radio Frequency Spectrum
- Foster growth, competition and investment in Telecommunication Sector
- Ensure operators compliance with the Act, regulations and licensing conditions
- Facilitate universal access and use of Information Communication Technologies
- Protect the rights of users of Information Communication Technology services, and
- Ensure development and formulation of adequate standards for the Information Communication Technology sector

ii. Postal Corporation of Kenya (PCK)

The Postal Corporation of Kenya was established by the Postal Corporation of Kenya Act (1998) and is mandated to provide and operate postal services, postal financial services, registration for delivery of newspapers and periodicals and provide new products based on new ICT technologies for improved service delivery. Its functions are to:

- Provide new products based on new ICT technologies for improved service delivery
- Provide and operate postal services including receiving, collecting, sending, dispatching of postal services and electronic mail; provide and operate postal financial services relating to the issuing, receiving and paying of money and postal orders, postal drafts, postal cheques, postal traveller's cheques, cash on delivery, collection of bills and saving services; and carry out registration for delivery of newspapers and periodicals

iii. Kenya Broadcasting Corporation (KBC)

Kenya Broadcasting Corporation was established through an Act of Parliament Cap 221 of 1989 to undertake public broadcasting services to inform, educate and entertain the public through radio and television services. Its primary functions are to:

- Offer suitable entertainment services to the people of Kenya
- Impart knowledge through the process of effective communication with the public
- Promote an effective approach to the use of Radio and Television as tools for National Development
- Spearhead the adoption of emerging technologies to improve on broadcasting in the country through migration from analogue to digital broadcasting

iv. Media Council of Kenya (MCK)

Media Council of Kenya is established under the Media Council Act 2013 for purposes of setting media standards and ensuring compliance with those standards as set out in Article 34(5) of the Constitution and for connected purposes. Its mandate is to:

- Develop and regulate standards governing journalists, media practitioners and media enterprises
- Strengthen media monitoring, spearhead the adoption of a standardized curriculum for middle level training institutions in mass media and accredit educational institutions offering courses in journalism
- Accredit local and foreign journalists
- Advise the government on the relevant media regulations
- Facilitate dispute resolution concerning media and intra media

v. Kenya Yearbook Editorial Board (KYEB)

The Kenya Yearbook Editorial Board (KYEB) was established vide legal Notice No. 187 of 2nd November 2007. It is mandated to enhance Government communications and produce publications highlighting developments in all sectors to promote public awareness by ensuring that citizens and the international community understand and appreciate the Government's efforts in promoting development. Its mandate is to:

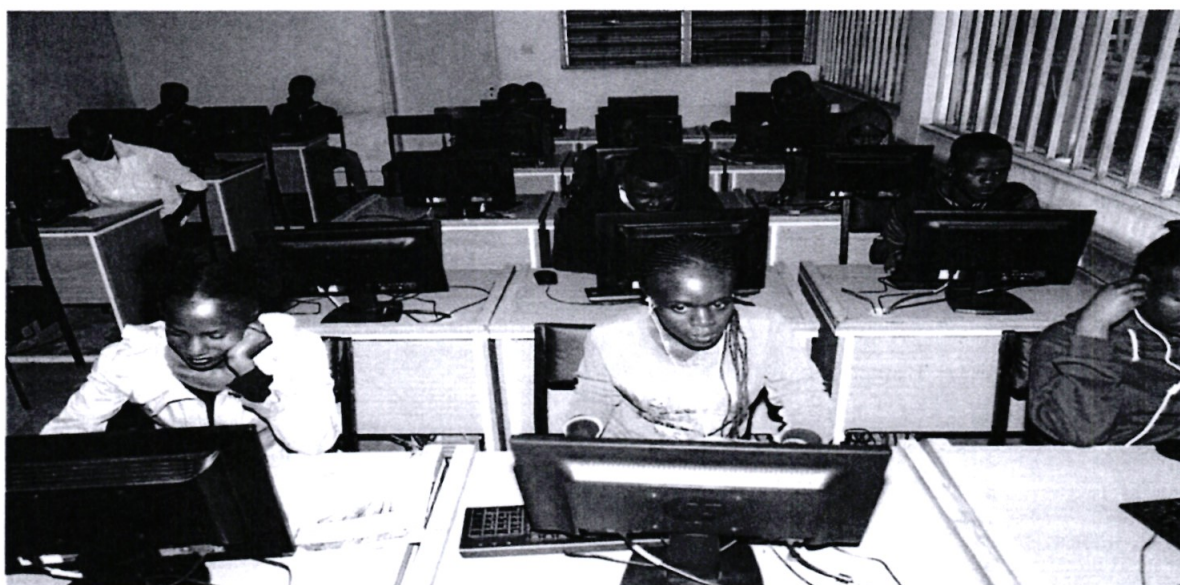
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- Compile, edit and publish the Kenya Yearbook
- Document and detail the work of the Government of Kenya
- Document the government development programme of action for an improved economy
- Document Kenya's immense resources and potential

vi. Kenya Institute of Mass Communication (KIMC)

Kenya Institute of Mass Communication was established vide Legal Notice No. 197 of 2011 (amended through Legal Notice No. 83 of 2012). It is mandated to:

- Offer training in communication and cinematic-arts
- Produce and disseminate products in communication and cinematic arts for education and infotainment
- Produce and disseminate mass media products for training and commercial purposes
- Develop as an institution of excellence in teaching, training, scholarship, entrepreneurship, research, innovation and services
- Develop and provide educational, cultural, professional, technical and vocational services to the community



A centre of excellence in teaching, training, scholarship, entrepreneurship, research, innovation and services

vii. National Communications Secretariat (NCS)

The National Communications Secretariat was established vide the Kenya Communications Act of 1998. It is mandated to:

- Advise the Government on info-communications policies
- Carry out specialized research
- Conduct continuous review of development under the info-communications sector

viii. The Universal Service Advisory Council (USAC)

The Universal Service Advisory Council was established vide Kenya Information and Communication (amendment) Act, 2013 to advise the Communications Authority of Kenya and provide strategic policy guidance for the administration and implementation of the Universal Service Fund.

Management Committees Established and their Roles

Public Finance Management Standing Committee

The functions of the Committee are to:

- i. Ensure that there is prioritization on resources allocated to the State Department for smooth implementation of the mission, strategy, goals, risk policy plans and objectives
- ii. Review and monitor budget implementation; advise on the entity's accounts and major capital expenditures; and review performance and strategies on a quarterly basis
- iii. Identify risks and implementation of appropriate measures to manage such risks or anticipated changes impacting on the State Department
- iv. Review, on a regular basis, the adequacy and integrity of the State Department's internal controls, acquisitions and divestitures and management information systems including compliance with applicable laws, regulations, rules and guidelines
- v. Establish and implement a system that provides necessary information to the stakeholders including stakeholder communication policy for the State Department in line with Article 35 of the Constitution
- vi. Monitor the effectiveness of the corporate governance practices under which the State Department operates and propose revisions as may be required
- vii. Monitor timely resolution of audit issues

Budget Implementation Committee

The functions of the Committee are to:

- i. Review and consider the cash plans
- ii. Review the utilization of cash limits and consider any changes as may be required
- iii. Review the utilization of donor funds voted for the MDA
- iv. Advise the Accounting Officer on any challenges related to budget implementation
- v. Review and recommend reallocation of expenditure
- vi. Review and approve the submission of the expenditure returns, non-financial reports, pending bills, and A-I-A returns for the MDAs and recommend action to be taken
- vii. Participate in the Sector Working Groups
- viii. Prepare the budget for the State Department in consultation with Heads of Departments

Ministerial Audit Committee

The functions of the Committee are to provide oversight role and to advise the Accounting Officer and Senior Management on the following areas:

- i. Internal Control Systems
- ii. Governance Structure
- iii. Risk management systems
- iv. Financial reporting process
- v. Compliance with the laws and regulations

Human Resource Management Advisory Committee

The functions of the Committee entail making recommendations to the Authorized Officer regarding;

- i. Recruitment, Selection and Appointment.
- ii. Performance Management.
- iii. Promotions.
- iv. Confirmation in Appointment.
- v. Training and Development.
- vi. Training Impact Assessment.
- vii. Management of Skills Inventory.
- viii. Establishment and Complement Control.
- ix. Payroll Management.
- x. Deployment;
- xi. Promotion of Values and Principles of Public Service;
- xii. Recommendation for Secondments and Unpaid Leave;
- xiii. Recommendation for Retirement Under 50 Years Rule;
- xiv. Recommendation for Retirement on Medical Grounds.
- xv. Recommendation for Re-Designation.
- xvi. Recommendation for Renewal of Contract.
- xvii. Discipline.
- xviii. Pension Administration.

