

REPUBLIC OF KENYA



REPORT

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| TABLED BY: | Hon. Naomi Waga, CBS, MP (Deputy Majority Whip) |
| CLERK-AT THE-TABLE: | Inzefu Mwale, HSC |

THE AUDITOR-GENERAL

ON

**STATE DEPARTMENT FOR ICT AND THE
DIGITAL ECONOMY**

**FOR THE YEAR ENDED
30 JUNE, 2025**



STATE DEPARTMENT FOR ICT AND THE DIGITAL ECONOMY

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

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

State Department for ICT & The Digital Economy

Annual Report and Financial Statements for the year ended June 30, 2025.

State Department for ICT & The Digital Economy
Annual Report and Financial Statements for the year ended June 30, 2025.

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1. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

| | |
|----------|--|
| AIE | Authority to Incur Expenditure |
| AYECs | Ajira Youth Empowerment Centres |
| BPO | Business Process Outsourcing |
| CBK | Central Bank of Kenya |
| CIH | Constituency Innovation Hubs |
| CS | Cabinet Secretary |
| EARTTDP | Eastern Africa Regional Transport, Trade and Development Programme |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| ICT | Information Communication and Technology |
| ICTA | ICT Authority |
| IPSAS | International Public Sector Accounting Standards |
| KOTDA | Konza Technopolis Development Authority |
| LMCCP | Last Mile County Connectivity Project |
| MDA | Ministries, Departments and Agencies |
| NOFBI | National Optic Fibre Backbone Infrastructure |
| OAG | Office of the Auditor General |
| OCOB | Office of the Controller of Budget |
| ODPC | Office of the Data Protection Commissioner |
| OSHA | Occupational Safety and Health Act |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| PS | Principal Secretary |
| PSASB | Public Sector Accounting Standards Board |
| SAGAs | Semi-Autonomous Government Agencies |
| SDICT&DE | State Department for ICT & Digital Economy |
| TNT | The National Treasury |
| WB | World Bank |

B: Definition of Key Terms

| | |
|--------------------|--|
| Accrual accounting | method of accounting where revenues and expenses are recorded when they are earned or incurred, not necessarily when cash is received or paid. |
|--------------------|--|

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| | |
|-----------------------|--|
| Assets | any resource owned or controlled by the State Department, tangible or intangible used to produce positive economic value. |
| Cash basis accounting | Method of accounting whereby revenues and expenses are recognized only when cash is received or paid and without distinction between revenue or capital items |
| Cash Flow Statement | A statement showing the cash received and cash used by the State Department for various purposes including operations, investing and financing, and the resulting balance of cash. |
| Digital Economy | the entirety of sectors that operate using digitally-enabled communications and networks leveraging internet, mobile and other technologies” irrespective of industry. |
| Fiduciary management | safeguarding the financial interests of Kenyan public by exercising expertise, diligence, and integrity in managing the affairs of the State Department. |
| Financial Performance | The net of the total incomes that the State department received and the expenditures it incurred during the financial year. |
| Financial Position | The net of the assets and liabilities of the State Department as at the end of the financial year. |
| ICT Policy | provides a framework that promotes the realization of Kenya's. digital economy and its benefits, by creating an enabling environment for all citizens and stakeholders |
| ISPAS | International Public Sector Accounting Standards (IPSAS) are widely recognised global accounting standards for governments and public sector organisations. |
| Liability | a present obligation of the State Department to transfer an economic resource as a result of arising from past events, the settlement of which is expected to result in an outflow from the State Department of resources embodying economic benefits. |
| LMCCP | A Project to lay the foundation of a new e-government strategy in Kenya as part of a constitutional imperative to devolve governmental power to the 47 counties. |
| NOFBI | National Optic Fibre Back born Infrastructure, a pivotal initiative by the Kenyan government to enhance digital connectivity across the country |

2. Key State Department of ICT & The Digital Economy Information and Management

(a) Background information

The State Department for ICT and the Digital Economy was established through an Executive Order No. 2 of 2023 to promote the development of the ICT Infrastructure and Services Country wide as envisaged in Kenya Vision 2030. The SDICT&DE is domiciled in Kenya with the headquarter at Telposta Towers in Nairobi city.

(b) Mandate

The mandate of the SDICT&DE is derived from the Executive Order No. 2 of 2023 which stipulates the following functions;

- To facilitate the development of the Information and Communications sector (Including broadcasting, multimedia);
- Data protection policy and regulation of personal data services
- National ICT policy;
- Promotion of ICT innovation and Digital economy;
- Promotion of e-Government and Policy on automation of Government services
- Promotion of software development industry
- Provision of ICT technical support to MDAs
- Development of National Communication Capacity and Infrastructure; and
Management of National Fibre Optic Infrastructure Core Values
- Accountability and transparency
- Equity and equality
- Professionalism and ethical practices
- Teamwork and passion for results
- Honesty and integrity
- Innovativeness and creativity
- Efficiency and effectiveness
- Patriotism

Vision: An informed and Digitally-empowered Kenyan Society

Mission: To facilitate sustainable Kenya's Social Economic Transformation by leveraging on ICT universal access to information and communication services for global competitiveness.

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(c) Key Management

The SDICT&DE day-to-day management is under the following key organs

- Cabinet Secretary
- Principal Secretary/Accounting Officer
- Administration
- ICT Infrastructure
- E-Government and Digital Economy
- ICT Security and Audit Control
- Human Resource and Development
- Supply Chain Management Services
- Accounts Department
- Finance Department
- Planning Department

(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:

| No | Designation | Name | Date of Appointment |
|----|---|------------------------|----------------------------|
| 1 | Cabinet Secretary | Hon. William Kabogo | 17th Jan 2025 |
| 2 | Accounting Officer | Eng. John Tanui, CBS | 2 nd Dec 2022 |
| 3 | Secretary Administration | Jonam Ngau Kinama, OGW | May 2025 |
| 4. | Secretary ICT Infrastructure | Washington Okoth | 1 st March 2024 |
| 5. | Secretary E-Government and Digital Economy | Emmanuel Kata | 1 st March 2024 |
| 6 | Secretary ICT Security and Audit Control | Mary Kerema, OGW | 1 st March 2024 |
| 7 | Director Human Resource and Personnel Development | Dominic Gicheru, OGW | 29 th Aug 2023 |
| 8 | Senior Deputy Director Supply Chain Management Services | Emmah Kirungu | 7 th Jan 2025 |
| 9 | Senior Deputy Accountant General | Henry Mobegi | 1 st April 2025 |
| 10 | Chief Finance Officer | Shadrack Maweu | 16 th May 2023 |
| 11 | Director Planning | Electine Nanzala | 15 th July 2024 |

(e) Fiduciary Oversight Arrangements

Budget Implementation Committee

Oversees budget implementation and regularly advise the Principal Secretary on the performance of the budget, reviews and considers the cash flow plans, review the utilization of cash limits and consider any changes as may be required, reviews the utilization of donor funds voted for the State Department, advises the Accounting Officer on any challenges related to the budget implementation, reviews and recommends reallocation of expenditures, reviews and approves the submission of the expenditure returns, nonfinancial reports, IPPD, pending bills and A-I-A returns for the Department and recommends actions to be taken, participates in Sector Working Groups and prepares the budgets for the State Department in consultation with Heads of Departments.

Ministerial Human Resource Management Advisory Committee (MHRMAC).

The Principal Secretary is responsible for the administration and management of human resource functions in the Department. To fulfil this role, the Public Service Commission and its attendant regulations require Ministries to constitute the Ministerial Human Resource Management Advisory Committee (MHRMAC) under the delegated authority. The PS chairs MHRMAC and advises the Cabinet Secretary on HRM&D matters. The MHRMAC manages the training and development function, considers and approves training objectives, staff development strategies, training needs, training projections, skills inventory and training data, advises on optimal utilization of local and foreign training resources and opportunities, identifies for selection suitable applicants for various training programmes and assesses the impact and effectiveness of the training.

Project Implementation Committee

This is constituted by the Principal Secretary in each financial year to oversee the initiation and implementation of projects in the State Department. The Project Committee members are drawn from: Secretary, Administration Department as the chairperson, Chief Finance Officer, four Members appointed on ad hoc basis from the Technical Department (Directorate of ICT), Head of Accounts and Head of Procurement, Director of Planning who serves as the secretary. The functions of the Project Management Committee are:

- i. To review project concept notes and make recommendations to the Principal Secretary for decision making within thirty days;
- ii. To review project pre-feasibility and feasibility studies and make recommendations to accounting officer for decision making;

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- iii. To identify the potential project risks and mitigating measures not covered in the project concept note, pre-feasibility or feasibility studies;
- iv. To prioritize projects based on the National Government Ministries, Departments and Agencies Strategic Plan, Medium Term Plan, and national and County development plans;
- v. To recommend the mode of project financing; and
- vi. To provide guidance on any changes in the project design


During the FY 2023/24 the Committee was duly constituted and deliberated on issues affecting projects and the implementation status.

The Audit Committee

Supports the Accounting Officers by monitoring and reviewing the risk, control and governance processes that have been established in the State Department pursuant to Government policies. This is achieved by introducing an independent perspective and a process of constructive challenge, not to undermine the actions of the Principal Secretary but to help the PS be fully assured that the most cost-effective control and governance processes are in place. The governance processes enhance the performance of the State Department and the Audit Committee takes an independent view of these processes.


- (f) **State Department for ICT & Digital Economy Headquarters**
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Kenyatta avenue
Nairobi, Kenya
- (g) **State Department for ICT & Digital Economy Headquarters**
Telephone: +254 (20) 4920000
Email: info@information.go.ke or ps@information.go.ke
Website: www.information.go.ke
- (h) **State Department for ICT and Digital Economy 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


| Hon. William Kabogo Gitau | Cabinet Secretary |
|---|--|
|  | <p>Hon. William Kabogo Gitau is the pioneer Governor of Kiambu County, a role in which he dedicated his visionary leadership and business acumen, leading to the recognition of the County as the second-best performing county in revenue collection in the Financial Year 2016-2017.</p> <p>Prior to being elected Governor, Hon. Kabogo had served as Member of Parliament for Juja Constituency for two terms, Chief Executive Officer for Toto Industries, and an auditor in the Office of the Auditor General. While in Parliament, Hon. Kabogo was ranked fifth nationally for effective utilization of Constituency Development Fund (CDF) allocations.</p> <p>Hon. Kabogo holds a Bachelor of Commerce (B. Com) degree in Accounting and Finance from Punjab University in India. He has additional certifications in accounting and audit.</p> |


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4. Profile of Accounting Officer and Key Management


| Eng. John Tanui, MBS | Accounting Officer |
|---|---|
|  | <p>Eng. John Tanui, MBS is the Principal Secretary in the Ministry of Information, Communications, and the Digital Economy, in charge of the State Department for ICT and the Digital Economy.</p> <p>Eng. Tanui is a professional Engineer and manager with over 20 years' experience, prior to joining the Ministry, he was the Chief Executive Officer of the Konza Technopolis Development Authority (KoTDA). He has also served as the Deputy Country CEO and Vice President of Huawei Technologies responsible for Kenya, Tanzania, Somalia, and Djibouti, and as the Director of the Technical Service Department in the same organization.</p> <p>He holds a BTech in Electrical and Communication Engineering from Moi University and an MBA in International Business from the University of Nairobi.</p> |


| Mr. Jonam Ngau Kinama, OGW | Secretary Administration |
|---|--|
|  | <p>Mr. Jonam Ngau Kinama, OGW, is the Secretary Administration – ICT and Digital Economy and is responsible for coordinating corporate governance and driving the government agenda in the State Department.</p> <p>Mr. Kinama has risen through the ranks of the public service, demonstrating strong leadership and administrative expertise. Prior to joining the State department for ICT & Digital Economy, he worked as: Director of Administration – State Department for EAC, Director, Corporate Services – National Police Service Commission, Deputy Director (Administration/Human Resources) – Ethics and Anti-Corruption Commission and Deputy Secretary / Senior Deputy Secretary – Office of the President and Ministry of Interior & Coordination of National Government</p> <p>Mr. Jonam Ngau Kinama holds an Executive MBA from Jomo Kenyatta University of Agriculture and Technology, a Bachelor of Arts from University of Nairobi and Professional Courses & Advanced Training.</p> |


| Mr. Okoth, Washington Oduor | Secretary ICT Infrastructure |
|---|---|
|  | <p>Mr. Washington holds a Bachelor of Science in Information Systems & Technology from USIU-Africa. Master of Science in Information Systems & Technology from the University of Nairobi, followed by a Master of Arts in Project Planning & Management, also from the University of Nairobi. Currently, he is pursuing PhD in Project Management from JKUAT University.</p> <p>Mr. Washington also holds various professional qualifications and holds certifications in ISO standards including ISO 9001 and 27001, and is registered as a Management Systems Trainer and Lead Auditor by KEBS and BSI respectively.</p> <p>In his capacity as Secretary ICT- Infrastructure, he oversees critical infrastructure projects and plays a pivotal role in shaping ICT policies and strategies to advance Kenya's digital agenda in areas like ICT connectivity, Data Centre and Cloud services. Partnerships and Liaison services. His leadership is instrumental in fostering innovation, improving connectivity, and leveraging technology for socio-economic development.</p> |


| Mr. Emmanuel Kata Kimeu | Secretary ICT Security and Audit Control |
|---|---|
|  | <p>Emmanuel Kata Kimeu is a holder of Master of Computer Applications (MCA) degree from Shivaji University India. He also holds a Bachelor of Arts (BA) degree in Economics, Sociology and Community Development from Agra University, India. He has attended several short-term courses on Information Technology (IT) and finance.</p> <p>As the Secretary, ICT – Security and Audit Control, he brings over 24 years wealth of ICT experience and expertise to the ministry which he believes together with the ICT team will go a long way to build modern and versatile ICT systems which are responsive to the ICT requirements and needs for proper service provision to the people of Kenya. His maxim is to leave anything he touches better than he found it.</p> |


| Mary N.Kerema, OGW | Secretary ICT, E-Government and Digital Economy |
|---|--|
|  | <p>Mary Kerema, is a dynamic and results-driven ICT leader with over 27 years of experience in leveraging technology to enhance government services and drive digital transformation. She has a proven track record in managing large-scale IT projects, fostering cross-departmental collaboration, and implementing innovative solutions that has improved operational efficiency across Government.</p> <p>She is currently the Secretary ICT, E-Government and Digital Economy in the Ministry of IC&DE . Prior she was working as Deputy Director, E-Government in ICT Authority.</p> <p>She holds a Master’s in Information Technology Management, [The University of Nairobi], and currently pursuing PHD in Information Systems</p> <p>In recognition of her role as a pillar in development of ICT in Government, outstanding and distinguished service to the nation in various capacities she was in 2020 awarded Order of Grand Warrior of Kenya (OGW) by His Excellency the President. She has also been recognized by The Global e-Schools and Communities Initiative (GESCI as an African leader in ICT).</p> |

| Ms. Electine M. Nanzala | Director Planning |
|---|--|
|  | <p>Ms. Electine M. Nanzala holds a Master of Arts (Economics) from Kenyatta University and is a member of the Economists Society of Kenya (ESK). She is Director Planning and the head of Central Planning and Project Monitoring Department in the State Department for ICT and Digital Economy since April 2024.</p> |