Employee Performance Management Committee (EPMC)

The functions of the committee are;

- i. Undertake quarterly review of implementation of strategic plans and performance contracts.
- ii. Ensure linkage between institutional performance contract and performance appraisal system.
- iii. Ensure that the overall assessment of employee performance is within the context of institutional performance as evaluated through staff performance appraisal system.
- iv. Ensure that the performance of all officers is evaluated and feedback on performance is relayed in writing at the end of the year.
- v. Hold quarterly performance review meetings.
- vi. Consider performance reports from various departments within the ministry and make recommendations for improvement.
- vii. Review cases of appeals on appraisal ratings between supervisors and appraisees.
- viii. Make recommendations to the authorized officer on the application of rewards or sanctions.
- ix. Develop and implement the internal monitoring and evaluation and reporting system; and
- x. Ensure that the integrity and credibility of the overall process of rewards and sanction system is safeguarded and maintained at all times.

Asset Management Committee

The functions of the Committee are:

- i. Inventory management – Maintain and update Assets Registers using the prescribed reporting templates issued by the National Treasury
- ii. Disposal of idle assets – ensure disposal of unserviceable, obsolete, and surplus assets by way of sale, transfer to other public institutions, destruction, donation or other authorized methods of disposal and in all cases in full conformity to the existing legal requirements.

Climate Change Committee

The functions of the Committee are:

- i. Tree planting activities which align to climate change issues and increase forest cover.

- ii. Implementing a digital system (ERP).
- iii. Raising awareness about climate change and renewable energy through Kenya Yearbook Editorial Board publications.

Disability Mainstreaming Committee

The functions of the Committee are:

- i. Establish and operationalize Disability Mainstreaming Committee with 30% representation of PWDs.
- ii. Formulate Disability Mainstreaming Action Plan to ensure that staff are informed on disability related aspects and to empower persons with disabilities
- iii. Sensitize and train staff on service provision to persons with disabilities
- iv. Establish structures and systems that ensure persons with disabilities have access information and services
- v. Ensure progressive realization of attaining the 5% representation on appointive/contractual positions of all recruited personnel and employment promotions for persons with disabilities
- vi. Ensure that there is no discrimination in advertising, interviewing, recruitment, volunteerism, internship, training and promotion of PWDs.

Prevention of Alcohol and Drug Abuse Committee

- i. Undertake a Baseline Survey on Alcohol and Drug Abuse
- ii. Develop/review and implement workplace ADA prevention and management policy
- iii. Establish and operationalize support mechanisms for staff with substance use disorder
- iv. Apprise the management of the State Department on impacts of the policy, intervention measures and programmes put in place
- v. Submit quarterly performance reports and supporting evidence to NACADA

Gender Mainstreaming Committee

- i. Develop/review and implement workplace gender policy
- ii. Develop/review and implement workplace Gender-Based Violence Policy
- iii. Implement relevant laws on prevention and response to Gender Based Violence

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- iv. Submit quarterly reports using the prescribed format to the State Department for Gender with a copy to the National Gender and Equality Commission

Committee on Prevention of HIV and Non-Communicable Diseases

- i. Allocate resources for the implementation of HIV, NCDs and mental health interventions
- ii. Promote attainment of UHC at the workplace through offering services for HIV prevention, wellness promotion for NCDs, and mental health for at least 50% of staff and family members by:
 - i. Facilitating staff to access the prescribed health screening package for HIV, NCDs, and mental health
 - ii. Implementing the prescribed sensitization package for NCDs
 - iii. Implementing the prescribed sensitization package on HIV Prevention
 - iv. Promoting mental wellness and preventing mental health illness

National Values and Principles of Governance Committee

- i. Implement at least five (5) commitments and submit an Annual Progress Report to the Directorate of National Cohesion and Values
- ii. Submit an Annual Report on measures taken and progress achieved in the realization of National Values and Principles of Governance

Corruption Prevention Committee

- i. Set priorities in the prevention of corruption within the Ministry
- ii. Plan and coordinate corruption prevention strategies
- iii. Integrate all corruption prevention initiatives in the State Department
- iv. Receive and review reports on corruption prevention initiatives and recommend appropriate action
- v. Receive and act on corruption reports made by staff and other stakeholders
- vi. Spearhead anti-corruption campaigns within the State Department
- vii. Monitor and evaluate the impact of corruption prevention initiatives
- viii. Prepare and submit quarterly progress reports to the Ethics and Anti-Corruption Commission.

Citizen Service Charter Committee

- i. Develop and display the Citizen Service Charter as prescribed
- ii. Monitor and evaluate the service commitment levels
- iii. Prepare and submit quarterly progress reports

Office Accommodation and Parking Committee

- i. Develop policy for office and parking allocation
- ii. Assess the physical status of the State Department offices and parking spaces
- iii. Assess the status of leases for the rented premises
- iv. Prepare and submit annual reports

Ministerial Business Process Reengineering Committee

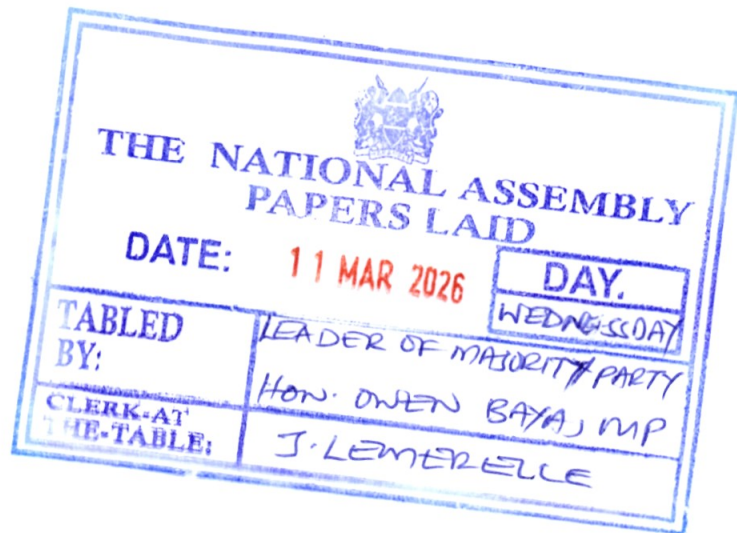
- i. Review of service delivery process
- ii. Select priority processes that require improvement
- iii. Map the current (as is) identified process
- iv. Design the process to come up with new (to be) process
- v. Implement and monitor the improved process

Complaints and Access to Information Committee

- i. Receive, process, and oversee the resolution of complaints
- ii. Receive, process and request access to information
- iii. Promote the sensitization of staff and other stakeholders on complaints handling and access to information
- iv. Advise management on complaints handling, proactive and reactive disclosure of information,
- v. Monitor the trends of complaints and recommend remedial action
- vi. Prepare regular reports to management on complaints handling and requests for access of information
- vii. Coordinate complaints handling and access to information activities in the Ministry
- viii. Ensure the integration of complaints handling in the Ministry

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- ix. Ensure compliance with the guidelines of the Commission on resolution of public complaints, and access to information as may be issued from time to time
- x. Monitor, evaluate and review complaints handling and access to information activities in the Ministry
- xi. Where appropriate, refer complaints and/or access to information to the appropriate authorities including the CAJ



8. Management Discussion and Analysis.

Key Programs/projects or investment decisions implemented or ongoing

Over the review period, the State Department did not implement any development project through exchequer funding or development partners. However, cellular mobile infrastructure and services projects in the unserved and underserved areas were implemented by the Communication Authority of Kenya (CA) through the Universal Services Fund. A total of 59 passive infrastructure and 21 active infrastructures were constructed.

The State Department is implementing the following projects that are at various level of completion as presented in Table II below.

Table 11. Project Implementation Status

Project Name	Estimated Cost of the Project	Cumulative Funding as at 30th June 2025	Percentage of Completion	Challenges/Remarks
Analogue to Digital TV Migration	6,000,000,000	5,816,000,000	98	The project involves the acquisition, installation and commissioning of digital TV transmitters and auxiliary accessories in the identified sites to extend the digital TV coverage. The project will be completed in FY 2025/26.
KBC Medium Wave to FM Broadcast Migration	2,720,000,000	12,500,000	4	This is the second phase of the analogue-to-digital TV roll-out, which comprises the acquisition, installation, and commissioning of FM radio. Currently, the FM radio transmission coverage rollout is at 40% nationally, and KBC targets achieving 100% coverage to comply with the internationally set deadline.