| CPA Henry Mobegi | Senior Deputy Accountant General |
|---|---|
|  | <p>CPA Henry Mobegi has over 25 years of experience in financial management in the public sector. He was actively involved in the implementation of IFMIS Re-Engineering at the National Treasury between 2005 and 2016. This is the core financial management system of the Kenya National and County Governments.</p> <p>CPA Mobegi holds a master of Business Administration (Accounting option-UON) and Bachelor of Arts, Economics and Geography(UON). He is a Certified Public Accountant (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya(ICPAK).</p> <p>CPA Mobegi has also undertaken Strategic Leadership and Development Programme (SLDP) and Senior Management Course both at the Kenya School of Government.</p> |

| CPA Shadrack K Maweu | Chief Finance Officer |
|---|---|
|  | <p>CPA Shadrack K Maweu is the Chief Finance Officer at the State Department for Information Communication, Technology and Digital Economy. He has over 19 years of experience in financial management in the public sector currently working as a Finance Officer and having previously worked as an Internal Auditor with the National Treasury. He is skilled in; budget formulation, implementation & monitoring of budget performance, internal auditing & assurance services, financial accounting and fraud examination.</p> <p>He holds Master of Business Administration (Finance option) from Jomo Kenyatta University of Agriculture & Technology (JKUAT), Bachelor of Business Administration-Hons (Accounting & Finance) from Kenya Methodist University. He is a Certified Public Accountant (CPA-K) and a Certified Fraud Examiner (CFE). He has undertaken Strategic Leadership and Development Programme (SLDP), Senior Management Course (SMC) and Supervisory Skills Course from the Kenya School of Government.</p> |

| | |
|---|---|
| <p>Emmah Kirungu</p> | <p>Senior Deputy Director Supply Chain Management Services</p> |
|  | <p>Emmah Kirungu has more than 20 years of experience in Public Procurement and Donor Funded Procurement. She holds a Master’s degree in Procurement and Logistic from JKUAT, a Bachelor of Art (Economics) from UON, a certified Member of the Chartered Institute of Supply Chain Management (MCIPS) and a licensed member of Kenya Institute of Supplies Management.</p> |

| | |
|---|--|
| <p>Dominic Kanyi Gicheru, OGW</p> | <p>Director Human Resource Management and Development</p> |
|  | <p>Mr.Dominic Kanyi Gicheru, OGW is a dynamic result oriented leader with a proven track record in Public service Management and Administration. He holds a Masters of Public Policy and Administration degree from Kenyatta University, Masters of Arts degree from the University of Nairobi, Bachelor of Education degree from the University of Nairobi, Diploma in Human Resource Management from Kenya Institute of Management, Strategic Leadership Development Course from the Kenya School Government among other local and international courses. He holds a HR Practicing Certificate from the Institute of Human Resource Management. He has over 28 years experience in the Public service having served in both the National and County Governments in Senior management positions such as Chief officer in Charge of Public Service and Administration in the first Kiambu County Government and as Secretary Administration and Human Resource Management in the Nairobi Metropolitan Services (NMS). Currently, he is the Director of Human Resource Management t and Development in this State Department.</p> |

5. Statement by Cabinet Secretary

The financial year 2024/2025 was a defining period in the advancement of Kenya's digital transformation agenda. Guided by Executive Order No. 2 of 2023, the National Digital Master Plan 2022-2032, and the Bottom-Up Economic Transformation Agenda (BETA), the State Department for ICT & Digital Economy remained focused on leveraging technology as an enabler of inclusive socio-economic growth.

During the year, the Ministry provided strategic policy direction and oversight to strengthen the governance of the ICT sector. This included advancement of the ICT Authority Bill, the Konza Technopolis Bill, and the development of a National Cloud Policy, which will enhance institutional frameworks, improve coordination, and ensure secure management of government and citizen data. We successfully launched the National Artificial Intelligence (AI) Strategy, positioning Kenya among the African countries to set out a clear roadmap for harnessing emerging technologies to drive innovation, productivity, and competitiveness. These initiatives reflect our commitment to building strong foundations for a resilient and trusted digital economy.

In line with the Digital Superhighway pillar, the Department prioritised the expansion of broadband infrastructure through the National Optic Fibre Backbone and related connectivity programmes. These interventions are critical in enabling e-government, fostering innovation, and expanding digital trade, while supporting Kenya's competitiveness in the region and global economy. We also reinforced data protection and cybersecurity policies, recognising that trust in digital systems is a prerequisite for their adoption. The groundwork laid for the establishment of a National Cybersecurity Agency underscores the Ministry's resolve to safeguard national digital assets and strengthen resilience.

A further strategic priority was the promotion of digital skills and innovation. By collaborating with academia, industry, and development partners, we continued to invest in building a digitally skilled workforce, while supporting innovation ecosystems that nurture entrepreneurs and start-ups. This is vital for unlocking the potential of our youthful population and positioning Kenya as a hub of digital talent and creativity.

Looking ahead, the Ministry will continue to provide leadership in ICT policy and strategy, ensure prudent resource use, and consolidate the gains achieved under the Digital Superhighway and Digital Economy pillars. Our vision remains that of an informed, secure, and digitally empowered society, where technology creates opportunities for all and drives sustainable national prosperity.



H.E. HON. WILLIAM KABOGO GITAU
CABINET SECRETARY
MINISTRY OF INFORMATION, COMMUNICATIONS AND
THE DIGITAL ECONOMY

6. Statement by the Accounting Officer

The State Department for ICT and the Digital Economy is tasked with the facilitation and development of the Information Technology Communications sector. This includes the formulation and enforcement of data protection policies and regulations governing personal data services, overseeing the National ICT Policy and promoting ICT innovation and the digital economy. Additionally, the Department is responsible for advancing e-Government initiatives, fostering the software development industry, providing technical support to Ministries, Departments and Agencies (MDAs) and developing National Communication Infrastructure, including the management of the National Fibre Optic Infrastructure, among other critical functions.

For the Financial Year 2024/2025, the approved budget allocation for the Department was Ksh 16,456,807,516 while actual expenditure amounted to Ksh 14,561,224,837 representing approximately 88% of the total budget. The following table provides a breakdown of expenditure according to the economic classification.

Table 1: Breakdown of Expenditure as per economic classification

| Economic classification | Final Budget | Actual on Comparable Basis | Budget Utilization Differences | % of Utilization |
|-------------------------------------|-----------------------|----------------------------|--------------------------------|------------------|
| Compensation of Employees | 318,462,168 | 329,078,628 | -10,616,460 | 103.33% |
| Use of goods and Services | 397,614,349 | 394,278,519 | 3,335,829 | 99.16% |
| Transfers to Other Government Units | 15,253,570,000 | 13,700,982,002 | 1,552,587,997 | 89.82% |
| Social Security Benefits | 11,000,000 | 10,986,868 | 13,131 | 99.88% |
| Acquisition of Assets | 476,160,999 | 125,898,818 | 350,262,181 | 26.44% |
| Total | 16,456,807,516 | 14,561,224,837 | 1,895,582,678 | 88.48% |

Table 2: Expenditure as per the programmes

| Programme/Sub-programme | Final Budget | Actual on comparable basis | Budget utilization difference |
|-------------------------|----------------|----------------------------|-------------------------------|
| | Kshs | Kshs | Kshs |
| 207000000 | 299,305,506 | 297,375,865 | 1,929,640 |
| 207010000 | 299,305,506 | 297,375,865 | 1,929,640 |
| 210000000 | 13,866,714,900 | 12,424,309,809 | 1,442,405,090 |

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| | | | | |
|------------------|-----------|-----------------------|-----------------------|----------------------|
| | 210010000 | 6,512,920,000 | 5,932,348,782 | 580,571,219 |
| | 210020000 | 7,353,794,900 | 6,491,961,028 | 861,833,871 |
| | 210030000 | 0 | 0 | 0 |
| 217000000 | | 2,290,787,110 | 2,181,818,858 | 108,968,252 |
| | 217010000 | 2,290,787,110 | 2,181,818,858 | 108,968,252 |
| 221000000 | | 0 | 0 | 0 |
| | 221010000 | 0 | 0 | 0 |
| | | 16,456,807,516 | 14,903,504,533 | 1,553,302,983 |

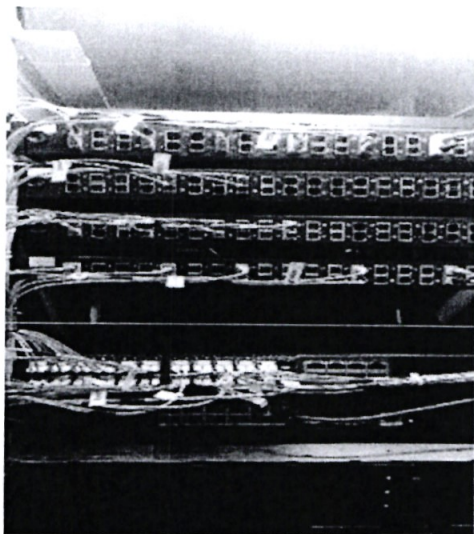
Below are some of the achievements for the State Department within FY 2024-2025

National Optic Fiber Backbone Infrastructure (NOFBI)

National Optic Fiber Backbone Infrastructure (NOFBI) is intended to provide all Government offices with connectivity in order to deliver Government services digitally through voice, internet and e-Government applications in a more efficient manner. The State department for ICT and the Digital Economy has implemented NOFBI project in three phases with initial phase 1 of 4,300 Km, Phase II of 2,100 Km and Phase 2 Expansion 2,500 Km of fibre. In summary, 284 county commissioner/DCC, 28 Hospital, 14 police stations, 6 airports and 159 MDAS have been connected. NoFBI has improved service provision in the counties and improved connectivity to Government users.

Below is a picture of an installed NoFBI equipment in a station.

Embu CCP equipment



UHC- Narok County Referral Hospital



Konza Complex

The project entails the construction, equipping and commissioning of an Office Block, Conference Facility and Hotel Block to accommodate the city's Headquarters. Construction of phase 1, i.e. Office Block is 100% complete and has been occupied with extra space available for leasing. The Conference Facility at 87% completion with construction ongoing.



Horizontal Infrastructure through EPC-F at Konza Techno city

The project entails design, construction, equipping and commissioning of Phase 1 Streetscapes, Subsurface Utilities (i.e., water, power, fiber, waste systems etc.), Wastewater Reclamation Facility (WRF), Water Treatment Plant (WTP), Municipal/ Public Buildings and Parks within Phase 1 of the Technopolis.

The project is 85% complete, with construction works ongoing for the Streetscape, Electrical Works, Water Works - i.e., Wastewater Reclamation Facility (WRF) and Water Treatment Plant, Solid Waste Pneumatic Facilities, Furnished Apartments and the Public Safety Centre, which are at advanced stages of development.

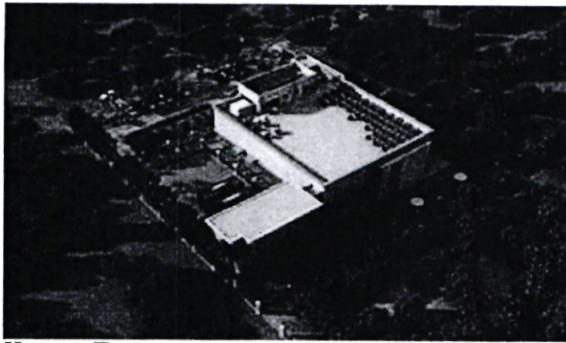


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Konza National Data Centre & Smart City Facilities (2019-2022)

Government is implementing Konza National Data Centre and Smart City Facilities (KNDC& SF) project to support all ICT dependent applications, processes and technologies nation-wide.



Konza Data centre



The Jitume Digital programme

The Jitume Digital programme is a government initiative by the State Department for ICT & DE implemented through the Konza Technopolis Development Authority that is aimed at providing a million young people access digital training job opportunities. This programme is implemented in phases. The first phase was projected to set up ninety-eight (98) Digital hubs across the Forty-seven (47) Counties supported by TVET Authority in identification of the institutions and mobilization. This objective has so far been surpassed with 170 Digital hubs set up with 14,286 Devices. The digital hubs are in TVETs, Community centers, Constituency Innovation Hubs & Universities. Ninety (90) Digital Labs have been officially launched.

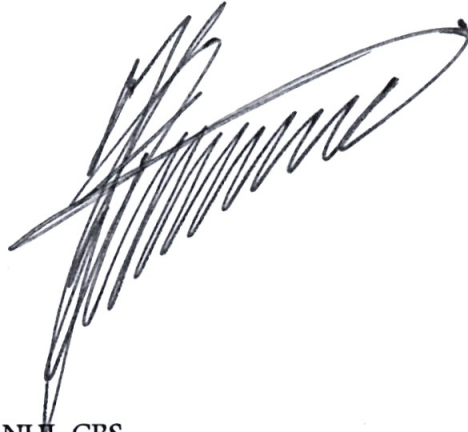
Training on digital skills has been done to the youth in these institutions and linked to online job platforms. Additionally, many Schools have been supported with 1,977 Devices to support digital skills learning to equip the student with skills to navigate the ever-growing digital economy.

Placement of Workstations at the Kerugoya CIH



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These achievements have however faced various challenges such as inadequate funding for the programmes, inadequate staffing, vandalism of cables and other equipment and cable cuts, supply chain interruptions leading to price escalations and delays in delivery of devices among others. However, these challenges are being addressed through close collaboration and partnerships with other players in the sector.



ENG. JOHN K. TANUI, CBS
PRINCIPAL SECRETARY
STATE DEPARTMENT FOR ICT & THE DIGITAL ECONOMY

State Department for ICT & The Digital Economy

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7. Statement of Performance Against Predetermined Objectives for FY 2024/2025

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer presents a statement of performance against predetermined objectives of the MDA.

The key Strategic objectives of the SDICT&DE's strategic plan are to:

- i. Strengthen Policies, Legal, Regulatory and Institutional frameworks.
- ii. Strengthen broadband access
- iii. Improve universal access to digitized Government Services
- iv. Improve access to information and communication services
- v. Improve Digital economy and e-commerce
- vi. Develop Skilled workforce and institutional excellence
- vii. Facilitate a secure data driven digital ecosystem leveraging on emerging technologies

Table 1: Programme performance

| Program me | Strategic Objective | Outco me | Output | Output Indicator | Achievement for the FY | | | Remarks |
|---|---|----------|--|-------------------------------------|------------------------|----------|-----------|---|
| | | | | | Target | Actual | Varianc e | |
| General Administration, Planning and Support Services | Strengthen Policies, Legal, Regulatory and Institutional frameworks | | Legal, Regulatory and Institutional Framework for ICT sector | No. of Policies formulated | 1 | 1.00 | 0 | National Cloud Policy developed |
| | | | | No. of Legal frameworks developed | 1 | 1 | 0 | ICT Authority Bill drafted |
| | | | | No. of Institutional Framework | 1 | 1.00 | 0 | Institutional Structure for the State Department for ICT & Digital Economy developed |
| | | | | No. of quarterly and annual reports | 5 | 5.00 | 0 | MTP IV implementation progress reports; programmes and sub-programmes Non-Financial Reports on budget implementation; reports to the National Government Coordination Secretariat (NGCS) on implementation of Government priorities; and Performance Contract review reports. The reports were submitted to the relevant offices. |
| | | | Financial Management Services | No. of Quarterly and annual reports | 5 | 5.00 | 0 | Reports were submitted |
| ICT Infrastructure Development | Strengthen broadband access, Improve access to information and communication services | | Last Mile County Connectivity | No. of sites maintained | 770 | 2,640.00 | (110) | 110 sites have not been inspected and accepted to maintenance due to contractual issues Target not achieved due to degradation of NOFBI infrastructure New sites have been connected after LMCCP issues related to contract clause were resolved in Q3. |
| | | | | % uptime | 96.77 | 362.00 | (1.77) | |
| | | | | No. of sites connected | 400 | 455.00 | 55 | |

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| Program me | Strategic Objective | Outcome | Output | Output Indicator | Achievement for the FY | | | Remarks |
|------------|---------------------|---------|---|--|------------------------|----------|----------|---|
| | | | | | Target | Actual | Variance | |
| | | | NOFBI II | % uptime of NOFBI II | 96.9 | 347.00 | (1.9) | Implementation of the DSH project has assisted with redundant links |
| | | | Fiber connectivity from Eldoret to Nadapal (EARTTDFP ¹) and Horn of Africa Region | % uptime of 630km main fiber network under EARTTDFP Programme | 90 | 182.56 | 0.5% | Target achieved. |
| | | | NOFBI II Expansion Cable | % uptime of NOFBI II Expansion Cable | 99.9 | 338.70 | (9.9) | Implementation of the DSH project has assisted with redundant links. |
| | | | Undersea Cable | No. of sites maintained | 100 | - | (100) | The redundant undersea cable (redundant capacity to the TEAMS cable) has not been acquired. |
| | | | | % uptime | 100 | - | (100) | The redundant undersea cable (redundant capacity to the TEAMS cable) has not been acquired. |
| | | | Connectivity to Constituency Innovation Hubs | No. of innovation hubs established and connected | 390 | 35.00 | (355) | The budget was reviewed leading to the review of targets. |
| | | | Digital Superhighway | No. of internet connectivity to Ward Level, schools and Government | 11,475 | 1,227.00 | 10,248 | The targets were reviewed due to the review of the budget at Supp. 1. |
| | | | | No. of Public Wi-Fi in Counties, Sub-Counties and | 5,000 | 753.00 | 4,247 | |

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| Program me | Strategic Objective | Outco me | Output | Output Indicator | Achievement for the FY | | | Remarks |
|------------|---------------------|----------|--|---|------------------------|------------|-----------|---|
| | | | | | Target | Actual | Variance | |
| | | | | Ward Level installed | | | | |
| | | | Digital Superhighway | No. of Digital Village Smart Hubs and Studios established (one per ward) across the country | 290 | 70.00 | -220 | |
| | | | Business Process Outsourcing Services | No. of business process outsourcing jobs created | 10,000 | 40,288.00 | 30,338 | Over-performance attributed to engagement with BPOs partners such as Hayes Outsourcing, Open world business among others. |
| | | | Konza complex | % Completion | 70 | 263.34 | 5.67 | 75.67 % completion level was achieved by the roll-over of FY 2023/24 budget |
| | | | Streetscape & Water reclamation facility | % completion | 100 | 397.50 | 0 | The project is complete and in use |
| | | | Digital skills | No. of interns recruited and trained through the Presidential Digital Talent Programme (PDTP) | 400 | 1,200.00 | 0 | Target achieved. |
| | | | | No. of citizens trained on basic ICT skills | 4M | 789,922.00 | 3,368,656 | Target not achieved due to lack of budget provision. |
| | | | | No. of innovators incubated, trained and mentored | 200 | 2,343.00 | 239 | Target over achieved. |
| | | | Kenya Advanced Institute of Science & Technology | % completion of the Institute | 100 | 378.26 | 1.00 | Project completed and handed over on 17th June 2025 pending defect liability period |

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| Program me | Strategic Objective | Outcome | Output | Output Indicator | Achievement for the FY | | | Remarks |
|-------------------------|---------------------|---------|---------------------------|---|------------------------|--------|----------|--|
| | | | | | Target | Actual | Variance | |
| | | | Curriculum | % completion of the curriculum | 100 | 380.00 | -5.00 | Curriculums are developed, reviewed and are awaiting CUE approval and implementation |
| | | | ICT infrastructure | % completion of IT infrastructure | 95 | 323.91 | -10.00 | Project completed awaiting hand over, installation and commissioning of ERP and Digital Library System before defect liability period |
| | | | Equipment | % acquisition of equipment | 95 | 340.95 | 0 | Project completed and handed over on 17 th June 2025 pending defect liability period |
| E - Government Services | | | Security Operation Center | No. of National Security Operation Center established | 0 | - | - | <ul style="list-style-type: none"> The target was reviewed from 1 after the budget was rationalized during the first supplementary budget. 10,000 Extended Detection Response (XDR) procured licenses for endpoints (laptops and desktops) deployed across the MDAs forming part of National Security Operation Center security tools. |
| | | | | No. of Sectoral Security Operation Center established | 0 | - | - | The target of establishing 2 Sectoral Security Operation Center was reviewed to 0 following the rationalized of the budget during the first supplementary budget. |
| | | | Cyber Security Services | No. of Agency established | 0 | - | - | The target was to establish 1 Agency, which was reviewed following Supp 1. supplementary budget. |

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| Program me | Strategic Objective | Outco me | Output | Output Indicator | Achievement for the FY | | | Remarks |
|------------|---------------------|----------|---|--|------------------------|--------|----------|---|
| | | | | | Target | Actual | Variance | |
| | | | | | | | | Cab Memo developed and forwarded to the other relevant signatories |
| | | | No. of Academy | | 0 | - | - | The target was revised to 0 after the budget was rationalized during the first supplementary budget. |
| | | | No. of participants trained | | 0 | 180.00 | 180 | Target surpassed in quarters Q1, Q2, and Q3. Target surpassed due to number trained through cyber security XDR project. |
| | | | No. of International Collaborations in Cyber-Security | | 0 | - | - | The target was revised to 0 after the budget was rationalized during the first supplementary budget. |
| | | | No. of Security Audits conducted | | 0 | 4.00 | 4 | The target was revised from 10 to 0 after the budget was rationalized during the first supplementary budget. conducted 4 audits that were sponsored by the host Agency |
| | | | ICT Services | % Implementation of EDMS | 10 | 10.00 | 0 | |
| | | | | % completion of Active Directory and Domain Controller | 100 | 10.00 | (90) | |
| | | | Government Shared Services | No. of Government records digitized | 200,000 | - | - | |
| | | | | No. of National Public Key Infrastructure operationalized. | 30 | 655.00 | 571 | Target over achieved due to high adoption by MCDAs. |

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| Program me | Strategic Objective | Outcome | Output | Output Indicator | Achievement for the FY | | | Remarks |
|------------|---------------------|---|---|--|------------------------|-----------|----------|---|
| | | | | | Target | Actual | Variance | |
| | | | | No. of Government services automated | 10 | 9.00 | 1 | Target be fast tracked in FY 2025/26 |
| | | | | No. of MCDAs connected to Government Unified Communications (GUC). | 100 | - | -100 | Target revised to zero after Budget rationalization |
| | | | | No. of MCDAs connected to Government Email | 100 | 216.00 | 14 | Target not achieved. The issuance of Government emails depends on request from MCDAs. |
| | | Registration, Audits and Inspections in Data Protection | No. of Data Controllers and Processors registered | No. of Data Controllers and Processors registered | 10,000 | 23,479.00 | 989 | Target surpassed due to increased uptake by the Data Controllers and Data Processors |
| | | | | No. of Data Controllers and Data Processors trained | 2,000 | 4,028.00 | -441 | Target not met due to low uptake by the Data Controllers and Data Processors |
| | | | | No. of Data Protection Inspections and Audits | 75 | 147.00 | 0 | Target achieved. The Office ODPC undertook 75 Audits and Assessments |
| | | | Data Protection Impacts Assessment (DPIA) | % Data Protection Impacts Assessments (DPIA) reviewed | 100 | 369.00 | 0 | Target achieved. ODPC received and reviewed all the DPIAs. |
| | | | Guidance Notes and Advisories on | No. of Guidance Notes | 10 | 17.00 | -2 | Eight Guidance Notes developed and awaiting publication. |

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| Program me | Strategic Objective | Outco me | Output | Output Indicator | Achievement for the FY | | | Remarks |
|------------|---------------------|----------|--|--|------------------------|--------|----------|--|
| | | | | | Target | Actual | Variance | |
| | | | Data Protection | % of Data Protection advisories | 100 | 365.00 | 0 | Target achieved. The Office has issued 100% Advisory requests received. |
| | | | Complaints resolution, Investigations, and Enforcement | % of data breach complaints resolved within 90 days | 100 | 400.00 | 0 | Target met. A total of 1,944 complaints received and resolved within 90 days in accordance with Data Protection Act, 2019 and Regulations thereof. |
| | | | | No. of investigations | 20 | 35.00 | 0 | Target achieved |
| | | | | % of enforcement notices | 100 | 400.00 | 0 | Target met. ODFC issued all the 16 Enforcement Notices |
| | | | Advocacy and awareness in Data Protection | No. of awareness campaigns | 10 | 48.00 | 12 | Target surpassed. The overachievement is attributed to the ongoing National Advocacy Programme. |
| | | | Research and Quality Assurance in Data Protection | No. of data protection researches | 4 | 9.00 | - | Target met. |
| | | | | % of institutions issued with data protection Quality assurance certificates | 100 | - | - | This is scheduled for implementation upon operationalization of the Quality Assurance Department |

8. Governance Statement

The Ministry of Information, Communications and The Digital Economy (MOIC-DE) was created vide Executive Order No. 2 of 2023 with the following functions: Telecommunications policy; Broadcasting policy; Co-ordination of national government advertising services; Public Communication; Postal and courier services; Policy on development of local content; Telecommunications, postal services and electronic commerce; Government telecommunications services; To facilitate the development of the information and communications sector (including broadcasting, multimedia); Data protection policy and regulation of personal data services; National ICT policy; Transforming society through information, communication and technology Promotion of ICT innovation and digital economy; Promotion of e-government; Promotion of software development industry; Provision of ICT technical support to MDAs; Policy on automation of government services; Development of national communication capacity and infrastructure; and Management of national fibre optic infrastructure

The Ministry is headed by Hon. William Kabogo Gitau as the Cabinet Secretary. The Ministry has two State Department namely State Department for ICT & Digital Economy and the State Department for Broadcasting & Telecommunications.

The State Department for ICT & Digital Economy is headed by Principal Secretary Eng. John Tanui, CBS who is responsible to the Cabinet Secretary. Further the PS is the Accounting Officer with the main role of implementing the Government policies and the Strategic Plan for the State Department.

Institutions under the State Department of ICT and Digital Economy are: Office of the Data Protection Commissioner (Data Protection Act, 2019); Konza Technopolis Development Authority (Konza Technopolis Development Order, 2012); Kenya ICT Authority (Legal Notice No. 183 of 2013); Kenya Advanced Institute of Science and Technology (KAIST) (Universities Act, No. 42 of 2012); and The East African Marine Cable System Limited 'TEAMS' (Companies Act, Cap 486).

There are four Management Committees established under the State Department for ICT and Digital Economy. These are the Budget Implementation Committees (BIC), the Ministerial Human Resource Management Advisory Committee (MHRMAC), project implementation committee, and audit committee.

Budget Implementation Committees (BIC)

Oversees budget implementation and regularly advise the Principal Secretary on the performance of the budget, reviews and considers the cash flow plans, review the utilization of cash limits and consider any changes as may be required, reviews the utilization of donor funds voted for the State

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Department, advises the Accounting Officer on any challenges related to the budget implementation.

Ministerial Human Resource Management Advisory Committee (MHRMAC).

The Principal Secretary is responsible for the administration and management of human resource functions in the Department. To fulfil this role, the Public Service Commission and its attendant regulations requires Ministries to constitute the Ministerial Human Resource Management Advisory Committee (MHRMAC) under the delegated authority. The PS chairs MHRMAC and advises the Cabinet Secretary on HRM&D matters. The MHRMAC manages the training and development function, considers and approves training objectives, staff development strategies, training needs, training projections, skills inventory and training data, advises on optimal utilization of local and foreign training resources and opportunities, identifies for selection suitable applicants for various training programmes and assesses the impact and effectiveness of the training.

The Project Implementation Committee is constituted by the Principal Secretary in each Financial Year to oversee the initiation and implementation of Projects in the Department. The Project Committee members are drawn from Secretary Administration Department as the chairperson, Chief Finance Officer, Four Members appointed on ad hoc basis from the Technical Department (Directorate of ICT), Head of Accounts and Head of Procurement, Director of Planning who serves as the Secretariat. The function of the committee is to oversee the implementation of the State Department Projects.

During the FY 2024/25 the Committee was duly constituted and deliberated on issues affecting Projects and the implementation status.

The Audit Committee,

Supports the Accounting Officers by monitoring and reviewing the risk, control and governance processes that have been established in the entity pursuant to Government policies. This is achieved by introducing an independent perspective and a process of constructive challenge, not to undermine the actions of the Principal Secretary but to help the PS be fully assured that the most cost-effective control and governance processes are in place. The governance processes enhance the performance of the State Department and the Audit Committee takes an independent view of these processes.

According to the Public Finance Management Regulations, 2015, the Membership of the Audit Committee should not be drawn from those who are responsible with State Department's management. During the F/Y 2024/25 the Audit Committee was composed of National Treasury representative and Internal Audit Department members.

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The State Department has put risk management and mitigation measures in place, compliance and checks for conflict of interest. The State Department was sensitized through capacity building the Corruption Prevention Committee members and staff are well versed with the comprehensive corruption assessment, mitigation, prevention procedures as well as reporting to EACC during the mid-term evaluation meeting with the Ministerial Corruption Prevention Committee. The State Department filled the Bribery and Corruption Risk Assessment and Mitigation Plan, maintained Gifts Register Books and localized and gazette the Public Servants General Leadership and Integrity Code for the Department.

The State Department complied with all the set Government Laws and regulations, Executive Orders and Circulars. These are highlighted as Executive Order No. 1 of 2022, PFM Act and regulations during Medium Term Expenditure Framework (MTEF), Public Procurement and Disposal Act (PPDA) in procurement, Human Resource Policies, Manuals and Regulations as issued by the Public Service Commission.

9. Management Discussion and Analysis

The State Department for ICT and Digital Economy was established through an Executive Order No. 2 of 2023 with the following Mandate: Facilitate the Development of the Information and communication Sector (including Broadcasting multimedia); Data Protection Policy and Regulation of Personal Data Services; National ICT Policy; Promotion of ICT Innovation and Digital Economy; Promotion of E-Government; Promotion of Software Development Industry; Provision of ICT Technical Support to MDAs; Policy on Automation of Government Services; Development of National Communication Capacity and Infrastructure and Management of National Fibre Optic Infrastructure.