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Project Name	Estimated Cost of the Project	Cumulative Funding as at 30th June 2025	Percentage of Completion	Challenges/Remarks
KBC Rollout of Studio Mashinani	649,000,000	224,750,000	24	<p>This project involves acquisition, installation and commissioning of Audio Recording facilities in each of the 47 counties.</p> <p>7 Studios in Mombasa, Kisumu, Kitui, Muranga, Komarock and Langata have been established.</p>
Modernization of KNA National Desk and Press Centre	791,000,000	216,800,000	27	<p>The project is at 27% completion, involving the refurbishment of thirty-five (35) existing offices and the acquisition of modern equipment for content development, management, and news and information transmission.</p> <p>The remaining funding will cater for the acquisition of modern equipment to facilitate content development, management and transmission of news and innovation; internet connectivity, automation of workflow; refurbishment of existing dilapidated offices and construction of new offices namely Kajiado, Kilifi and Nandi offices.</p>
Modernization of KIMC Film	437,500,000	47,000,000	10.74	<p>The project entails procurement of equipment to operationalize the Media Technology Museums, KIMC TV Research and development facilities</p>

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Project Name	Estimated Cost of the Project	Cumulative Funding as at 30th June 2025	Percentage of Completion	Challenges/Remarks
Eldoret campus	1,690,000,000	47,500,000	10	The project involves setting up a KIMC Eldoret campus. Perimeter wall and gate house of the campus is complete. Structural designs, BQs and approvals for vertical infrastructure are ready.
KYEB Service Automation	146,000,000	38,500,000	26.37	The project entails putting in place automated publishing equipment to enhance publishing capacity, increased production and efficiency
Total	12,433,500,00	6,403,050,000		



Bisan Biliqu sub-location in Isiolo North, strengthening Kenya's broadcasting and telecommunications sector.

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Information office KNA modernization Eldoret Uasin Gishu County.



Ongoing project of studio mashinani in Uasin County tapping youth talents for job creation.



Perimeter wall for KIMC Eldoret campus at Kiamba.



One of the State Department's complete projects of the at KIMC.

Review of the economy and sector

Between July 2024 and June 2025, Kenya's economy demonstrated resilience despite mounting fiscal and social pressures. Economic growth averaged between 4.5 and 5.0 percent, supported by strong performances in agriculture, manufacturing, and services. However, high public debt, limited access to credit, and subdued investor confidence weighed on private sector activity. The Central Bank of Kenya responded by cutting its benchmark lending rate to 9.75 percent in June 2025, its sixth consecutive reduction, to spur growth. Even so, private sector activity contracted in mid-2025, with firms citing budget rationalization, high financing costs, and policy uncertainty as significant constraints. Social tensions, including youth-led protests against taxation and governance issues, added to the macroeconomic headwinds. Despite these challenges, the medium-term outlook remained cautiously optimistic, with the World Bank projecting growth of around 5 percent in the next two years, contingent on fiscal discipline and structural reforms.

Over the same period, the broadcasting and telecommunications sector remained a key driver of Kenya's digital economy, registering impressive growth and attracting investment. Mobile subscriptions increased to over 76 million by March 2025, pushing penetration to 145 percent, one of the highest in Africa. Mobile money subscriptions also rose to 45.4 million, underscoring Kenya's

global leadership in digital financial inclusion. In contrast, internet and broadband subscriptions grew steadily, driven by widespread smartphone adoption, which reached 80.8 percent of all devices. Demand shifted strongly towards 4G and 5G services, reflecting consumers' appetite for faster and more reliable internet connectivity.

Broadcasting also recorded notable advances, with expanded digital television coverage and continued rollout of infrastructure by both public and private operators, although overall TV subscriptions experienced a slight decline. The postal and courier sub-sector benefited from the surge in e-commerce, with penetration rising from 43.2 percent in June 2024 to 53.6 percent in March 2025. Collectively, these developments reinforced the sector's contribution to GDP through revenues from mobile services, internet data, broadcasting, media advertising, and e-commerce, while also creating jobs in telecommunications, content creation, and infrastructure development.

Major Risks facing the State Department

The risks facing the State Department are categorized as discussed below:

1. Financial and Budgetary Risks

- i. **Inadequate Funding:** The State Department depends heavily on the Exchequer, yet recurrent budget rationalization and competing national priorities often limit resources for key programmes.
- ii. **Revenue Remittance Gaps:** Persistent failure by Ministries, Departments, and Agencies (MDAs) to remit advertising revenue to the Government Advertising Agency (GAA) undermines its financial sustainability.
- iii. **Institutional Loss-Making:** State agencies under the Department, notably KBC and PCK, continue to operate under financial distress, creating risks to service delivery and hindering turnaround efforts.

2. Institutional and Legal Risks

- i. **Inadequate Legal Frameworks:** Critical institutions such as GAA and KIMC operate under legal notices rather than Acts of Parliament, limiting their ability to engage in long-term development projects and attract investment.
- ii. **Governance and Autonomy Issues:** Without strengthened laws, agencies risk inefficiency, limited accountability, and vulnerability to political interference in operations.

3. Technological and Infrastructure Risks

- i. **Obsolete Equipment:** Outdated broadcasting and training equipment at KBC, KIMC, and other institutions limits competitiveness, signal quality, and content creation.
- ii. **Rapid Technological Change:** The fast pace of innovation in ICT and broadcasting creates a risk of the Department lagging behind, particularly in adopting 5G, digital migration upgrades, and emerging digital platforms.
- iii. **Infrastructure Gaps:** Large sections of unserved and underserved areas remain without adequate mobile and broadcasting infrastructure, risking deepening of the digital divide.

4. Human Resource Risks

- i. **Understaffing:** With only about 38% of approved staff positions filled, the State Department is severely constrained in implementing programmes.
- ii. **Skills Gaps:** Shortages in specialized technical expertise, particularly in digital broadcasting, cybersecurity, and ICT innovation, limit capacity to deliver on emerging mandates.
- iii. **An ageing workforce and inadequate succession management planning**

5. Operational and Sectoral Risks

- i. **Market Competition:** The rapid growth of private broadcasters, online platforms, and digital advertising poses a risk to traditional public communication outlets like KBC and GAA.
- ii. **Cybersecurity Threats:** Growing reliance on digital platforms exposes the sector to cyberattacks, misinformation, and data breaches, threatening credibility and service continuity.
- iii. **Public Trust and Content Risks:** Failure to modernize programming, improve content quality, and enforce regulatory standards risks eroding public trust in state broadcasting services.

6. Macroeconomic and Political Risks

- i. **Macroeconomic Volatility:** High public debt, inflation, and currency fluctuations may reduce government allocations and slow sectoral investment.
- ii. **Shifting Political Currents:** Public protests, governance disputes, or shifts in government priorities could disrupt planned programmes and delay institutional reforms.

7. Sector-Specific Strategic Risks

- i. Slow Turnaround of KBC and PCK: Failure to successfully reform and commercialize these institutions poses reputational and financial risks to the State Department.
- ii. E-commerce and Digital Disruption: If PCK fails to capitalize on Kenya's booming e-commerce market, it risks being completely displaced by private sector logistics players.
- iii. Revenue leakages: that affects an institutions capacity to raise adequate AIA and meet targets.

Future developments

Over the medium term, the State Department for Broadcasting and Telecommunications will focus on transformative initiatives aimed at deepening access to information, enhancing service delivery, and repositioning its institutions for long-term sustainability. Central to this agenda is the expansion of cellular mobile infrastructure and services in unserved and underserved areas. This intervention will not only extend mobile network coverage beyond its current levels but also ensure that marginalized communities are integrated into Kenya's fast-evolving digital economy. By reducing the digital divide, the State Department seeks to create equal opportunities for economic participation, innovation, and social inclusion.

Another key priority is the installation of Kenya Broadcasting Corporation (KBC) television and radio transmitters across the country. This will significantly improve signal quality, broaden coverage, and guarantee universal access to broadcasting services, especially in regions where access has been limited. Strengthening KBC's infrastructure will also serve as a foundation for revitalizing the national broadcaster into a competitive and commercially viable institution. Complementing this is the planned improvement of ICT infrastructure at both KBC and the Postal Corporation of Kenya (PCK). These investments will modernize operations, enhance efficiency, and provide a platform for digital innovation within these critical institutions.

In the education and skills development space, the State Department will complete the Kenya Institute of Mass Communication (KIMC) Eldoret Campus, expanding opportunities for training in broadcasting and communication. This initiative is expected to increase the national pool of skilled media professionals while fostering regional access to quality training facilities. Similarly, the Department will establish Studio Mashinani centres in the remaining counties, creating grassroots-

level production hubs that empower young people to create content, showcase talent, and contribute to the growth of Kenya's creative economy.

To further strengthen government communication, the Department will refurbish and equip Kenya News Agency (KNA) offices across the country. This will enhance news-gathering capacity, increase the quality and speed of dissemination of government information, and reinforce the role of KNA as a credible and accessible source of public information.

Equally important is the State Department's commitment to the turnaround of KBC and PCK into profit-making entities. For KBC, the focus will be on rebranding, modernization, and diversifying revenue streams to regain competitiveness in a dynamic media landscape. For PCK, the transformation will involve leveraging its vast postal and courier network to expand into e-commerce logistics, financial inclusion services, and last-mile delivery solutions. Both institutions will be repositioned to operate sustainably while aligning with national development priorities.

Through these future developments, the State Department for Broadcasting and Telecommunications seeks to not only strengthen its mandate of enhancing access to information and communication but also to position itself as a critical enabler of Kenya's socio-economic transformation. By modernizing infrastructure, expanding services, and reforming key institutions, the Department will play a pivotal role in driving inclusive growth, supporting innovation, and contributing to the Government's broader agenda of building a digitally enabled economy.

9. Environmental and Sustainability Reporting

Introduction

The State Department envisions empowering citizens with reliable and affordable information. The State Department envisages a harmonised communication approach that mobilizes citizens buy -in of Government interventions resulting to Social -economic transformation for the Country. This will be achieved through ensuring universal access to high quality broadcasting and telecommunication services; promoting innovation and digital inclusion; and protecting consumer interest.

a) Sustainability strategy and profile

When developing policies, legal, regulatory and institutional frameworks, management is guided by the Values and Principles of Public Service as anchored in the Constitution of Kenya 2010, Article 232 which includes but is not limited to the following.

- i. High standards of professional ethics
- ii. Efficient, effective and economic use of resources
- iii. Responsive, prompt, effective, impartial and equitable provision of service
- iv. Public participation in the process of policy making, and accountability for administrative acts
- v. Transparency, and timely and accurate provision of information to the public
- vi. Fair competition and merit as the basis of the appointments and promotion
- vii. Affording adequate and equal opportunities for training

b) Climate Change

The State Department is committed to play an active role in Climate Change Mitigation by addressing related vulnerabilities and risks associated with projects and programmes through adaptation and mitigation measures.

c) Employee welfare

The State Department has committed to professional development opportunities such as; providing training, workshops, and tuition reimbursement to help employees grow their skills and advance their careers. It had also created a positive and supportive work environment by provision of sitting space (work stations), clean drinking water, furniture and working equipment such as; computers, stationery, printers, laptops hence effective and efficiency service delivery.

The State Department is committed to providing a safe and healthy work environment for all employees. It complies with all relevant safety regulations, including the Occupational Safety and Health Act of 2007 (OSHA).

The State Department has adhered to OSHA Act (2007) in terms of providing relevant facilities such as Rumps, Secure packing for PWDs, fire Extinguishers and fire alarms.

d) Operational practices/ Market place practices

The public procurement practises are guided by the Public Procurement and Asset Disposal Act 20115 and the Public Procurement and Asset Disposal Regulations 2020. Both the National Treasury and the Public Procurement Informal Portal issues policy guidelines from time to time on business best practises.

All Procurement opportunities are under the preference and reservations regulations which is used by all public entities when soliciting tenders from the target group i. e Disadvantaged Groups (Youth, Women, and Persons with Disability-AGPO).

This State Department encourages competition among these target groups depending on the users demands i.e. threshold or ceiling of budget allocated, which in turn determines the method of procurement.

In line with the user's specifications the good/services are received and inspected, documented and the payment process executed.

The resultant procurement opportunities are then published quarterly in the Public Procurement Information Portal -PPIP.

e) Community Engagements

The State Department supported the community in tree growing activities in line with Government policies. 1,500 tree seedlings to the community in Kisii County and 3,000 seedlings in Nandi County.



Officials from the state department for broadcasting and telecommunication participating in tree growing at Nyanturago primary grounds before launching the tree growing exercise at Nyanturago swamp Kisii County.



Officials from the state department for Broadcasting participating in tree growing in Kobujoi forest in Nandi County.

10. Statement of Management Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government MDA shall prepare financial statements in respect of that MDA. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department for Broadcasting and Telecommunications is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Broadcasting and Telecommunications accepts responsibility for the entity's financial statements. This Transitional IPSAS Financial Statements have been prepared on Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the State Department for Broadcasting and Telecommunication's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Accounting Officer in charge of the State Department for Broadcasting and Telecommunications further confirms the completeness of the accounting records maintained for the State Department, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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The Accounting Officer in charge of the State Department for Broadcasting and Telecommunication confirms that the entity has complied fully with applicable Government Regulations and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The State Department for Broadcasting and Telecommunications financial statements were approved and signed by the Accounting Officer on **28th November 2025**.



.....
Stephen M. Isaboke, EBS
Accounting Officer



.....
Karanja Priscilla (CPA)
Head of Accounting Unit
ICPAK M/No:7271

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying transitional IPSAS financial statements of State Department for Broadcasting and Telecommunications set out on pages 1 to 45, which

comprise the statement of financial position as at 30 June, 2025, 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, the transitional IPSAS financial statements present fairly, in all material respects the financial position of the State Department for Broadcasting and Telecommunications as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects receipts final budget and actual on comparable basis of Kshs.6,615,438,061 and Kshs.5,712,420,358 respectively, resulting in an under-funding of Kshs.903,017,703 or 14% of the budget. Similarly, the State Department spent Kshs.5,678,931,166 against actual receipts of Kshs.5,712,420,358 resulting to under utilization of Kshs.33,489,192.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the prior year's audit report, several issues were raised under the Emphasis of Matter, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the State Department in the financial year 2024/2025 revealed that seven (7) issues remained unresolved as detailed in the table below;

No.	Financial Year	Audit Issue
1	2023/2024	Budgetary Control and Performance
2	2023/2024	Pending Accounts Payable
3	2023/2024	Failure to hold Regular Meetings of Human Resource Management Advisory and Performance Management Committees (HRMAC and PMC)
4	2023/2024	Non-compliance with One-Third of Basic Salary Rule
5	2023/2024	Staff Over-Establishment
6	2023/2024	In-sufficient Policy Guidelines for Collection of Appropriations-In-Aid
7	2023/2024	Non-Tagging of Assets

Other Information

Management is responsible for the Other Information set out on page iv to lviii which comprise of Key Entity Information and Management, Statement by the Cabinet Secretary, Statement by the Accounting Officer, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the State Department's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 16 to the financial statements reflects trade and other payables balance of Kshs.62,274,975. Included in this balance, is an amount of Kshs.31,910,130 relating to trade payables. However, the analysis of ledgers provided for audit revealed that Kshs.4,241,829 were trade payables relating to the prior year. There was no explanation provided why these obligations were not prioritized as a first charge during budget execution in 2024/2025 contrary to Regulation 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015.

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

2. Expired Contract – Rentals of Produced Assets

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects rental expenses amounting to Kshs.26,037,561. Included in this amount is Kshs.9,437,760 paid to the Kenya Development Corporation on 11 March, 2025 for rent and service charge for the State Department Offices at Uchumi House for a six (6) months period from July, 2024 to December, 2024. Review of the lease agreement between the Kenya Development Corporation and the Ministry of Information and Communications Technology and The Digital Economy indicated that the contract commenced on 01 October, 2018 for a period of six (6) years or seventy-two (72) months expiring on 30 November, 2024. However, the State Department paid rent amounting to Kshs.1,572,960 for the month of December, 2024, one month after the expiry of the contract period. No explanation or renewal documentation was provided to justify the expenditure. This is contrary to Regulation 83(2)(e) of the Public Finance Management (National Government) Regulations, 2015 which requires State Departments to avoid prepayment for goods and services unless required by the contractual arrangements with the supplier.

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

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

REPORT ON 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 effect of 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. Lack of a Lease Agreement and Non-collection of Rent

In a letter Ref. KIMWASCO/FIN.16/VOL.1/19 dated 31 January, 2024, the Director of Kiambere-Mwingi Water and Sanitation Company (KIMWASCO) wrote to the County Information Officer requesting for office space. The request was granted as per the letter Ref.MWI/INF/BU/VOL.1/41 dated 31 January, 2024. A valuation was carried out and documented in a report dated 06 May, 2024 valuing the office space at a lease of Kshs.30,000 per month. Audit inspection on the status of the above premises in July, 2025 revealed that Management granted the water company occupancy of the office space without a lease agreement. Further, the company had not paid rent for the said premises for a period of thirty-eight (38) months translating to Kshs.1,140,000 rent arrears exclusive of value added tax and service charge. No explanation was provided for the failure to initiate a lease agreement and enforce collection of the rent obligations.

In the circumstances, the effectiveness of internal controls surrounding the management of the State Department's leased assets could not be confirmed.

2. Unaccounted for Motor Vehicle

The State Department procured a motor vehicle in the 2023/2024 financial year at a cost of Kshs.26,767,179 and was allocated to the Principal Secretary's Office. The then holder of the Office was deployed from the State Department for Broadcasting and Telecommunications to another Government Office. However, upon exit on 30 April, 2025, the vehicle was not surrendered back to the State Department. Efforts of the vehicle's physical verification were not successful and, therefore, its existence could not be confirmed.

In the circumstances, the effectiveness of internal controls surrounding management and safeguard of the State Department's assets could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2025

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Annual Report and Financial Statements for the year ended June 30, 2025.