During the period under review, the State Department for ICT & Digital Economy had three Directorates namely the Directorate of Infrastructure, Directorate of E-Government and Digital Economy, Directorate of ICT Security, System Audit and Control and General Administration and Support Services, and one Independent Office (The Office of the Data Protection Commissioner). In addition, the State Department had two Semi-Autonomous Government Agencies (SAGAs): Information Communication Technology Authority (ICTA) and Konza Technopolis Development Authority (KOTDA).

Other SAGAs under the State Department include Kenya Advanced Institute of Science and Technology (Kenya-AIST), established under Universities Act, 2012 (No. 42 of 2012), Kenya Advanced Institute of Science and Technology Order, 2022. The institute was transferred to the State Department vide Executive Order No. 1 of 2023. The process of transfer from State Department for Higher Education was completed in 30th June, 2023.

The East Africa Marine Cable System Ltd (TEAMS) Limited transferred through Executive order No. 1 of 2023 is a company owned by the Government of Kenya who have 20% shareholding and the 80% is distributed amongst the local Internet Service Providers and Telco Operators based in Kenya.

The Programme Performance Review (PPR) report contains a detailed appraisal of the composition, allocation and utilization of the State Department resources during the period 2021/22- 2023/24. It also indicates both financial and non-financial performance, implementation details and progress of both GoK and donor financed projects within programmes. The report will inform and guide the State Department in addressing strategic and policy priorities.

During the 2022/23 2024/25 MTEF period, the sub-sector realized a number of key achievements which include development and review of the following; National ICT Policy Guidelines 2020 (Amendments), Digital Economy Strategy for Kenya, the Kenya National Digital Masterplan (2022-2032), Developed guidelines on utilization of Data Centres, restructured ICT unit and operationalized the approved structure by recruiting 83 ICT staff in addition to promotion of existing staff of the Directorate of ICT. The sub-sector Developed and gazetted three sets of Data Protection Regulations that is; Data protection (General Regulations) 2021;

Data Protection (Compliance and Enforcement) Regulations, 2021; Data Protection (Registration of Data Controllers and Data Processors) Regulations ,2021.

Under E-government Services the sector cumulatively connected 660 Government buildings at county levels and maintained all the 660 connected buildings under the Last Mile County Connectivity Project (LMCCP), Maintained and Upgraded 89 GCCN sites (Government buildings within Nairobi)

The sub-sector also cumulatively installed 5,784 Public WiFi's across Counties and sub-Counties, on boarded 20,000 services to E-citizen portal, connected 35 public primary schools and 28 sites for last mile connectivity, connected 33 Government buildings to Government Unified Communication, developed and operationalized 10 Network operation centers in all regional Headquarters and operationalized the National Public Key Infrastructure in 5 MCDAs.

The Sub-sector established four ODPC regional offices in Nairobi, Mombasa, Kisumu and Nakuru and developed and issued seven (7) guidance notes in registration of data controllers and data processor in telecommunication sector, education sector, private security sector, digital credit providers and health sector. In addition, the subsector has supported protection and regulation of processing of personal data in the country by training 5336 Data Controllers & Data Processors, produced 43 Data Protection Inspection Reports, assessed and audited 118 Data Controllers and Data Processors, registered 23,479 data controllers and data processors, resolved 100% complaints from a total of 2,256 complaints received and completed the data centre.

Under the Infrastructure Development Programme, the State Department carried out maintenance of the Government Data Centre, laid a total 19,039 KM of fiber network under NoFBI, Provided a redundant internet bandwidth in The East African Marine Systems (TEAMS) submarine Cable, Completed rehabilitation of 630KM of the NoFBI Phase I fiber networks from Eldoret to Nadapal Southern Sudan border. In addition, the State Department completed 600KM of the new build Network along the Eldoret to Nadapal for redundant network, Connected 57 hospitals under UHC, Relocated 400KM optic fibre along the Nairobi Expressway, Rironi-Mau Summit and Kenol-Marua Road, provided internet to Africities Summit, Connected 274 digital hubs to the internet, connected 250 sites under Last Mile County Connectivity Project (LMCCP) trained and linked 2,316,658 youths to online jobs through the Ajira digital programme and recruited and trained 1,200 ICT graduates on high end skills under the Presidential Digital Talent Programme (PDTP).

In ICT and BPO development, the sub-sector Completed Construction of Konza Complex Phase 1A (office block), completed construction of civil works under Konza Horizontal Infrastructure Phase 1 up-to 100%, completed construction and equipping of Konza National Data Centre to 100% and is hosting 116 clients; implemented the Disaster Recovery Site to 95%, Kenya-AIST University College (KAIST) at 100%, implemented Konza Smart City facilities to 99% which entails Integrated Operation Centre (IOC), Intelligent Transport System (ITS), Citywide Network, digital signages, smart meters and sensors. The sub-sector onboarded new investors with over 80% of PHASE 1 being sold out. Under the Jitume Digital Enablement Programme, the sub-sector deployed 12,087 Virtual Desktop Infrastructure (VDIs) to 112 Technical and Vocational, Educational and Training Institutions (TVETs) countrywide.

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The State Department faced the following notable challenges namely: power disruptions, cable vandalism and destruction during construction, Inadequate wayleave, inadequate coordination between the various stakeholders in infrastructure development, funding constraints, fluctuations in forex rates affecting the cost of capital projects, low optimization of fiber optic cable, low adoption of innovations and technologies, Non-interoperability of ICT infrastructure between National and County Governments, inadequate coordination between National and County Governments on fiber utilization and internet service providers, Rapid ICT technological advancements, Digital Divide between rural and urban and Cyber security threats among others.

The State Department has endeavoured to address the above challenges by increasing collaboration between County and National Government on deployment of the integrated ICT network and increased digitalization and digitization of government services and provided a redundant internet bandwidth in The East African Marine Systems (TEAMS) submarine Cable to improve network reliability.

The State Department will use lessons learnt for guiding future programmes and activities. This will contribute towards an efficient and effective way of allocating resources towards the realization of the objectives of BETA Government agenda, the Ministry's strategic plan, 4th Medium Term Plan of Vision 2030, ICT Sector Plan, Kenya National Digital Master plan (2022-2032), Digital Economy Strategy, Sustainable Development Goals (SDG's) and African Agenda 2063.

10. Environmental and Sustainability Reporting

The State Department for Information Communication Technology and Digital Economy exists and consistently endeavours to transform lives. This is our purpose; the driving force behind everything we do by putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of the sustainability activities conducted in the year:

a) Sustainability strategy and profile

The State Department for ICT was established through an Executive No. 2/2023 of January 2023 under the State department for ICT to promote the development of the ICT Infrastructure and Services Country wide as envisaged in Kenya Vision 2030. The Key objective for the State Department is to facilitate growth of ICT Industry with the aim of contributing over 10% to the Gross Domestic Product (GDP) and creation of over 200,000 direct BPO job opportunities in the economy as envisaged in Kenya Vision 2030. The State department is divided into two sub sectors which includes ICT and BPO sector plans. The ICT sector plan consists of policies, legal and regulatory framework, the ICT infrastructure, universal access to ICT, Information security, E-Government services and regional integration. The BPO sector plan consists of polices, legal and regulatory framework, flagship projects such as Konza Technopolis, National Optic Fibre Backbone Infrastructure (NoFBI) and Digital literacy programme and other projects such as Ajira digital programme and Constituency Innovation Hub.

Some of the Key project for the department includes the National Optic Fibre Backbone Infrastructure a project that involves the laying of fiber optic cables to provide high speed affordable broadband countrywide. This project has had a great impact in the country and has contributed significantly into the Kenya economy since it has ensured extensive internet accessibility in the country and has eased communication. Its expansion and maintenance will have a significant economical. Political and social impact in the country.

b) Environmental performance /climate change/ mitigation of natural disasters

The State Department has development of policies on e-waste management as one of its strategic objectives. It will involve putting in place measures to protect environment degradation as a result of disposal of hazardous ICT equipment.

The Konza Technopolis Smart City will have an environmentally waste water reclamation facility a sewer treatment plant and a solid waste management system. A solid pneumatic system and solid waste plant to cater for the city's daily solid waste.

All projects undertaken by the State Department under goes environment impact assessment before they are initiated in order to assess their impact to the environment. Any adverse impact expected is always mitigated before, during and after the projects.

The State Department employees have been engaged in tree planting in several parts of the country in an effort to mitigate the effects of climate change.

c) Employee welfare

The State Department hiring policies are governed by Public Service Commission guidelines. The State Departments advertises all vacant posts in a manner that reaches the widest pool of potential applicants and allow for at least twenty-one (21) days before closing the advert. The advert has the

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following details: the title of the post, number of vacancies, job description, person specification and the proposed remuneration. Appointments made under the powers delegated by the Public Services Commission to Authorized Officer in the State Department are processed through the Human Resource Management Advisory Committee in accordance with public service Commission Regulations and guidelines issued from time to time. Recruitment is undertaken based on fair competition and merit, representation of Kenya's diverse communities, adequate and equal opportunities to all gender, youth, members of all the ethnic groups, persons with disabilities and minorities.

Staff are appraised through Staff Performance Appraisal system (SPAS) which is predicated upon the principle of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource systems and processes including staff development, career progression, placement, rewards and sanctions. Performance appraisal is an ongoing process throughout the performance period.

Milestones over the review period should be documented and maintained in Appraisee's personal file. The State Department has ensured that staff get relevant training that would facilitate continuous upgrading on core competencies, knowledge, skills and attitudes including ability to assimilate technology to enable them create and seize opportunities for social advancement, economic growth and individual fulfilment. Further, the department ensures that there is no overcrowding within offices

where staff sits at least 1 to 1.5 metres apart. There is sufficient natural and artificial lighting within the offices and the offices are well ventilated.

d) Operational practices

The State Department is committed to ensure suppliers are given equal chances to tender and compete amongst themselves in an open and fair manner. Once Contracts entered and executed, payments are done promptly without any unnecessary delays.

e) Community Engagements-

The State Department has been engaged in tree planting activities in five (5) counties (Nandi, Machakos, Kajiado, Baringo and Siaya). This is carried out in conjunction with members of the community so that they may own the project and ensure climate sustainability.

f) Corporate Social Responsibility

The State Department in partnership with Huawei Technologies Kenya Limited donated computers to Maseno School with the aim of enhancing computer skills to students in Secondary schools.

11. 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 by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the SDICT&DE is responsible for the preparation and presentation of the financial statements which gives a true and fair view of the affairs of the State Department 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 MDA, (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 MDA; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

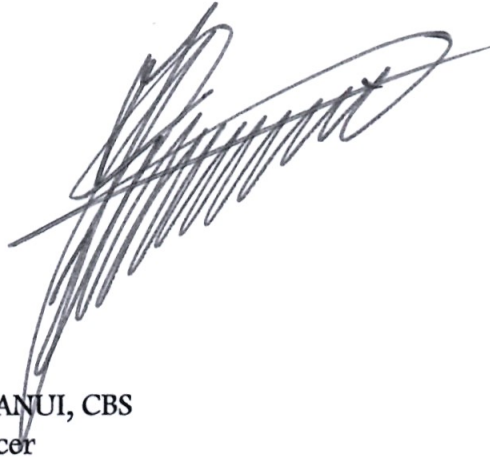
The Accounting Officer in charge of the SDICT&DE accepts responsibility for the financial statements, which are transitional IPSAS financial statements under International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the SDICT&DE's financial statements give a true and fair view of the state of State Department's transactions during the financial year ended June 30, 2025, and of State Department's financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the SDICT&DE, which have been relied upon in the preparation of the financial statements as well as the adequacy of the system of internal controls.

Accounting Officer in charge of the SDICT&DE confirms that the State Department has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the State Department funds received during the year under review were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the State Department'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.

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Approval of the financial statements

The SDICT&DE's financial statements were approved on 27th August, 2025 and signed by:

A handwritten signature in black ink, appearing to read 'John K. Tanui', written in a cursive style with a long, sweeping underline.

ENG. JOHN K. TANUI, CBS
Accounting Officer

REPUBLIC OF KENYA



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR ICT AND THE DIGITAL ECONOMY 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 the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying transitional IPSAS financial statements of State Department for ICT and The Digital Economy set out on pages 1 to 32, which comprise

Report of the Auditor-General on State Department for ICT and The Digital Economy for the year ended 30 June, 2025

of 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 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 State Department for ICT and The Digital Economy 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.

Basis for Opinion

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

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 Matters

In the prior year audit report, three issues were raised under Effectiveness of Internal Controls, Risk Management and Governance. These include; pending accounts payables, lack of optimal staffing levels and failure to carry out staff appraisals. Review of the status during audit of the State Department in 2024/2025 revealed that the issues remained unresolved.

Other Information

Management is responsible for the Other Information set out on page iv to xxxvii which comprise of Key Entity Information and Management, Statement of Cabinet Secretary, Statement of the Accounting Officer, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and 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, 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 thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Law on One-Third (1/3) Basic Salary Rule

Review of the payroll records for the month of June, 2025, revealed that six (6) employees were earning net salaries below one-third (1/3) of their basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which provides that the total amount of all deductions that may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds (2/3) of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

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

2. Government Internet Connectivity

2.1 Inefficiency in Delivery of Internet Services

Audit verification and site observations across fifty-seven (57) sampled Government Offices revealed that, forty (40) or 70% reported having no internet connectivity at all, despite being listed under the County Connectivity Project. The other seventeen (17) or (30%) offices reported that, while the National Optic Fiber Backbone Infrastructure (NOFBI) connectivity existed, it was unreliable for operations and therefore they resorted to using private Internet Service Providers (ISPs). Further, the most affected were Civil Registration Services, Lands Registries and Police Service Offices, whose internet

connectivity is a core enabler for their service delivery. In addition, some areas had totally no connectivity despite full infrastructure installations.

2.2 Lack of Efficiency in the Maintenance of the One Government Network

The State Department entered into a maintenance contract for One Government Network which comprises NOFBI 2 and the related infrastructure. The contract was awarded to two contractors, one to cover Western Region and the other covers Eastern Region. Similarly, ICT Authority entered into a maintenance contract for One Government Network which comprise NOFBI 1 and NOFBI 2E. The contract was awarded to eight contractors in eight geographic regions of Nairobi Central, Coast, Eastern, North Eastern, South Rift, North Rift, Nyanza and Western.

However, the NOFBI 2E which is an extension of NOBFI 2 is one backbone network with two different government entities and two contractors awarded its maintenance. A network failure in NOBFI 2 most often result in network failure in parts of NOFBI 2E. Therefore, the duplication in maintenance role resulted in potential coordination failures and inefficient turnaround time for service restoration in case of network failures or service disruption.

Physical verification carried out in July, 2025 in Kisumu East DCC revealed that unmanaged cable was found within the compound, the purpose and origin of which could not be verified posing potential network security risks. Further, some benefiting entities delay payment for electricity bills resulting in loss of connectivity.

In the circumstances, the effectiveness of service delivery to the citizens could not be confirmed.

3. Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.844,320,173 and as disclosed under Note 16 to the financial statements. Included is an amount of Kshs.304,527,060 that relates to payables for the financial year 2023/2024. However, Management did not explain why the pending bills did not form the first charge as per Regulation 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015. Further, failure to settle bills during the year in which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

In the circumstances, Management was in breach of law.

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

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and 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 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

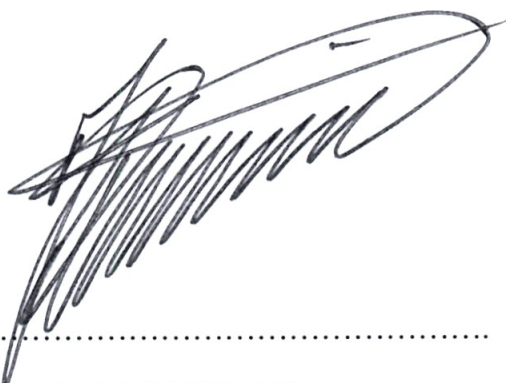
05 December, 2025

State Department for ICT & The Digital Economy
Annual Report and Financial Statements for the year ended June 30, 2025

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

| | Notes | <i>Period Ended 30 June 2025</i> |
|--|-------|----------------------------------|
| | | Kshs |
| Revenue from non-exchange transactions | | |
| Transfers from Exchequer | 6 | 4,858,405,787 |
| Transfers from Foreign Partners | 7 | 9,421,448,728 |
| Total | | 14,279,854,515 |
| Miscellaneous income | 8 | 921,302,740 |
| Total | | 921,302,740 |
| Total revenue | | 15,201,157,255 |
| Expenses | | |
| Employee costs | 9 | 340,065,497 |
| Use of goods and services | 10 | 512,718,186 |
| Transfers to other Government Entities | 11 | 14,042,888,811 |
| Depreciation expense | 12 | 36,040,040 |
| Total expenses | | 14,931,712,534 |
| Surplus for the year | | 269,444,721 |

The Financial Statements set out on pages 1 to 32 were signed by:



ENG. JOHN K. TANUI, CBS
 Accounting Officer

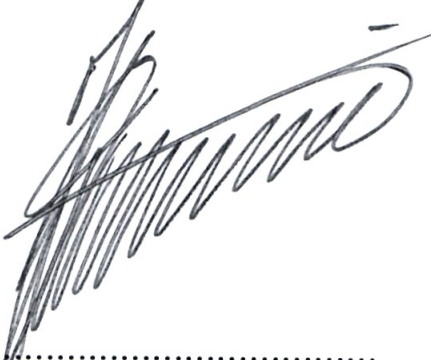


Henry N. Mobegi
 Head of Accounting Unit
 ICPAK M/No....9.1.67.

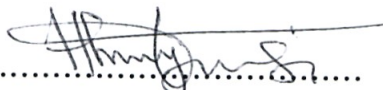
14. Statement of Financial Position as at 30th June 2025

| | Notes | Period as at 30 th June 2025 | Opening Statement 1st July 2024 |
|--|-------|--|---------------------------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash equivalents | 13 | 27,964,713 | 53,050,192 |
| Receivables from Exchange Transactions | 14 | 297,419,440 | 155,854 |
| Total Current Assets | | 325,384,153 | 53,206,046 |
| Non-Current Assets | | | |
| Property, Plant, and Equipment | 15 | 89,858,779 | - |
| Total Non-Current Assets | | 89,858,779 | - |
| Total Assets | | 415,242,932 | 53,206,046 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 16 | 844,320,173 | 411,230,079 |
| Refundable Deposits | 17 | 27,575,577 | 50,619,381 |
| Total Current Liabilities | | 871,895,750 | 461,849,460 |
| Net Assets (A-B) | | -456,652,818 | - 408,643,415 |
| Represented By: | | | |
| Accumulated Surplus | | -136,788,078 | - 408,643,415 |
| Net Assets | | -456,652,818 | - 408,643,415 |

The financial statements set out on pages 1 to 32 were signed by:



 ENG. JOHN K. TANUI, CBS
 Accounting Officer



 Henry N. Mobegi
 Head of Accounting Unit
 ICPAK M/No...9.1.67

State Department for ICT & The Digital Economy
Annual Report and Financial Statements for the year ended June 30, 2025.

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

| | Accumulated Surplus | Reserves | Capital Fund | Total |
|---|---------------------|----------|--------------|-------------------|
| Fund balance as at 30 th June 2024 | 2,566,471.00 | 0 | 0 | 2,566,471 |
| Adjustments | | | | |
| Recognition of Assets | 0 | | | 0 |
| Recognition of Liabilities | -411,230,080 | | | - 411,230,080 |
| As at July 1, 2024 | -408,663,609 | 0 | 0 | - 408,663,609 |
| Return to Exchequer | 2,430,810 | | | 2,430,810 |
| Surplus/ deficit for the year | 269,444,721 | | | 269,444,721 |
| Capital funds received in the year | | | 0 | |
| As at June 30, 2025 | -136,788,078 | 0 | 0 | -- 136,788,078 |

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

| | | For the year ended 30 June 2025 |
|---|----|------------------------------------|
| Transfers from exchequers | | 4,858,405,787 |
| Other income | | 921,302,740 |
| Total receipts | | 5,779,708,527 |
| Payments | | |
| Employee costs | | 340,329,083 |
| Use of goods and services | | 417,695,211 |
| Transfers to other Government Entities | | 4,918,440,085 |
| Total payments | | 5,676,464,379 |
| Net cash flows from/ (used in) operating activities | 18 | 103,244,148 |
| | | |
| Cash flows from investing activities | | |
| Purchase of PPE | | 125,898,818 |
| Net cash flows from/ (used in) investing activities | | 125,898,818 |
| | | |
| Cash flows from financing activities | | |
| Return to Exchequer | | -2,430,810 |
| Proceeds from borrowings | | 9,421,448,729 |
| Repayment of borrowings | | -9,421,448,728 |
| Net cash flows from financing Activities | | -2,430,809 |
| | | |
| Net increase/ (decrease) in cash & Cash equivalents) | | -25,085,480 |
| Cash and cash equivalents at 1 July | 13 | 53,050,192 |
| Cash and cash equivalents at 30 June | 13 | 27,964,712 |

State Department for ICT & The Digital Economy
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 % |
| Exchequer releases | 9,072,880,752 | -4,140,073,236 | 4,932,807,516 | 4,858,405,787 | 74,401,729 | 98.49% |
| Proceeds from Foreign Borrowings | 11,162,000,000 | -658,000,000 | 10,504,000,000 | 9,421,448,729 | 1,082,551,271 | 89.69% |
| Other Receipts | 2,120,000,000 | -1,100,000,000 | 1,020,000,000 | 921,302,740 | 98,697,260 | 90.32% |
| Total | 22,354,880,752 | -5,898,073,236 | 16,456,807,516 | 15,201,157,256 | 1,255,650,260 | 92.3% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 524,500,000 | -206,037,832 | 318,462,168 | 329,078,628 | -10,616,460 | 103.33% |
| Use of goods and Services | 1,669,938,378 | -1,272,324,029 | 397,614,349 | 394,651,407 | 2,962,942 | 99.25% |
| Transfers to Other Government Units | 16,249,450,000 | -995,880,000 | 15,253,570,000 | 14,042,888,812 | 1,210,681,188 | 92.06% |
| Social Security Benefits | 1,000,000 | 10,000,000 | 11,000,000 | 10,986,868 | 13,131.00 | 99.88% |
| Acquisition of Assets | 3,909,992,374 | -3,433,831,375 | 476,160,999 | 125,898,818 | 350,262,181 | 26.44% |
| Total | 22,354,880,752 | -5,898,073,236 | 16,456,807,516 | 14,903,504,533 | 1,553,302,982 | 90.56% |
| Surplus | | | | 297,652,724 | | |

(a) Variance analysis

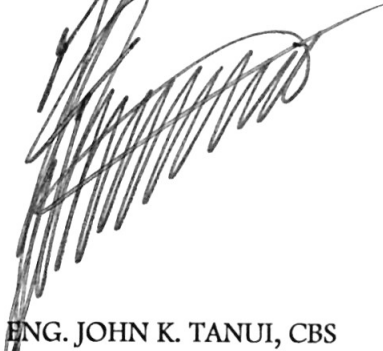
- Actual exchequer releases were less than the budget because not all requests for funding were met by the National Treasury.
- Compensation to employees exceeded the budget because some amounts of Government share of pension were paid during the current financial year. Some arrears of National Industrial training levy were also settled during the current financial year.
- Acquisition of assets was low because some purchases were not paid for due to unfunded exchequer.

State Department for ICT & The Digital Economy
Annual Report and Financial Statements for the year ended June 30, 2025.

Reallocations within the year:

Changes between the original and final budget are as a result of budget cuts within the financial year.

The entity financial statements were approved on 27TH August 2025 and signed by:



ENG. JOHN K. TANUI, CBS
Accounting Officer



Henry N. Moberi
Head of Accounting Unit
ICPAK M/No...9167

State Department for ICT & The Digital Economy
Annual Report and Financial Statements for the year ended June 30, 2025.

Budget Reconciliation to the Statement of Cash Flows

| | Description of Particulars | Amount in Kshs |
|---|---|----------------|
| | Actual Surplus Amounts as per the statement of Budget | 297,652,724 |
| 1 | Less prepayments included in cashflow statement and not in budget statement | (297,000,000) |
| | Less Salary advance included in cashflow statement and not in budget statement (419,440-155854) | (263,586) |
| 2 | Add back balance in deposit account balance in deposit account | 27,575,577 |
| | Closing Cash and Cash Equivalent as per the statement of Cash flows | 27,964,715 |

Budget Execution by Programmes and Sub-Programmes for FY2025

| Programme/Sub-programme | Original Budget | Adjustments | Final Budget | Actual on comparable basis | Budget utilization difference |
|-------------------------|-----------------|-------------|----------------|----------------------------|-------------------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| 2070000 00 | | | 299,305,506 | 297,375,865 | 1,929,641 |
| | 2070100 00 | | 299,305,506 | 297,375,865 | 1,929,641 |
| 2100000 00 | | | 13,866,714,900 | 12,424,309,809.70 | 1,442,405,090.30 |
| | 2100100 00 | | 6,512,920,000 | 5,932,348,781.50 | 580,571,219 |
| | 2100200 00 | | 7,353,794,900 | 6,491,961,028 | 861,833,871 |
| | 2100300 00 | | 0 | 0 | 0 |
| 2170000 00 | | | 2,290,787,110 | 2,181,818,858 | 108,968,252 |
| | 2170100 00 | | 2,290,787,110 | 2,181,818,858 | 108,968,252 |
| 2210000 00 | | | 0 | 0 | 0 |
| | 2210100 00 | | 0 | 0 | 0 |
| | | | 16,456,807,516 | 14,903,504,533 | 1,553,302,983 |

State Department for ICT & The Digital Economy
Annual Report and Financial Statements for the year ended June 30, 2025.

18. Notes to the Financial Statements

1. Establishment

The SDICT&DE is established by and derives its authority and accountability from Executive Order No. 2 of 2023. The SDICT&DE is wholly owned by the Government of Kenya and is domiciled in Kenya. The MDA's principal activity is to facilitate the development of the Information and Communications sector and the Digital Economy.

2. Statement of Compliance and Basis of Reporting

Statement of compliance

These financial statements are transitional IPSAS Financial Statements under International Public Sector Accounting Standards (IPSAS) and have been prepared in accordance with the Public Finance Management Act. For the purpose of these financial statements, the SDICT&DE 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. The SDICT&DE has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st year financial statements are transitional financial statements.

These financial statements were authorized for issue by the Accounting Officer on 27th August, 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

State Department for ICT & The Digital Economy
Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

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 MDA 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 SDICT&DE 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 SDICT&DE 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 SDICT&DE policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the SDICT&DE'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 MDA 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 judgment is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

State Department for ICT & The Digital Economy
Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i) *New and amended standards and interpretations in issue effective in the year ended 30th 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 30th 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> <p><i>The SDICT&DE leases office and parking spaces and will therefore change the accounting method for the leases.</i></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> <p><i>The SDICT&DE does not hold assets for sale and discontinued operations.</i></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 existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>The State Department will be affected due to the existence of the optic fibre infrastructure.</i></p> |
| IPSAS 46 Measurement | <p><i>Applicable 1st January 2025</i></p> |

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| Standard | Effective date and impact: |
|--|--|
| | <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol 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> <p>The SDICT&DE Is a public sector entity and therefore will be affected</p> |
| IPSAS 47- Revenue | <p>Applicable 1st January 2026</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> <p>The SDICT&DE receives exchequer from the National Treasury and collects agency and licence fees.</p> |
| IPSAS 48- Transfer Expenses | <p>Applicable 1st January 2026</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> |
| IPSAS 49- Retirement Benefit Plans | <p>Applicable 1st January 2026</p> <p>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.</p> |
| IPSAS 50: Exploration For & Evaluation of Mineral Resources | <p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol 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. |

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| Standard | Effective date and impact: |
|----------|---|
| | 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 SDICT&DE 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 SDICT&DE 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 SDICT&DE 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 MDA and can be measured reliably.

Summary of Significant Accounting Policies(continued)

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 SDICT&DE 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.

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Notes to the Financial Statements (Continued)

Rental income

Summary of Significant Accounting Policies(continued)

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.

b) Budget information

The original budget for FY 2024/25 was approved by the National Assembly in 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 SDICT&DE upon receiving the respective approvals in order to conclude the final budget. Accordingly, the SDICT&DE recorded additional appropriations on the 2024/25 budget following the governing body's approval. The SDICT&DE'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.

Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an appropriate no of 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.

c) **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 SDICT&DE recognizes such parts as individual assets with specific useful

Summary of Significant Accounting Policies(continued)

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.

d) 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 SDICT&DE 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 SDICT&DE 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.

e) 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.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the MDA. 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 MDA 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

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Summary of Significant Accounting Policies(continued)

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 MDA 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.

g) 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.

h) Research and development costs

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

i) 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 MDA does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* 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.

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Summary of Significant Accounting Policies(continued)

a) Financial assets

Classification of financial assets

The MDA 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 MDA'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.

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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

Summary of Significant Accounting Policies(continued)

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.

Financial liabilities

Classification

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

j) Inventories

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

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

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

k) 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.