12. Statement of Financial Performance for the year ended 30 June 2025

	Notes	Period Ended 30th June, 2025
		Kshs
Revenue from non-exchange transactions		
Transfers from Exchequer	6	3,900,265,915
Levies, fines, penalties, and forfeitures	7	14,960,405
Total		3,915,226,320
Revenue from exchange transactions		
Miscellaneous income	8	1,797,194,038
Total revenue		5,712,420,358
Expenses		
Employee costs	9(b)	460,287,462
Use of goods and services	10(b)	968,384,469
Transfers to other Government Entities	11	3,631,912,357
Depreciation and amortization expense	12	782,246
Total expenses		5,061,366,534
Other gains/(losses)		
Surplus/Deficit for the year		651,053,824
Net Surplus/Deficit		651,053,824

The Financial Statements set out on pages 1 to 8 were signed by:



Stephen M. Isaboke, EBS
Accounting Officer



Karanja Priscilla (CPA)
Head of Accounting Unit
ICPAK M/No. 7271

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Annual Report and Financial Statements for the year ended June 30, 2025.

14 Statement of Financial Position as at 30 June 2025

	Notes	Period as at 30 th June 2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	13	91,232,125	84,456,859
Receivables from Exchange Transactions	14	16,660	-
Total Current Assets		91,248,785	84,456,859
Non-Current Assets			
Property, Plant and Equipment	15	1,566,841	-
Total Non- Current Assets		1,566,841	-
Total Assets (a)		92,815,626	84,456,859
Liabilities			
Current Liabilities			
Trade and Other Payables	16	62,274,975	649,952,830
Refundable Deposits	17	-	2,899,138
Current Provision	18	1,334,377	-
Total Current Liabilities		63,609,351	652,851,968
Non-Current Liabilities			
Non-Current Provisions	18	881,146	10,656,284
Total Non- Current Liabilities		881,146	10,656,284
Total Liabilities (b)		64,490,497	663,508,251
Net Assets (a-b)		28,325,129	(579,051,392)
Represented by:			
Reserves		-	-
Accumulated Surplus		28,325,129	(579,051,392)
Capital Fund		-	-
Net Assets		28,325,129	(579,051,392)

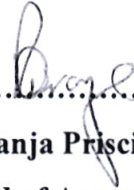
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Annual Report and Financial Statements for the year ended June 30, 2025.

The financial statements set out on pages 1 to 8 were signed by:



.....

Stephen M. Isaboke, EBS
Accounting Officer



.....

Karanja Priscilla (CPA)
Head of Accounting Unit
ICPAK M/No.7271

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Annual Report and Financial Statements for the year ended June 30, 2025.

15 Statement of Changes in Net Assets for the year ended 30 June 2025

	Accumulated Surplus	Reserves	Capital Fund	Total
Fund balance as at 30th June 2024	71,072,051	-	-	71,072,051
Adjustments				
Recognition of Assets	-	-	-	-
Recognition of Liabilities	(650,123,444)	-	-	(650,123,444)
As at July 1, 2024	(579,051,393)	-	-	(579,051,393)
Return to Exchequer	(43,677,302)	-	-	(43,677,302)
Surplus/ deficit for the year	651,053,824	-	-	651,053,824
Capital funds received in the year				
As at June 30, 2025	28,325,129	-	-	28,325,129

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Annual Report and Financial Statements for the year ended June 30, 2025.

16. Statement of Cash Flows for the year ended 30 June 2025

		<i>Period Ended 30th June, 2025</i>
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from exchequers	6	3,900,265,915
Levies, fines, penalties and forfeitures	7	14,960,405
Miscellaneous incomes	8	1,797,194,038
Total receipts		5,712,420,358
Payments		
Employee costs	9(a)	468,683,413
Use of goods and services	10(a)	1,531,679,045
Transfers to other Government Entities	11	3,631,912,357
Total payments		5,632,274,815
Net cash flows from/(used in) operating activities	19	80,145,542
Cash flows from investing activities		
Purchase of PPE	15	(2,349,087)
Net cash flows from/(used in) investing activities		(2,349,087)
Cash flows from financing activities		
Return to Exchequer		(43,677,302)
Net cash flows from financing Activities		(43,677,302)
Net increase/(decrease) in cash & Cash equivalents		34,119,154
Cash and cash equivalents at 1 st July 2024		57,112,972
Cash and cash equivalents at 30th June 2025	13	91,232,125

(PSASB has prescribed the use of direct method for cashflow preparation)

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Annual Report and Financial Statements for the year ended June 30, 2025.

17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

Recurrent and Development Combined

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Exchequer releases	3,396,310,364	504,127,697	3,900,438,061	3,900,265,915	172,146.45	100%
Transfers from other government entities						
Proceeds from domestic and foreign grants						
Proceeds from domestic borrowings						
Proceeds from foreign borrowings						
Proceeds from sale of assets	2,558,000,000		2,558,000,000	1,656,549,547	901,450,453	65%
Tax Receipts	15,000,000		15,000,000	14,960,405	39,595	100%
Reimbursements and refunds						
Miscellaneous receipts	92,000,000	50,000,000	142,000,000	140,644,491	1,355,509	99%
Total Receipts	6,061,310,364	554,127,697	6,615,438,061	5,712,420,358	903,017,703	86%
Payments						
Compensation of employees	460,000,000	2,896,676	462,896,676	460,435,794	2,460,882	99%
Use of goods and services	1,487,493,857	738,045,780	2,225,539,637	1,575,941,499	649,598,138	71%
Interest payments						
Subsidies						

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Annual Report and Financial Statements for the year ended June 30, 2025.

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Transfers to other government entities	4,019,458,251	(104,100,000)	3,915,358,251	3,631,912,357	283,445,894	93%
Other grants and transfers						
Social security benefits	3,533,256	5,010,241	8,543,497	8,292,430	251,067	97%
Acquisition of assets	90,825,000	(87,725,000)	3,100,000	2,349,087	750,913	76%
Finance costs including loan interest						
Repayment of domestic & foreign borrowing						
Other payments						
Total Payments	6,061,310,364	554,127,697	6,615,438,061	5,678,931,166	936,506,895	86%
Surplus				33,489,191	(33,489,191)	

(a) Variance analysis:

Proceeds from sale of assets under collection 35%:- occasioned by AIA under collection by GAA at 62%; Kenya Broadcasting Corporation at 16%; National communication Secretariat at 29%; Directorate of Information at 72% cumulative percentage under collection is 35%.

Use of goods and services 29% under collection: - occasioned by GAA under expenditure due to short fall in AIA collection.

Acquisition of assets 66% under collection: - is occasioned by delayed procurement process due IFMIS challenges

(b) Reallocations within the year: the changes between the original and final budget are as a result of:

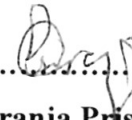
- *Budget rationalization*
- *Additional recurrent Budget in the recurrent budget to offset shortfalls.*

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The entity financial statements were approved on 28th November 2025 and signed by:



.....
Stephen M. Isaboke, EBS
Accounting Officer



.....
Karanja Priscilla (CPA)
Head of Accounting Unit
ICPAK M/No.7271

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Budget Reconciliation to the Statement of Cash Flows

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	33,489,191
1	Cash and Cash equivalents as at 1st July 2024	84,456,859
2	Return to Exchequer	(43,677,302)
3	Basis difference-changes in trade Payables and Receivables	16,963,378
	Closing Cash and Cash Equivalent as per the statement of Cash flows	91,232,126

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Budget Execution by Programmes and Sub-Programmes for FY2024/2025

Programmes/Sub Program	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
		Kshs	Kshs	Kshs	Kshs	Kshs
Programme 1	General Administration, Planning and Support Services	231,885,787	337,882	232,223,668	226,961,066	5,262,602
Sub-Programme 1.1	General Administration, Planning and Support Services	231,885,787	337,882	232,223,668	226,946,800	5,276,868
Programme 2	Information And Communication Services	4,961,317,827	1,133,689,815	6,095,007,642	5,163,763,350	931,244,292
Sub-Programme 2.1	News and Information Services	4,066,667,827	813,689,815	4,880,357,642	3,950,508,454	929,849,188
Sub-Programme 2.2	Brand Kenya Initiative	162,750,000	20,000,000	182,750,000	181,394,491	1,355,509
Sub-Programme 2.3	ICT and Media Regulatory Services	731,900,000	300,000,000	1,031,900,000	1,031,860,405	39,595
Programme 3	Mass Media Skills Development	216,206,751	72,000,000	288,206,751	288,206,750	1
Sub-Programme 3.1	Mass Media Skills Development	216,206,751	72,000,000	288,206,751	288,206,750	1
TOTAL		5,409,410,365,	1,206,027,697	6,615,438,061	5,678,916,900	936,521,161

18. Notes to the Financial Statements

1. Establishment

The State Department for Broadcasting and Telecommunications is established by and derives its authority and accountability from the Executive Order No. 1 of 2025. The State Department is wholly owned by the Government of Kenya and is domiciled in Kenya. The State Department principal activity is to empower citizens with reliable and affordable information.