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Summary of Significant Accounting Policies(continued)

l) 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 MDA 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 MDA will incur in fulfilling the present obligations represented by the liability.

m)Contingent liabilities

The MDA 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.

n) Contingent assets

The MDA 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.

o) Nature and purpose of reserves

The MDA creates and maintains reserves in terms of specific requirements

p) Employee benefits

Retirement benefit plans

The *MDA* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an MDA 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.

q) 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

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Summary of Significant Accounting Policies(continued)

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.

r) Borrowing costs

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

s) Related parties

The SDICT&DE 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 SDICT&DE, or vice versa. Members of key management are regarded as related parties and comprise the Cabinet Secretary, Principal Secretary and the Secretaries.

t) Service concession arrangements

The *MDA* 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 *MDA* 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 *MDA* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

v) Comparative figures

In preparing these financial statements, the SDICT&DE 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

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financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

w) 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 30th, 2025

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the MDA'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 MDA 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 MDA. 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 MDA.
- 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

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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 30 2025 |
|--------------------|---|---------------------------------------|---|
| | Kshs | Kshs | Kshs |
| Recurrent | 2,535,082,626 | - | 2,535,082,626 |
| Development | 2,323,323,161 | - | 2,323,323,161 |
| Total | 4,858,405,787 | - | 4,858,405,787 |

7. Transfers from Domestic and Foreign Partners

| Description | Period ended June 30 2025 |
|-----------------|---------------------------|
| | Kshs |
| Direct Payments | 9,421,448,728 |
| Total | 9,421,448,728 |

Details on Transfers from domestic and foreign partners

| Name of The Foreign Partner Sending The Transfer | Amount recognized to Statement of Financial performance | Amount deferred under deferred income | Total transfers 2024-2025 |
|--|---|---------------------------------------|---------------------------|
| | Kshs | Kshs | Kshs |
| Government of China | 4,693,160,111 | - | 4,693,160,111 |
| Government of Korea | 3,988,881,205 | - | 3,988,881,205 |
| Government of Italy | 739,407,412 | - | 739,407,412 |
| Total | 9,421,448,728 | - | 9,421,448,728 |

8. Other Income

| Description | Period ended June 30 2025 |
|---|---------------------------|
| | Kshs |
| Administrative fees and charges | 721,302,740 |
| Other Income (Other property income collected as AIA) | 200,000,000 |
| Total other income | 921,302,740 |

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Notes to the Financial Statements (Continued)

9. Employee Costs

| Description | Period ended 30th June 2025 |
|---------------------------------------|--------------------------------|
| | Kshs |
| Basic salaries of permanent employees | 218,775,704 |
| Personal allowances – part of salary | 110,302,925 |
| Other personnel costs | 10,986,868 |
| Employee costs | 340,065,497 |

Other personnel costs are the total amount of gratuity paid to exiting officers.

10. Use of Goods and Services (appendix viii)

| Description | Period ended 30th June 2025 |
|--|--------------------------------|
| | Kshs |
| Communication, supplies and services | 24,537,588 |
| Domestic travel and subsistence | 30,339,996 |
| Foreign travel and subsistence | 6,979,565 |
| Printing, advertising, and information supplies & services | 434,050 |
| Rentals of produced assets | 111,594,167 |
| Training expenses | 8,449,263 |
| Hospitality supplies and services | 12,113,848 |
| Specialized materials and services | 390,263 |
| Office and general supplies and services | 5,442,543 |
| Fuel Oil and Lubricants | 13,380,000 |
| Routine maintenance – vehicles and other transport equipment | 6,578,204 |
| Routine maintenance – other assets | 26,992,850 |
| Other operating expenses | 265,485,850 |
| Total Use of Goods and Services | 512,718,186 |

11. Transfers to Other Government Entities

| Description | Period ended 30th June 2025 |
|---|--------------------------------|
| | Kshs |
| Transfers to national govt entities- SAGAs & SC | 4,042,044,151 |
| Transfers to Projects | 10,000,844,660 |
| Total Transfers to Other Government Entities | 14,042,888,811 |

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Notes to the Financial Statements (Continued)

12. Depreciation Expense

| Description | Period ended 30th June 2025 |
|-----------------------------------|--------------------------------|
| | Kshs |
| Property, plant and equipment | 36,040,039 |
| Total Depreciation Expense | 36,040,039 |

13. Cash and Cash Equivalents

| Description | As at 30th June 2025 | Opening statement |
|---------------------|-------------------------|----------------------|
| | | 1st July 2024 |
| | Kshs | Kshs |
| Recurrent Account | 50,190 | 1,958,188 |
| Development Account | 338,946 | 472,622 |
| Deposits Account | 27,575,577 | 50,619,382 |
| Total | 27,964,713 | 53,050,192 |

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

| Financial Institution | Account number | As at 30th June 2025 | Opening statement |
|-----------------------|----------------|-------------------------|----------------------|
| | | | 1st July 2024 |
| | | Kshs | Kshs |
| Recurrent Account | | | |
| <i>CBK001</i> | 1000302348 | 50,190 | 1,958,188 |
| Development Account | | | |
| <i>CBK002</i> | 1000302364 | 338,946 | 472,622 |
| Deposits Accounts | 1000302388 | 27,575,577 | 50,619,382 |
| Sub- Total | | 27,575,577 | 50,619,382 |
| Grand Total | | 27,964,713 | 53,050,192 |

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Notes to the Financial Statements (Continued)

14. Receivables from Exchange Transactions

| Description | Period ended 30th June 2025 | Opening statement 1st July 2024 |
|--------------------------------|-----------------------------------|--|
| | Kshs | Kshs |
| Other exchange debtors | 297,419,440 | 155,854 |
| Less: impairment allowance | - | - |
| Total Receivables | 297,419,440 | 155,854 |
| a) Current receivables | 297,419,440 | 155,854.00 |
| b) Non-current receivables | - | - |
| Total receivables (a+b) | 297,419,440 | 155,854 |

14 (a) Ageing analysis for Receivables

| Description | Period ended 30th June 2025 | | Opening statement 1st July 2024 | |
|--------------------|--------------------------------|-------------------|------------------------------------|----------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | 1st July 2024 | % of the total |
| Less than 1 year | 297,419,440 | 100% | 0 | |
| Between 1- 2 years | 0 | | 0 | |
| Total (a+b) | 297,419,440 | 100% | 0 | |

14 (b) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

| Impairment allowance | <i>Insert Current FY</i> |
|--------------------------------------|--------------------------|
| | Kshs |
| At the beginning of the year | 0 |
| Additional allowance during the year | 0 |
| Recovered during the year | 0 |
| Written off during the year | 0 |
| At the end of the year | 0 |

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Notes to the Financial Statements (Continued)

15. Property, Plant, and Equipment

| Description | Furniture and fittings | Computers & ICT Equipment | Total |
|---------------------------------|------------------------|---------------------------|-------------|
| Depreciation Rate (%) | 12.50 | 30.0 | |
| Cost | Kshs | Kshs | Kshs |
| Opening Bal as 1st July 2024 | - | - | - |
| Additions | 9,883,463 | 116,015,355 | 125,898,818 |
| Disposals | - | - | - |
| Transfer/Adjustments | - | - | - |
| As At 30th Jun 2025 | 9,883,463 | 116,015,355 | 125,898,818 |
| Depreciation and Impairment | | | - |
| Depreciation | 1,235,433 | 34,804,607 | 36,040,039 |
| Disposals | - | - | - |
| Impairment | - | - | - |
| Transfer/Adjustment | - | - | - |
| As At 30th Jun 2025 | 1,235,433 | 34,804,607 | 36,040,040 |
| Net Book Values | | | |
| Opening Bal as at 1st July 2024 | - | - | - |
| As At 30th June, 2025 | 8,648,030 | 81,210,749 | 89,858,779 |

Valuation

Items of PPE are valued at Historical cost at the point of recognition in the financial statements.

16. Trade and Other Payables

| Trade and Other Payables | | |
|---------------------------------------|-----------------------------|---------------------------------|
| Description | Period ended 30th June 2025 | Opening Statement 1st July 2024 |
| | Kshs | Kshs |
| Trade payables | 844,320,173 | 409,391,104 |
| Third-party payments | - | 1,838,976 |
| Total trade and other payables | 844,320,173 | 411,230,080 |

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Notes to the Financial Statements (Continued)

| Description | Period ended 30th June 2025 | | Opening statement 1st July 2024 | |
|---|-----------------------------|----------------|---------------------------------|----------------|
| | ksh | % of the Total | ksh | % of the Total |
| Ageing analysis: (Trade and other payables) | | | | |
| Under one year | 539,793,113 | 64% | | % |
| 1-2 years | 304,527,060 | 36% | 411,230,080 | % |
| Total (tie to above total) | 844,320,173 | | 411,230,080 | |

17. Refundable Deposits and Prepayments

| Description | Period ended 30th June 2025 | Opening Statement 1st July 2024 | | |
|--|-----------------------------|---------------------------------|---------------|----------------|
| | Kshs | Kshs | | |
| Customer deposits | 1,242,588 | 840,515 | | |
| Other deposits | 26,332,989 | 49,778,866 | | |
| | | | | |
| Total deposits | 27,575,577 | 50,619,381 | | |
| | | | | |
| Ageing analysis: (Refundable deposits) | Current FY | % of the Total | 1st July 2024 | % of the Total |
| Under one year | 27,575,577 | 100% | - | 0% |
| 1-2 years | 0 | 0% | 411,230,080 | % |
| Total | 27,575,577.00 | | 411,230,080 | |

18. Cash Generated from Operations

| | <i>Insert Current FY</i> |
|---|--------------------------|
| | Kshs |
| Surplus for the year before tax | 269,444,721 |
| Adjusted for: | |
| Depreciation | 36,040,040 |
| Working capital adjustments | |
| Increase in receivables | (320,307,390) |
| Increase in payables | 118,066,780 |
| Net cash flow from operating activities | 103,244,151 |

19. Related Party Disclosures

Nature of related party relationships

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Entities and other parties related to the SDICT&DE include those parties who have ability to

Notes to the Financial Statements (Continued)

exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the MDA, holding 100% of the MDA's 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) Other SCs and SAGAs
- iii) Key management.

| | <i>Insert Current FY</i> |
|--|--------------------------|
| | Kshs |
| Transactions with related parties | |
| Purchases from related parties | |
| Training and conference fees paid to Government Agencies | 824,886 |
| Key management compensation | |
| Compensation to key management | 15,337,068 |
| Total | 16,161,954 |

20. Contingent Assets and Contingent Liabilities

There are no contingent assets and contingent liabilities

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.

24. Adoption of transitional exemptions and provisions in IPSAS 33

The State Department of ICT & Digital Economy adopted accrual basis IPSAS on July 1, 2024 and elected to adopt the transitional exemption in IPSAS 33 that allows it to apply a period of up to three years in which to measure Inventories, Property, plant and equipment, Intangible assets and lease assets and liabilities.

As a result of adopting these transitional exemptions the entity is not able to make an explicit and unreserved statement about its compliance with accrual basis IPSASs, as the adoption of these transitional exemptions affect the fair presentation of The State Department of ICT & Digital Economy's financial statements and its ability to assert compliance with accrual basis IPSASs. No other transitional exemptions that affect fair presentation and compliance

State Department for ICT & The Digital Economy

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with accrual basis IPSASs during the period were adopted or applied to any other assets and/or liabilities.

Notes to the Financial Statements (Continued)

The State Department of ICT & Digital Economy plans to apply a three-year transitional exemption for determining the cost for these assets.

Assets and liabilities acquired and incurred during the current financial year have been recognized in the financial statements.

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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) |
|--|--|--|-----------------------------------|--|
| . Budgetary Control and Performance | <p>The Statement of Comparison of budget and Actual amounts reflects total receipts budget and actual on a comparable basis of Kshs 19,378,501,611 and Kshs 15,893,866,254 respectively resulting to an underfunding of Kshs 3,484,635,357 or approximately 18% of the approved budget. Similarly, the State Department spent an amount of 15,891,299,783 against approved budgeted expenditure of Kshs 19,378,501,611 resulting in an under-expenditure of Kshs 3,487,201,828 or 18%.</p> <p>The underfunding and under-expenditure affected the State Department planned activities and may have impacted negatively on service delivery on the public. There is need therefore for the State Department to reengineer its budgeting process to come up with a realistic budget aligned to the available resources for efficient and effective service delivery.</p> | <p><i>It is true the statement of comparison of budget and Actual amounts reflects total receipts budget and actual on comparable basis of Kshs 19,378,501,611 and Kshs 15,893,866,254 respectively resulting in under-expenditure of Kshs 3,484,635,357 or approximately 18% of the approved budget The under expenditure was caused by the following:</i></p> <ul style="list-style-type: none"> <i>i) Non-issue of exchequer funding by The National Treasury</i> <i>ii) Non-processing of payment related to a contractor who declined to make payments for Withholding Tax arrears. The issue is being handled by Kenya Revenue Authority</i> <i>iii) The supplementary budget No.2 was approved two (2) weeks to the closure of the financial year, hence the State Department was not able to absorb the additional funds for Data Center Project,</i> | Resolved | N/A |

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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><i>Kenya Digital Economy Acceleration project (KDEAP) and Horizontal Infrastructure Phase I As a result the contractors for the three projects could not submit the payment certificates for processing.</i></p> <p><i>There was under collection of AIA by ICT Authority, related to E-CITIZEN</i></p> | | |
| 1.1 | <p>Lack of Optimal Staffing Levels</p> <p>. Review of the State Department staff establishment reveals a total of one hundred and ninety six (196) employees, with eighty (80) assigned to the ICT and Digital Economy Department. It was further noted that the current technical staffing level is only 41% or eighty (80) employees, significantly below the recommended ratio of 70% or one hundred and thirty seven (137) staff.</p> | <p><i>It is true the State Department current staffing level is only at 41% significantly below the recommended ratio of 70% technical staff and 30% support to guide the optimal staffing levels .However the State Department has recently reviewed the organizational structure/ staff establishment by developing an implementation matrix for new structure and recruited through Public Service Commission (PSC) Forty Four (44) Directors ICT and three (3) Secretaries ICT, Forty (40) positions for ICT officers have been advertised and a request to establish and advertise two hundred ninety (290) ICT Assistants have been sent to PSC. Further, twenty nine (29) positions of Assistant Directors ICT and fifty five (55) position for Deputy Directors ICT have been declared for</i></p> | Resolved | N/A |

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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) |
|--|--|---|-----------------------------------|--|
| | | <i>filling by PSC. This will give the State Department optimal staffing levels.</i> | | |
| 1.2 Failure to carryout Staff Appraisal | A review of employee personal files during the audit indicated that the staff performance appraisal was not carried out. According to the Human resource policy, appraisals are required to discuss and agree on a work plan with their immediate supervisors. Performance targets should be established based on these discussions by 31 st July of each year, and each target must include specific performance indicators. However, there was no documentation to confirm that performance appraisals were conducted in accordance with these policies | <i>It is true an analysis of the employee personal files reviewed during the audit indicated that the State Department for ICT and Digital Economy lacks staff performance appraisal system according to the Human resource policy. However the State Department has reviewed its organizational structure to map out staff in GHRIS afresh to facilitate performance Appraisal through the system.</i> | RESOLVE D | N/A |
| 2 .Lack of Climate Change Action Plan | The State Department did not have an integrated climate change action plan in line with Article 69(f) of the constitution of Kenya which requires establishment of systems of environmental impact assessment, environmental audit and monitoring of the environment. | <i>It is true the State Department does not have an integrated climate change action plan and did not ensure integration of climate change considerations into the development planning and budgeting despite its involvement in the management and disposal</i> | RESOLVE D | N/A |

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| | | | | |
|--|---|---|--|--|
| | <p>Further, the State Department did not ensure integration of climate change considerations into the development planning and budgeting despite its involvement in the management and disposal of ICT equipment and its related infrastructures.</p> | <p><i>of ICT equipment and its related infrastructures, however the committee has been formed to come up with climate action plan</i></p> | | |
|--|---|---|--|--|



ENG. JOHN K. TANUI, CBS
 Accounting Officer

Date.....