2. Statement of Compliance and Basis of Reporting

Statement of compliance

This Transitional IPSAS Financial Statements have been prepared in accordance and with the Accrual Basis of Accounting Method under International Public Sector Accounting Standards (IPSAS) and with the Public Finance Management Act, 2012.

For the purpose of these financial statements, the State Department has been categorized as a Schedule 1 national government MDA in line with Section 4 of the Public Finance Management Act, 2012 read together with Regulation 211 (2) of the Public Finance Management (National Government) Regulations, 2015. Schedule 1 national government entities include Ministries, Departments, Agencies, constitutional institutions and independent offices. MDAs are reporting entities whose primary objective is to provide policy and coordination of government services.

The use of public resources by MDAs is primarily governed by Chapter 12 of the Constitution, the relevant Appropriation Act, the Public Finance Management Act, of 2012, and the Public Procurement and Disposal Act, of 2015.

These financial statements were authorized for issue by the Accounting Officer on 28th November 2025.

Reporting period

The reporting period for these financial statements is for the period ended 30th June, 2025.

Basis of preparation

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

Critical accounting judgements

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

A revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of State Department for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgment is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The State Department pursues a number of policy targets and outcomes. However, the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the State Department is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the State Department policy

objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the State Department's future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO₂eq. MDAs commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

An asset is a resource presently controlled by the State Department as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

3. Adoption of New and Revised Standards

i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

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

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

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

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

Standard	Effective date and impact
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The MDA did not early – adopt any new or amended standards in the financial year

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the State Department and can be measured reliably.

Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from exchange transactions

Rendering of services

The State Department recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2024/25 was approved by the National Assembly on **05th June, 2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the State Department upon receiving the respective approvals in order to conclude the final budget. Accordingly, the MDA recorded additional appropriations of Kshs **554,127,697** on the FY 2024/2025 budget following the governing body's approval. The State Department'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. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under the section the *Statement of Comparison of Budget and Actual Amount* of these financial statements.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 3-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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, the State Department recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

e) Right of use asset

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the State Department incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the State Department expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

f) Tangible Natural Resources

The MDA recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the MDA; the MDA controls the tangible natural resource as a result of past events; and The tangible natural resource can be measured reliably. Where this criterion is not met, the MDA discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. An MDA shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

g) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the State Department Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The State Department also

recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the State Department will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

h) Intangible assets

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

i) Research and development costs

The State Department expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the State Department 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.

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The State Department does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one MDA and a financial liability or equity instrument of another MDA. At initial recognition, the MDA measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

a) Financial assets

Classification of financial assets

The State Department classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the State Department's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an MDA has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the MDA classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the MDA manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The MDA assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The MDA recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

b) Financial liabilities

Classification

The State Department classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

Notes to the Financial Statements (Continued)

k) Inventories

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

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

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

l) Provisions

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

m) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The State Department recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the State Department will incur in fulfilling the present obligations represented by the liability.

n) Contingent liabilities

The State Department 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.

o) Contingent assets

The State Department does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the MDA 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.

p) Nature and purpose of reserves

The State Department creates and maintains reserves in terms of specific requirements. The State Department provides for wear and tear for the fixed assets to ensure fair values for the carrying cost in its books.

Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The State Department provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the State Department pays fixed contributions into a separate MDA (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially

valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

r) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

s) Borrowing costs

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

t) Related parties

The State Department regards a related party as a person or an MDA with the ability to exert control individually or jointly, or to exercise significant influence over the State Department or vice versa. Members of key management are regarded as related parties and comprise the Cabinet Secretary and the Principal Secretary.

u) Service concession arrangements

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

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

v) 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.

w) Comparative figures

In preparing these financial statements, the State Department has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an MDA to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

x) 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, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The State Department 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 State Department. 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 the State Department.
- 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. Additional disclosure of these estimates of provisions is included in Note 40.

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

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Notes to the Financial Statements (Continued)

6. Transfers from Exchequer

Nature of transfer	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers Period ended June 2025
	Kshs	Kshs	Kshs
Recurrent	3,900,265,915	-	3,900,265,915
Development	-	-	-
Total	3,900,265,915	-	3,900,265,915

7. Licenses, Fees and Permits

Description	Period Ended 30 th June ,2025
	Kshs
Licenses	14,960,405
Total	14,960,405

This was collection of AIA from Media Council of Kenya as accreditation and subscription fees by journalists and some Media enterprises collected as tax receipts.

8. a Other Incomes

Description	Period Ended 30 th June ,2025
	Kshs
Bulk infrastructure levies	1,797,194,038
Other incomes not specified elsewhere	-
Total other income	1,797,194,038

8.b Bulk infrastructure levies

Description	Period ended June 2025
Receipts from sale of inventories, Stocks and Commodities from National Communication Secretariat AIA	158,708,000
Disposal and Sales of non-Produced Assets	1,497,841,547
Administrative Fees and Charges collected as AIA	80,000,000
Paid to exchequer	60,644,491
Bulk infrastructure levies	1,797,194,038

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9. Employee Costs

Description	Period ended June 2025
	Kshs
Basic Salaries - Permanent Employees	288,450,480
Basic Wages - Temporary Employees	-
Personal Allowances paid as part of Salary	177,560,650
Personal Allowances paid as Reimbursements	2,717,094
Employer Contributions to Compulsory National Social Security Schemes	-
Other social benefit schemes	-
Employee costs	468,728,223

9 a. Cash flows of Employee costs

Total Employee costs	468,728,223
Adjusted for	
Provision for gratuity	-
Salary advance	(44,810)
	468,683,413

9 b. Employee cost incurred

Total Employee costs	468,728,223
Adjusted for	
Statutory deductions	-
Salary arrears	
Gratuity paid with respect to FY 2023/2024	(9,775,138)
Provision for gratuity for the current FY 2024/2025	1,334,377
Total Employee cost incurred	460,287,462

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10. Use of Goods and Services

Description	Period Ended 30 th June
	2025
	Kshs
Utilities, supplies and services	17,682,602
Communication, supplies and services	7,777,018
Domestic travel and subsistence	66,506,493
Foreign travel and subsistence	2,720,600
Printing, advertising, and information supplies & services	1,141,319,170
Rentals of produced assets	26,037,561
Training expenses	1,324,140
Hospitality supplies and services	24,530,361
Specialized materials and services	9,609,925
Bank Charges	-
Office and general supplies and services	5,705,363
Fuel Oil and Lubricants	14,614,219
Routine maintenance – vehicles and other transport equipment	13,687,557
Routine maintenance – other assets	1,613,270
Other operating expenses	242,813,222
Total	1,575,941,499

10.a Cash Flow on Use of goods & Services

Total Uses of Goods and Services	1,575,941,499
Adjusted for	
Increase in trade payable (3 rd Party Deposits & RD)	(16,980,038)
Decrease in trade receivables	(27,282,417)
Total cashflows on use of goods and services	1,531,679,045

10.b Use of Goods and Services Cost incurred

Total Uses of Goods and Services	1,575,941,499
Adjusted for	
Utilities, supplies and services	(420,290)
Domestic travel and subsistence and other transportation costs	(718,375)
Printing, advertising, and information supplies & services	(605,268,663)
Rentals of produced assets	4,718,300
Hospitality supplies and services	(1,887,748)
Specialized materials and services	(760,000)
Other operating expenses	(726,822)
Routine maintenance-Vehicles	(2,435,432)
Routine maintenance-Other Assets	(58,000)
Totals Use of Goods and Services Cost incurred	968,384,469

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11. Transfers to Other Government Entities

Description	Period Ended 30 th June 2025
	Kshs
Transfers to national govt entities- SAGAs & SC	3,631,912,357
Others (specify)	-
Total	3,631,912,357

11.b Transfers to Other Government Entities

The above transfers were made to the following self-reporting entities in the year

DESCRIPTION :- TRANSFER TO SAGAS AND SCs	RECURRENT	DEVELOPMENT	AIA	TOTAL FOR THE 2024- 2025	TOTAL COMPARABLE 2023-2024
	KSHS	KSHS	KSHS	KSHS	KSHS
National Communication Secretariat	158,708,000	-	-	158,708,000	162,500,000
Kenya Institute of Mass Communication	208,206,750	-	80,000,000	288,206,750	248,000,000
Kenya YearBook Editorial Board	120,750,000	-	60,644,491	181,394,491	176,500,000
Media Council of Kenya	1,016,900,000	-	14,960,405	1,031,860,405	1,550,499,460
Kenya Broadcasting Corporation	859,501,500	-	1,112,241,211	1,971,742,711	2,378,902,131
TOTALS	2,364,066,250	-	1,267,846,107	3,631,912,357	4,516,401,591