State Department for ICT & The Digital Economy
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Appendix II: Projects implemented by SDICT&DE

| Project title | Project Number | Donor | Period/duration | Donor commitment Kshs | Separate donor reports required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---|----------------|-----------------------|-----------------|-----------------------|---|---|
| Implementation of Last Mile County Connectivity Network Phase IV-BETA | | Government of Belgium | 2022-2028 | 7,150,000,000 | NO | NO |
| Installation and commissioning of Eldoret-Nadapal Fibre Optic Cable | | Government of China | 2016-2029 | 3,315,000,000 | NO | NO |
| Maintenance and Rehabilitation NOFBI 11 Cable-BETA | | Government of China | 2011-2030 | 6,525,000,000 | NO | NO |
| Maintenance and Rehabilitation NOFBI 11 Expansion Cable-BETA | | Government of China | 2016-2030 | 11,892,730,000 | NO | NO |
| Horn of Africa Gateway Development Project-BETA | | World Bank | 2020-2028 | 2,170,000,000 | NO | NO |

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| | | | | | | |
|---|--|---------------------|-----------|----------------|----|----|
| Construction of KAIST at Konza Technopolis-BETA | | Government of Korea | 2016-2025 | 11,500,000,000 | NO | NO |
| Kenya Digital Economy Acceleration project | | World Bank | 2023-2028 | 48,125,520,000 | NO | NO |
| Digital Hubs | | - | | | | |
| Connectivity to Health Facilities | | - | | | | |
| Connectivity to Leather Industrial Park-Kenaine | | - | | | | |
| Connectivity to Konza Data Centre & smart City | | - | | | | |
| Construction of Konza Complex Phase 1 B-BETA | | - | | | | |
| Supervision of Streetscape 7 waste water reclamation facilities | | - | | | | |
| Konza Technopolis Masterplan Consultancy-MDP2 | | - | | | | |
| Horizontal Infrastructure Phase 1-EPCF-BETA | | Government of Italy | 2018-2029 | 57,727,000,000 | NO | NO |
| Konza data center and Smart City Facilities-BETA | | Government of Italy | 2019-2028 | 25,837,000,000 | NO | NO |

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Appendix III: 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 |
|--|--|----------------------------------|----------------------------------|------------------------------------|---|
| Office equipment, furniture and fittings | 0 | 9,883,463 | 0 | 0 | 9,883,463 |
| ICT Equipment | 0 | 116,014,355 | 0 | 0 | 116,014,355 |
| Total | 0 | 125,898,818 | 0 | 0 | 125,898,818 |

Appendix IV: Transfers from Other Government Entities

| Name of the MDA/Donor Transferring the funds | Date received as per bank statement | Nature: Recurrent/ Development/Others | Total Amount - KES | Statement of Financial Performance | Where Recorded/recognized | | | | Total Transfers during the Year |
|--|-------------------------------------|---------------------------------------|--------------------|------------------------------------|---------------------------|-------------|---------------------------|--|---------------------------------|
| | | | | | Deferred Income | Receivables | Others - must be specific | | |
| N/A | | | | | | | | | |

Appendix V: Reporting of Climate Relevant Expenditures

| Project Name | Project Description | Project Objectives | Project Activities | | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|-----------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| | | | | | | | | | |

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| | | | | | | | | | |
|-----|--|--|--|--|--|--|--|--|--|
| N/A | | | | | | | | | |
|-----|--|--|--|--|--|--|--|--|--|

Appendix VI: Disaster Expenditure Reporting Template

| Column I | Column II | Column III | Column IV | Column V | Column VI | Column VII |
|-----------|---------------|---------------|--|------------------|----------------|------------|
| Programme | Sub-programme | Disaster Type | Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness) | Expenditure item | Amount (Kshs.) | Comments |
| N/A | | | | | | |

Appendix VII: ACCOUNTS PAYABLE

| Date invoiced/ Contracted | Particulars | Original Amount | Balance at the beginning of the year | Addition During the year | Amount paid During the year | Outstanding Balance |
|---------------------------|--|-----------------|--------------------------------------|--------------------------|-----------------------------|---------------------|
| | | | | | | F/Y2024/2025 |
| 13/06/2024 | supply and delivery of coat hanger | 76,000 | 76,000 | - | - | 76,000 |
| 18/06/2024 | supply and delivery of heavy-duty scanner | 382,520 | 382,520 | - | 382,520 | - |
| 12/06/2024 | supply and delivery of visitor's chair and fireproof cabinet | 493,000 | 493,000 | - | 493,000 | - |
| 05/06/2024 | Supply and delivery of TV stand nesting coffee table, fridges, orthopedic chair and executive orthopedic chair | 541,900 | 541,900 | - | 541,900 | - |
| 06/06/2024 | Supply and delivery of heavy duty multi-functional printer | 852,000 | 852,000 | - | 852,000 | - |
| 20/06/2024 | Supply and delivery of desktop type 14 | 1,079,632 | 1,079,632 | - | 1,079,632 | - |
| 30/05/2024 | supply and delivery of executive desk wooden 2.2m, visitors chair, orthopedic executive highchair, executive chair and coat hanger | 882,418 | 882,418 | - | 882,418 | - |

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| | | | | | | |
|------------|---|-----------|-----------|---------|---|-----------|
| 11/06/2024 | Supply and delivery of Mac book Pro canon EOS R5 Mirror less camera with 24 -105 mm f4 lens | 1,858,000 | 1,858,000 | - | - | 1,858,000 |
| 2024/2025 | Air ticket for Principal Secretary and PA to Eldoret | 102,800 | - | 102,800 | - | 102,800 |
| 2024/2025 | Air ticket for Principal Secretary and Securityr to Eldoret | 59,900 | - | 59,900 | - | 59,900 |
| 2024/2025 | Air ticket for Secretary infrastructure and other officers to Mombasa | 335,000 | - | 335,000 | - | 335,000 |
| 2024/2025 | Air ticket for Principal Secretary and three other officers to Mombasa | 144,300 | - | 144,300 | - | 144,300 |
| 2024/2025 | Air ticket for Principal Secretary to Eldoret | 61,200 | - | 61,200 | - | 61,200 |
| 2024/2025 | Air ticket for Principal Secretary to Eldoret | 37,200 | - | 37,200 | - | 37,200 |
| 2024/2025 | Air ticket for Principal Secretary and PA to Eldoret | 79,000 | - | 79,000 | - | 79,000 |
| 2024/2025 | Air ticket for POA to Kisumu | 42,500 | - | 42,500 | - | 42,500 |
| 2024/2025 | Air ticket for Principal Secretary and Security aid to Eldoret | 51,000 | - | 51,000 | - | 51,000 |
| 2024/2025 | Air ticket for Principal Secretary and other officers to Mombasa | 186,800 | - | 186,800 | - | 186,800 |
| 2024/2025 | Air ticket for Principal Secretary and PA to Eldoret | 77,400 | - | 77,400 | - | 77,400 |
| 2024/2025 | Air ticket 3 Officers to Malindi | 139,800 | - | 139,800 | - | 139,800 |
| 2024/2025 | Air ticket for Dominic Gicheru,Emmah Kirungu and Shadrack Maweu to Mombasa | 146,550 | - | 146,550 | - | 146,550 |
| 2024/2025 | Air ticket for Rebecca Keli and Annette Nyakora to Egypt | 585,725 | - | 585,725 | - | 585,725 |
| 2024/2025 | Air ticket for Dominic Gicheru to Mombasa | 48,765 | - | 48,765 | - | 48,765 |
| 2024/2025 | Air ticket for officers to Mombasa | 726,050 | - | 726,050 | - | 726,050 |
| 2024/2025 | Return Air ticket for CS and PA to Kisumu | 48,950 | - | 48,950 | - | 48,950 |
| 2024/2025 | Return Air ticket for CS and other four officers to Kisumu | 346,950 | - | 346,950 | - | 346,950 |
| 2024/2025 | Return Air ticket for Mr. D.Gicheru to Mombasa | 48,950 | - | 48,950 | - | 48,950 |
| 2024/2025 | Provision of return airticket for 11 officers travelling to Mombasa for Connected Summit | 591,800 | - | 591,800 | - | 591,800 |
| 2024/2025 | Return Air ticket for Mrs.Grace Chepkwony to Eldoret | 39,800 | - | 39,800 | - | 39,800 |

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| | | | | | | |
|-----------|--|-----------|---|-----------|---|-----------|
| 2024/2025 | Provision of return airticket for Nusu Mwamanzi travelling to Mombasa | 48,550 | - | 48,550 | - | 48,550 |
| 2024/2025 | Oneway Air ticket for Principal Secretary to ELD-NRB Business class and Mr.David Langat to ELD-NRB Economy class | 59,300 | - | 59,300 | - | 59,300 |
| 2024/2025 | Return Air ticket for Mr.Dominic Gicheru to Mombasa Economy class | 29,950 | - | 29,950 | - | 29,950 |
| 2024/2025 | Return Air ticket for Ms.Emma Kirungu to Mombasa | 45,793 | - | 45,793 | - | 45,793 |
| 2024/2025 | Return Air ticket for the M/s Rebecca Keli and Mr. Simion Imbisi to NRB – DXB-GVA-DXB | 1,099,790 | - | 1,099,790 | - | 1,099,790 |
| 2024/2025 | Return Airticket for Mr. Anderson Munyaka NRB – DXB-GVA-DX-NRB | 548,150 | - | 548,150 | - | 548,150 |
| 2024/2025 | Return Airticket for Mr. Douglas Njiraini NRB – DXB-GVA-DX-NRB | 548,500 | - | 548,500 | - | 548,500 |
| 2024/2025 | Return Air ticket for CS and security Aide to Mombasa | 137,700 | - | 137,700 | - | 137,700 |
| 2024/2025 | Return Air ticket for Secretary Infrastructure,Secretary E-Gov. and two Directors to Kisumu | 238,920 | - | 238,920 | - | 238,920 |
| 2024/2025 | Return Air ticket for Mr. Shadrack Maweu and Five other officers to Mombasa | 366,000 | - | 366,000 | - | 366,000 |
| 2024/2025 | Air ticket and visa fee for Principal Secretary and three other officers to Dubai | 2,680,200 | - | 2,680,200 | - | 2,680,200 |
| 2024/2025 | provision of return airticket for Emmanuel kata to kisumu | 49,500 | - | 49,500 | - | 49,500 |
| 2024/2025 | provision of return airticket to seville for mr. ben waweru and osacr raha | 1,517,200 | - | 1,517,200 | - | 1,517,200 |
| 2024/2025 | Return Air ticket for Mr.Geoffrey Omwenga to China | 1,797,400 | - | 1,797,400 | - | 1,797,400 |
| 2024/2025 | Servicing of KDE 056P | 62,700 | - | 62,700 | - | 62,700 |
| 2024/2025 | Servicing of GKB 405M | 44,672 | - | 44,672 | - | 44,672 |
| 2024/2025 | Servicing of KDE 034K | 269,886 | - | 269,886 | - | 269,886 |
| 2024/2025 | Servicing of KDJ 253M | 223,174 | - | 223,174 | - | 223,174 |
| 2024/2025 | Servicing of KDJ 253M | 96,347 | - | 96,347 | - | 96,347 |
| 2024/2025 | Servicing of KDD 274J | 18,763 | - | 18,763 | - | 18,763 |

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| | | | | | | |
|-----------|---|-----------|---|-----------|---|-----------|
| 2024/2025 | Servicing of KDE 296 J | 22,182 | - | 22,182 | - | 22,182 |
| 2024/2025 | Servicing of KDD173P | 113,508 | - | 113,508 | - | 113,508 |
| 2024/2025 | Servicing of KDD173P | 25,323 | - | 25,323 | - | 25,323 |
| 2024/2025 | Workshop to review organizational structure | 1,080,000 | - | 1,080,000 | - | 1,080,000 |
| 2024/2025 | Workshop to finalize the career guidelines for ICT Cadre | 560,000 | - | 560,000 | - | 560,000 |
| 2024/2025 | Skill gap analysis for the state department | 320,000 | - | 320,000 | - | 320,000 |
| 2024/2025 | Workshop to undertake Re-engineering,Documentation for digitalization identified Business process | 747,000 | - | 747,000 | - | 747,000 |
| 2024/2025 | Annual work plan ,medim term budget | 192,000 | - | 192,000 | - | 192,000 |
| 2024/2025 | Redesigning of Website | 232,000 | - | 232,000 | - | 232,000 |
| 2024/2025 | Provision of conference facility to facilate Procument team (evaluation of tender) | 96,000 | - | 96,000 | - | 96,000 |
| 2024/2025 | Provision of full day conference facility for 16 pax | 640,000 | - | 640,000 | - | 640,000 |
| 2024/2025 | Supply and Delivery of Laptop,Tablet and Desktop for Cs | 531,000 | - | 531,000 | - | 531,000 |
| 2024/2025 | Provision of conference for internal auditors | 295,000 | - | 295,000 | - | 295,000 |
| 2024/2025 | Supply and Delivery of fire proof metal cabinet | 2,044,000 | - | 2,044,000 | - | 2,044,000 |
| 2024/2025 | Supply and Delivery of computer equipments and accessories and camera | 2,297,303 | - | 2,297,303 | - | 2,297,303 |
| 2024/2025 | Daily cleaning services at Posta Annex for February 2025 | 187,600 | - | 187,600 | - | 187,600 |
| 2024/2025 | Daily cleaning services at Posta Annex for March 2025 | 187,600 | - | 187,600 | - | 187,600 |
| 2024/2025 | Daily cleaning services at Posta Annex for April 2025 | 187,600 | - | 187,600 | - | 187,600 |
| 2024/2025 | Daily cleaning services at Posta Annex for May 2025 | 187,600 | - | 187,600 | - | 187,600 |
| 2024/2025 | General Cleaning of offices in 6 th floorBruce House for March 2025 | 131,938 | - | 131,938 | - | 131,938 |
| 2024/2025 | General Cleaning of offices in 6 th floorBruce House for April 2025 | 131,939 | - | 131,939 | - | 131,939 |
| 2024/2025 | General Cleaning of offices in 6 th floorBruce House for May 2025 | 131,940 | - | 131,940 | - | 131,940 |