12. Depreciation and Amortization Expense

Description	Period Ended 30 th June 2025
	Kshs
Property, plant and equipment	782,246
Intangible assets	-
Investment property carried at cost	-
Total	782,246

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13. Cash and Cash Equivalents

Description	Period Ended	Opening statement
	30 th June, 2025	1 st July 2024
	Kshs	Kshs
Recurrent Account	60,816,418	40,123,651
Development Account	50,862	6,503,652
Deposits Account	603,377	603,377
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Others (Specify)-GAA Deposit	29,761,468	9,882,293
Total	91,232,125	57,112,972

13.(a) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	Period Ended	Opening statement
		30 th June, 2025	1 st July 2024
		Kshs	Kshs
Recurrent Account	1000302418	60,816,418	40,123,651
Development Accounts	1000302453	50,862	6,503,652
Deposits Accounts-Hqs	1000302461	603,377	603,377
GAA Special Deposit Acc	1000512188	29,761,468	9,882,293
Grand Total		91,232,125	57,112,972

14. Receivables from Exchange Transactions

Description	Period Ended 30 th	Opening statement
	June, 2025	1 st July 2024
	Kshs	Kshs
Other exchange debtors	16,660	61,470
Less: impairment allowance	-	-
Inter- Ministerial Agency A/C govt spokes	-	27,282,417
Total Receivables	16,660	27,343,887

14(a) Ageing analysis for Receivables

Description	Period Ended 30 th June		Opening statement	
	,2025		1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	1 st July	% of the total
Less than 1 year	16,660	100%	27,343,887	100%
Total	16,660	100%	27,343,887	100%

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Notes to the Financial Statements (Continued)

15. Property, Plant, and Equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Heritage assets	Work in progress	Service concession assets	Total
Depreciation Rate		2-10%	10-16.67%	2-20%	12.5%	33.3%	x%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1st July 2024	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	2,349,087	-	-	-	2,349,087
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	-
As At 30th Jun 2025	-	-	-	-	-	2,349,087	-	-	-	2,349,087
Depreciation And Impairment										
Depreciation	-	-	-	-	-	(782,246)	-	-	-	(782,246)
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-
As At 30th June 2025	-	-	-	-	-	(782,246)	-	-	-	(782,246)
Net Book Values						1,566,841				1,566,841
Opening Bal as at 1st July 2024	-	-	-	-	-	-	-	-	-	-
As At June, 2025	-	-	-	-	-	1,566,841				1,566,841

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Notes to the Financial Statements (Continued)

Valuation

Items of PPE are valued at Historical cost at the point of recognition in the financial statements. Where historical cost is not available or the item has been acquired PPE has been valued at the current operational value which is the amount the MDA would pay for the remaining service potential of an asset at the measurement date.

16. Trade and Other Payables

Description	Period Ended 30 th June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Trade payables	31,910,130	639,467,160
Payments received in advance	-	-
Employee payables	-	-
Third-party payments	603,377	603,377
GAA Deposit	29,761,468	9,882,293
Total trade and other payables	62,274,975	649,952,830

Note: -

i) **Appendix III:** List of Pending bills as at 30th June 2025

ii) Out of the Kshs 1,509,149,940 reported as at 30th June 2024

- Pending Bills recognised in the Statement of 1st Financial Position Kshs 639,467,160
- Pending Bills forwarded to the National Treasury Verification Committee Kshs 866,374,233
- Ineligible Pending Bills Kshs 1,452,547
- 3rd Party Bills under Deposit related to KRA Kshs 1,856,000

17. Refundable Deposits and Prepayments

Description	Period Ended 30 th June 2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Customer deposits	-		2,899,138	
Prepayments	-		-	
Other deposits	-		-	
Total deposits	-		2,899,138	
Ageing analysis: (Refundable deposits)	Current	% of the	1st July 2024	% of the
	FY	Total		Total
Under one year	-		2,899,138	100%
Total	-		2,899,138	

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18. Provisions

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Balance 1st July-2024	-	-	-	10,656,284	10,656,284
Additional provisions	-	-	-	2,568,761	2,568,761
Provision utilised	-	-	-	(11,009,523)	(11,009,523)
Change due to discount and time value for money	-	-	-	-	-
Total provisions year end	-	-	-	2,215,522	2,215,522
Current Provisions	-	-	-	1,334,377	1,334,377
Non-current Provisions	-	-	-	881,146	881,146

19. Cash Generated from Operations

	<i>Period Ended 30th June 2025</i>
	Kshs
Surplus for the year before tax	651,053,824
Adjusted for:	
Depreciation	782,246
Increase in receivables	27,327,227
Increase in payables	(599,017,754)
Net cash flow from operating activities	80,145,542

20. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the State Department for Broadcasting and Telecommunications 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.

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Government of Kenya

The Government of Kenya is the principal shareholder of the State Department for Broadcasting and Telecommunications holding 100% of the State Department for Broadcasting and Telecommunications equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the MDA, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management. -, Cabinet Secretary; Principal secretary
- v) Board of directors.

	<i>Period Ended 30th June 2025</i>
	Kshs
a) Key management compensation	
Directors' emoluments	
Compensation to key management-Principal secretary	9,930,070.15
Total	9,930,070.15

The cabinet secretary is currently being catered for by the state Department of ICT and Digital Economy

21. Events after the Reporting Period

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

22. Ultimate And Holding MDA

The MDA ultimate parent is the Government of Kenya.

23. Currency

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

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19. 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: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1346. Budgetary Control and Performance	<p>The statement of comparison of budget and actual amounts reflects total receipts budget and actual on comparable basis of Kshs.7,450,828,269 and Kshs.6,097,433,984 respectively, resulting in underfunding of Kshs.1,353,394,285 or 18% of the approved budget.</p> <p>The underfunding affected the State Department's planned activities and may have impacted negatively on service delivery to the public.</p> <p>My report is not modified in respect of this matter.</p>	<p>The Budget under-performance of Kshs.1,353,394,285 or 18% of the approved budget was attributed to Delays/non-payment by MDAs for the advertising services rendered on their behalf by the Government Advertising Agency, Under collection of AIA by KBC due to the ageing broadcast equipment, Exchequer under-funding from the National Treasury and AIA budget over estimation</p>	Not resolved	The Financial Year 2025/2026
1347. Pending Accounts Payable	<p>Note 17.2 to the financial statements reflects pending accounts payable balance of Kshs.1,455,603,747 which were not settled during the year under</p>	<p>The outstanding accounts payable balance of Kshs.1,455,603,747 was occasioned by the inadequate budgetary allocation by the National Treasury and non-payment from</p>	Not resolved	The Financial Year 2025/2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>review and instead carried forward to the subsequent financial year. Management explained that the outstanding accounts payable for the current year under review was as a result of lack of funding to settle the bills.</p> <p>Failure to settle bills during the year to which they relate adversely affects the budgetary provisions for the subsequent year as they form a first charge.</p>	<p>Government MDAs for the advertising services provided by the Government Advertising Agency. We wish to state that out of the total pending bills amounting to Kshs.1,455,603,747 pending bills amounting to Kshs.866,374,223.10 were submitted to the pending bills verification committee vide letter REF: MICDE/BT/ADM/G/2/2 of 31st January 2024. In the FY 2024/25, the State Department has since settled pending bills amounting to Kshs. 583,064,108.91 leaving unpaid pending bills of Kshs. 4,621,829.55 which forms the first charge in F.Y 2025/26 budget</p>		
1348. Unresolved Prior Year Issues	<p>In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. However, the issues were</p>	<p>-The Management did take note on the lawfulness and Effectiveness in use of Public Resources and adopted corrective measures. The matter is before the Parliamentary Accounts Committee</p>	Not resolved	The Financial Year 2025/2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	yet to be deliberated on by the Public Accounts Committee (PAC).	and once the Management appears before the Committee shall adhere to their recommendations.		
1349. Failure to Hold Regular Committee Meetings	<p>Review of human resource records revealed that the State Department's Human Resource Management Advisory Committee (HRMAC) held eight meetings in the year under review as opposed to twelve (12) as per the requirements of Section A.13(2) of the Human Resource Policies and Procedures Manual for the Public Service, 2016. Further, the minutes of Employee Performance Management Committee (EPMC) were not provided for audit.</p> <p>-In the circumstances, Management was in breach of the law and the effectiveness of the human resource management could not be confirmed.</p>	<p>It is true the MDA held 8 meetings instead of 12 as required by the Human Resource policies and procedure manual. The Department have strived to have the agendas prepared on a monthly period instead of combined agenda in a subsequent month.</p>	Not resolved	The Financial Year 2025/2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1350. Non-Compliance With the One-Third of Basic Salary Rule	<p>The statement of receipts and payments reflects compensation of employees' payments totalling Kshs.447,967,509 as disclosed in Note 5 to the financial statements. However, review of the payroll revealed that thirty-six (36) employees earned a net salary of less than one-third (1/3) of their basic salary. This was contrary to the provisions of Section C.1(3) of the Human Resources Policies and Procedures Manual for Public Service, May 2016 issued by the Public Service Commission which provides that public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries and Heads of Human Resource Units should ensure compliance.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>It is true that the payroll had several employees who earned a net salary of less than one third ($\frac{1}{3}$) of their basic salary. This was occasioned by the implementation of new rates for Social Health Authority (SHA) and affordable housing to the concerned officers for which corrective measures have been put in place to ensure the Compliance as per the provision of Section C.1(3) of the Human Resources Policies and Procedures Manual for Public Service, May 2016.</p>	Not resolved	The Financial Year 2025/2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1351. Staff Over-Establishment	<p>Review of the approved staff establishment and staff in post at the State Department revealed that one hundred and sixty-nine (169) members of staff were in post against an approved staff establishment of sixty-nine (69), resulting to an over-establishment of one hundred (100) members of staff. This was contrary to Section A.15 of the Human Resource Policies and Procedures Manual for Public Service, May 16, which states that the functions of Ministerial Human Resource Management Advisory Committees (MHRMAC) entail making recommendations to the Authorized Officer regarding – inter alia (viii) establishment and complement control.</p> <p>-In the circumstances, Management was in breach of the law.</p>	<p>The authorised staff establishment by the Public Service Commission as at 30/06/2025 was 997 against the in-post of 362. This translate to 36% in post and under establishment of 64%.</p> <p>The State Department is in the process of recruiting officers to fill the vacant positions in line with National Treasury approval in five phases starting Financial Year 2025/2026 and seek subsequent approval for recruitment in the subsequent financial years.</p>	Not resolved	The Financial Year 2025/2026
1352. Insufficient Policy Guidelines for	Review of documents provided for collection of Appropriations-In-Aid	The Government Advertising Agency (GAA) collects A-in-A	Not resolved	The Financial Year 2025/2

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Collection of Appropriations-In-Aid	<p>(A.I.A) for the State Department revealed that an amount of Kshs.1,839,606,296 was collected as total receipts during the financial year 2023/2024. However, Management did not provide for review total receipts, policies and guidelines in form of contracts, charge out rates and price list on the sale of portraits, rent collection and content from different regions listed as revenue sources in News and Information Department.</p> <p>In the circumstances, without adequate policy guidelines on revenue collection, adequacy of the internal controls on revenue collection could not be confirmed.</p> <p>-In the circumstances, without adequate policy guidelines on revenue collection, adequacy of the internal controls on revenue collection could not be confirmed.</p>	<p>form MDAs for advertisements published in MyGov newspaper that printed and circulated every Tuesday</p> <p>The State Department has commenced the process of developing a public sector advertising policy that will anchor GAA's operations into law and put into place the necessary legal obligations for prompt payment for advertising service.</p> <p>However, GAA is currently guided by the following measures for collection of A-in-A:</p> <ul style="list-style-type: none"> •The A-in-A collection is guided by a rate card (copy attached) that clearly indicates the amount payable for specified advertisement sizes, ranging from a full page. half page, quarter page, an eighth of a page, and so on. 		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<ul style="list-style-type: none"> •All advertisements must also be accompanied by signed LPOs/LSOs as a binding commitment by the advertising entity to pay for the advertisement. •All adverts must be paid for within 30 (thirty) days of publication, failure to which advertising services are suspended for defaulting institutions. •Among the measurements put in place by GAA to ensure prompt payment of the pending bills is the denial of advertising space to institutions that owe GAA unpaid money for published advertisements. 		
1353. Non-Tagging of Assets	Annex 3 to the financial statements reflects total historical cost carried forward of Kshs.320,331,476. However, physical verification at the regional branches revealed that the	The State Department undertakes to improvise a tagging system in the financial year 2025/2026.	Not resolved	The Financial Year 2025/2

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>assets were not tagged for ease of identification.</p> <p>This was contrary to the provisions of Regulations 143(1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting officer shall be responsible for maintaining a register of assets under his or her control or possession.</p> <p>In the circumstances, the existence of effective measures to safeguard assets could not be confirmed.</p>			



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Stephen M. Isaboke, EBS
Accounting Officer

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Appendix II: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment		2,349,087			2,349,087
Machinery and Equipment					
Biological assets					
Infrastructure Assets- Roads, Rails					
Heritage and cultural assets					
Intangible assets					
Work in Progress					
Total		2,349,087			2,349,087

Note: The State Department is in the process of ascertaining the Book values of assets to be included in the subsequent year.

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Appendix III: List of Pending bills as at 30th June 2025

a) Outstanding Pending Bills as at 30th June 2025

S/no	Supplier/ Contractor	Invoice No.	Description	Amount Outstanding
1	Pago Airways Travel Services Ltd	TIN23020293	Air Tickets	34,160
2	Pago Airways Travel Services Ltd	TIN23030094	Air Tickets	34,900
3	Pago Airways Travel Services Ltd	TIN22100097	Air Tickets	34,600
4	Silver Africa Tours and Sfaris	13605	Air Tickets	89,300
5	Silver Africa Tours and Sfaris	12458	Air Tickets	79,000
6	Silver Africa Tours and Sfaris	12456	Air Tickets	82,500
7	Attic Tours and Travel Ltd	73023	Air Tickets	27,300
8	Attic Tours and Travel Ltd	76115	Air Tickets	36,500
9	Machakos University	3341	Conference facility	312,000
10	New KCC	94866777	Supply of milk	36,288
11	New KCC	94866778	Supply of milk	165,312
12	Pewin Motors Ltd	6606	Motor vehicle service	153,836.
13	Pewin Motors Ltd	6217	Motor vehicle service	72,746
14	Pewin Motors Ltd	5945	Motor vehicle service	150,717
15	Kenya Institute of Curriculum Development	dsaj	Conference facility	456,000
16	Kenya Institute of Curriculum Development	190000001920		183,000
17	Fullhouse Investment Ltd	390		459,360

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18	Nairobi Safari Club	136454		750,000
19	Silver Africa Tours and Safaris	15029	Air Ticket	215,500
20	Attic Tours and Travel Ltd	84928	Air Ticket	63,490
21	Pewin Motors Ltd	7164	Motor vehicle service	205,320
22	Sarova Stanley	359271	Conferencing	600,000
23	The Star Publication	DSAJ/2023/02860	Advertisement Services	150,000
24	Directorate of Criminal Investigation	1012021	Advertisement Services	300,000
25	Kenya Yearbook Editorial Board-June Issue	459	Design and Layout of MyGov Newspaper	4,500,000
26	Kenya Yearbook Editorial Board-May Issue	457	Design and Layout of MyGov Newspaper	4,500,000
27	Kenya Yearbook Editorial Board-April Issue	456	Design and Layout of MyGov Newspaper	4,500,000
28	Kenya Yearbook Editorial Board-March Issue	451	Design and Layout of MyGov Newspaper	4,500,000
29	Kenya Yearbook Editorial Board-February Issue	450	Design and Layout of MyGov Newspaper	4,500,000
30	Kenya Development Corporation	393	Rent for Uchumi House	4,718,300
	TOTALS AS AT 30TH JUNE 2025			31,910,129
	(b) Inelligible Pending Bills			
S/no	<u>Supplier/ Contractor</u>	<u>Invoice No.</u>	<u>Description</u>	<u>Amount Outstanding</u>
1	CFAO Motors Kenya Ltd	91562080	Motor vehicle service	25,121

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2	CFAO Motors Kenya Ltd	91709401	Motor vehicle service	55,643
3	CFAO Motors Kenya Ltd	91651946	Motor vehicle service	42,132
4	DT Dobie	16204669	Motor vehicle service	40,662
5	Pewin Motors Ltd	6023	Motor vehicle service	228,031
6	Pewin Motors Ltd		Motor vehicle service	232,109
7	CFAO Motors Kenya Ltd	3001421521	Motor vehicle service	380,428
8	CFAO Motors Kenya Ltd	3001385097	Motor vehicle service	234,297
9	Simba Corporations Ltd	SQ11108		214,124
	TOTAL			1,452,547
	(c) 3rd Party Bills Under Deposit Related to KRA			
S/no	<u>Supplier/ Contractor</u>	<u>Invoice No.</u>	<u>Description</u>	<u>Amount Outstanding</u>
1	Kenya Broadcasting Corporation(KBC)	A38143	Advertisement Services	928,000
2	Kenya Broadcasting Corporation(KBC)	A38145	Advertisement Services	232,000
3	Kenya Broadcasting Corporation(KBC)	A38146	Advertisement Services	232,000
4	Kenya Broadcasting Corporation(KBC)	A38147	Advertisement Services	232,000
5	Kenya Broadcasting Corporation(KBC)	A38144	Advertisement Services	232,000
	TOTAL			1,856,000