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|------------|--|-----------|---------|-----------|---------|-----------|
| 2024/2025 | General Cleaning of offices in 6 th floor Bruce House for February 2025 | 131,941 | - | 131,941 | - | 131,941 |
| 2024/2025 | General Cleaning of offices in 6 th floor Bruce House for June 2025 | 131,942 | - | 131,942 | - | 131,942 |
| 2024/2025 | Rent, Parking and Service charges for Month of April-June 2025 | 4,525,183 | - | 4,525,183 | - | 4,525,183 |
| 2024/2025 | Telposta Office Rent | 5,659,120 | - | 5,659,120 | - | 5,659,120 |
| 2024/2025 | Messengerial Services rendered in Dec.2024 | 116,986 | - | 116,986 | - | 116,986 |
| 2024/2025 | Messengerial Services rendered in February 2025 | 163,502 | - | 163,502 | - | 163,502 |
| 2024/2025 | Messengerial Services rendered in March 2025 | 233,218 | - | 233,218 | - | 233,218 |
| 2024/2025 | Messengerial Services rendered in April 2025 | 126,904 | - | 126,904 | - | 126,904 |
| 2024/2025 | Messengerial Services rendered in June 2025 | 152,960 | - | 152,960 | - | 152,960 |
| 2024/2025 | Landline telephone bills for August 2024 | 76,982 | - | 76,982 | - | 76,982 |
| 2024/2025 | Landline telephone bills for August 2024 | 199,124 | - | 199,124 | - | 199,124 |
| 2024/2025 | Provision of return airticket for Dickson Gisiara travelling to Mombasa | 48,550 | - | 48,550 | - | 48,550 |
| 2024/2025 | Daily cleaning services at Posta Annex for Jan 2025 | 187,600 | - | 187,600 | - | 187,600 |
| 2024/2025 | Daily cleaning services at Posta Annex for June 2025 | 187,600 | - | 187,600 | - | 187,600 |
| 2024/2025 | Messengerial Services rendered in May 2025 | 133,110 | - | 133,110 | - | 133,110 |
| 2024/2025 | Provision of WIFI during Jamhuri day celebrations | 6,745,128 | - | 6,745,128 | - | 6,745,128 |
| 2024/2025 | Provision of post paid telephone services for PS for May 2025 | 10,532 | - | 10,532 | - | 10,532 |
| 15/05/2023 | Repair of GKB 610V Toyota Prado | 20,084 | 20,084 | - | 20,084 | - |
| 09/05/2024 | Repair of KDJ 253M Nissan patrol | 21,077 | 21,077 | - | 21,077 | - |
| 20/03/2024 | Repair of GKB 405M | 22,040 | 22,040 | - | 22,040 | - |
| 24/08/2023 | Repair of GKB 821F | 36,764 | 36,764 | - | 36,764 | - |
| 16/05/2024 | Repair of KDD 314K | 73,143 | 73,143 | - | 73,143 | - |
| | Repair of GKB 682V VW AMAROK | 153,988 | 153,988 | - | 153,988 | - |
| 05/06/2024 | One way ticket to Eldoret for the Principal Secretary | 25,300 | 25,300 | - | 25,300 | - |

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|------------|---|-----------|-----------|---|-----------|-----------|
| 12/06/2024 | Return air ticket for PS to Eldoret | 39,900 | 39,900 | - | 39,900 | - |
| 30/05/2024 | Provision of air tickets to Kisumu | 48,950 | 48,950 | - | 48,950 | - |
| 05/03/2024 | Provision of training services on PFM compliance and financial reporting | 120,000 | 120,000 | - | 120,000 | - |
| 31/05/2024 | cleaning services rendered for the month of May 2024 | 185,200 | 185,200 | - | 185,200 | - |
| 28/06/2024 | cleaning services rendered for the month of June 2024 | 185,200 | 185,200 | - | 185,200 | - |
| VARIOUS | EMS Services rendered in April 2024 and postage services rendered in the month of Nov, Jan and Feb, March ,May 2024 | 194,036 | 194,036 | - | 194,036 | - |
| 06/02/2024 | Advertising of tenders | 212,115 | 212,115 | - | 212,115 | - |
| | | 112,000 | 112,000 | 0 | 0 | 112,000 |
| 16/06/2024 | Provision of conference facility for 20 pax for 7 days | 392,000 | 392,000 | - | 392,000 | - |
| 6/6/ 2024 | Proposed works and services at Naivasha data center | 469,150 | 469,150 | - | 469,150 | - |
| 17/08/2023 | Maintenance of Network at Mandera hospital for quarter 4 may- July 2023 | 515,334 | 515,334 | - | 515,334 | - |
| 12/06/2024 | Return air ticket for PS to Korea | 565,700 | 565,700 | - | 565,700 | 0 |
| 29/09/2023 | Provision of return air ticket to New York economy class for PA | 650,410 | 650,410 | - | 650,410 | - |
| 29/09/2023 | Provision of return air ticket to New York economy class Assistant Director ICT | 698,765 | 698,765 | - | 698,765 | - |
| 30/10/2023 | Provision of air tickets to London | 756,730 | 756,730 | - | 756,730 | - |
| 23/05/2024 | Return Air Ticket to USA for Senior State Council | 797,850 | 797,850 | - | - | 797,850 |
| VARIOUS | Messengerial services rendered in the month of Nov,Jan and Feb,march ,may 2024 | 879,338 | 879,338 | - | 879,338 | - |
| 24/6/2024 | Provision for digital Hub connectivity from existing Government network to Mathira TVC | 1,817,016 | 1,817,016 | - | 1,817,016 | - |
| 29/09/2023 | provision of return air ticket to New York economy class for PS | 2,529,185 | 2,529,185 | - | - | 2,529,185 |
| 28/06/2024 | Supply and installation of high-density wireless LAN with internet at Kanduyi stadium for Madaraka day celebrations | 2,847,427 | 2,847,427 | - | 2,847,427 | - |

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|------------|---|------------|------------|---|------------|------------|
| 14/05/2024 | Connectivity and integration of TEAMS marine Fibre Optic Backbone Infrastructure and GCCN Network from Mombasa to Nairobi for year 3 Quarter 4 | 3,691,065 | 3,691,065 | - | 3,691,065 | - |
| 20/09/2023 | Lease of Dark Fiber April-June 2023 year 3 quarter 2 | 8,321,158 | 8,321,158 | - | - | 8,321,158 |
| 17/01/2024 | Lease of Dark Fiber Oct-Dec 2023 year 3 quarter 4 | 11,503,102 | 11,503,102 | 0 | 11,503,102 | 0 |
| 29/04/2024 | Lease of Dark Fiber JAN-MARCH 2024 year 4 quarter 1 | 11,503,102 | 11,503,102 | - | - | 11,503,102 |
| 06/03/2024 | Provision of operation and Maintenance of National Optic Fiber Backbone Infrastructure Phase II (NOFBI II) Active and Passive Equipment Lot 1) Eastern Region Quarter 4 (Jan - April 2023)) | 12,347,040 | 12,347,040 | - | 12,347,040 | - |
| 05/06/2024 | Provision of operation and Maintenance of National Optic Fiber Backbone Infrastructure Phase II (NOFBI II) Active and Passive Equipment Lot 1) Eastern Region Quarter 3 (October -January 2024) | 15,433,800 | 15,433,800 | - | - | 15,433,800 |
| 05/06/2024 | Provision of operation and Maintenance of National Optic Fiber Backbone Infrastructure Phase II (NOFBI II) Active and Passive Equipment Lot 1) Eastern Region Quarter 4 (Jan - April 2024)) | 15,433,800 | 15,433,800 | - | - | 15,433,800 |
| 05/06/2024 | Provision of operation and Maintenance of National Optic Fiber Backbone Infrastructure Phase II (NOFBI II) Active and Passive Equipment Lot 1) Eastern Region Quarter2 (july - October 2023) | 15,433,800 | 15,433,800 | - | - | 15,433,800 |
| 05/06/2024 | Provision of operation and Maintenance of National Optic Fiber Backbone Infrastructure Phase II (NOFBI II) Active and Passive Equipment Lot 1) Eastern Region Quarter 1 (april -july 2023) | 15,433,800 | 15,433,800 | - | - | 15,433,800 |
| 08/12/2023 | Provision of operation and Maintenance of Last Mile Connectivity (LMCCP) for the month of April to June 2023 | 38,920,216 | 38,920,216 | - | - | 38,920,216 |
| 08/03/2024 | Provision of operation and Maintenance of Last Mile Connectivity (LMCCP) for the month of July to Sept 2023 | 38,920,216 | 38,920,216 | - | - | 38,920,216 |

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|------------|--|------------|------------|------------|------------|------------|
| 08/03/2024 | Provision of operation and Maintenance of Last Mile Connectivity (LMCCP) for the month of oct -December 2023 | 38,920,216 | 38,920,216 | - | - | 38,920,216 |
| 29/05/2024 | Provision of operation and Maintenance of Last Mile Connectivity (LMCCP) for the month of Jan to March 2024 | 38,920,216 | 38,920,216 | - | - | 38,920,216 |
| 29/04/2024 | Provision of operation and Maintenance of National Optic Fiber Backbone Infrastructure Phase II (NOFBI II) Active and Passive Equipment Lot 2) Western Region Quarter 2(nov- jan 2024) | 61,913,700 | 61,913,700 | - | 61,913,700 | - |
| 13/06/2024 | Provision of operation and Maintenance of National Optic Fiber Backbone Infrastructure Phase II (NOFBI II) Active and Passive Equipment Lot 2) Western Region Quarter 3(jan-March 2024) | 61,913,700 | 61,913,700 | - | - | 61,913,700 |
| 2024/2025 | DPs Residence Milestones 3 & 4 | 7,656,971 | - | 7,656,971 | - | 7,656,971 |
| 2024/2025 | Kaiboi TVC Delivery 1,2 3 &4 | 3,805,807 | - | 3,805,807 | - | 3,805,807 |
| 2024/2025 | Lease of Dark Fiber APRIL-JUNE 2024 year 4 quarter 2 | 11,503,102 | - | 11,503,102 | - | 11,503,102 |
| 2024/2025 | Lease of Dark Fiber JUL;-SEPT 2024 year 4 quarter 3 | 11,503,102 | - | 11,503,102 | - | 11,503,102 |
| 2024/2025 | Lease of Dark Fiber OCT-DEC 2024 year 4 quarter 4 | 11,503,102 | - | 11,503,102 | - | 11,503,102 |
| 2024/2025 | Provision of internet service s at Kakamega county polytechnic for May and June 2024 | 213,547 | - | 213,547 | - | 213,547 |
| 2024/2025 | Provision of internet service s in Busia NGCDF Bundika Budokomi YEC for May and June 2024 | 213,547 | - | 213,547 | - | 213,547 |
| 2024/2025 | Provision of internet service s in Siaya sites Uguja NGCDF Offices and Bondo YEC for the month ofMay and June 2024 | 213,547 | - | 213,547 | - | 213,547 |
| 2024/2025 | | 11,275,200 | | 11,275,200 | - | 11,275,200 |

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| | | | | | | |
|-----------|--|-----------------------|-----------------------|-----------------------|-----------------------|--------------------|
| | Satellite (Monthly Bills For 12 Sites For A Period Of One (1) Years | | - | | | |
| 2024/2025 | Mathira TVC | 3,010,147 | - | 3,010,147.00 | - | 3,010,147 |
| 2024/2025 | Maintenance of Last Mile County Connectivity Network - Phase1 -3 (lot 1) | 23,606,362 | - | 23,606,362 | - | 23,606,362 |
| 2024/2025 | Maintenance of Last Mile County Connectivity Network - Phase1 -3 (lot 2) | 25,346,329 | - | 25,346,329 | - | 25,346,329 |
| 2024/2025 | Maintenance of Last Mile County Connectivity Network - Phase1 -3 (lot 3) | 20,888,438 | - | 20,888,438 | - | 20,888,438 |
| 2024/2025 | Maintenance of Last Mile County Connectivity Network - Phase1 -3 (I P Telephony) | 31,269,000 | - | 31,269,000 | - | 31,269,000 |
| 2024/2025 | Maintenance of NOFBI Phase II Expansion to all Sub Counties -Western Region. | 247,654,800 | - | 247,654,800 | - | 247,654,800 |
| 2024/2025 | Maintenance of NOFBI Phase II Expansion to all Sub Counties -Eastern Region. | 36,012,200 | - | 36,012,200 | - | 36,012,200 |
| 2024/2025 | Maintenance of NOFBI Phase II Expansion to all Sub Counties -Eastern Region. | 33,281,342 | - | 33,281,342 | - | 33,281,342 |
| 2024/2025 | Lease of Dark Fiber JAN-MARCH 2025 year 5 quarter 1 | 11,503,102 | - | 11,503,102 | - | 11,503,102 |
| 2024/2025 | Bruce house 6th Floor Partitioning | 6,136,795 | - | 6,136,795 | - | 6,136,795 |
| 2024/2025 | Provision for servicing and maintenance of photocopiers for March-June 2025 | 241,824 | 0 | 241,824 | 0 | 241,824 |
| | | | | | | |
| | | 948,936,217.00 | 409,143,103.00 | 539,793,114.00 | 104,616,044.00 | 844,320,173 |

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| Other accounts payable | | | | | | | |
|---|--|---|---------|---------|---|---------|---|
| 1. Kenya Police Sacco | Feb 2024 and March 2024 | Amount not paid in payroll. | 576,808 | 576,808 | - | 576,808 | - |
| 2. Public Service Superannuation Scheme | September 2023, February 2024 and March 2024 | Employee contribution to Pension Scheme (742,587) | 762,587 | 762,587 | - | 762,587 | - |
| 3. Kenya Revenue Authority | October 2023, November 2023, December 2023, January 2024 | Training Levy deductions not paid. | 37,056 | 37,056 | - | 37,056 | - |
| 4. National Treasury | October 2023, November 2023, December 2023, January, Feb 2024 | Fines and surcharges | 30,600 | 30,600 | - | 30,600 | - |
| 5. SWA DPM | Unpaid welfare association deduction for lack of account details | From November 2023 to June 2024 | 16,480 | 16,480 | - | 16,480 | - |

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| | | | | | | | |
|----------------------------------|---|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Tsc Secretariate and BBF | Deductions not made due to lack of bank account | From February to June 2024 | 1,900 | 1,900 | - | 1,900 | - |
| 7. National Social Security Fund | Deductions made and not paid | September. 2023 | 78,173 | 78,173 | - | 78,173 | - |
| 8. PAYE | Deductions made and not paid | September. 2023 | 9,150 | 9,150 | - | 9,150 | - |
| KRA | Deductions made and not paid | | 326,222 | 326,222 | - | 326,222 | - |
| Total | | | 1,838,976 | 1,838,976 | - | 1,838,976 | - |
| | | | | | | | |
| | | | 950,775,193 | 410,982,079 | 539,793,114 | 106,455,020 | 844,320,173 |

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Appendix VIII: ADJUSTMENTS FROM CASH BASIS TO ACCRUAL BASIS ACCOUNTS

| CASH BASIS TO ACCRUAL BASIS RECONCILIATION WORKSHEET FOR THE YEAR ENDED 30 JUNE 2025 | | | | | | |
|--|---|--|---------------------------|---|--|--------------------------------|
| ITEM CODE | Item Description | IFMIS TRIAL BALANCE EXTRACTED AS AT 30TH JUNE 2025 | Deduct purchase of assets | ADD ACCRUED EXPENSES AS AT 30 JUNE 2025 | Depreciatin of assets in 2024/2025 pending bills | Trial balance after adjutments |
| | | Kshs | | | | |
| 9910201 | Exchequer Releases/ Provisioning Account | 4,858,405,786.60 | | | | 4,858,405,786.60 |
| 5120201 | Borrowing from Foreign Governments | 9,421,448,728.10 | | | | 9,421,448,728.10 |
| 1410000 | Property Income | 200,000,000.00 | | | | 200,000,000.00 |
| 1420200 | Administrative Fees and Charges | 60,000,000.00 | | | | 60,000,000.00 |
| 1420300 | Administrative Fees and Charges collected as AIA | 661,302,740.00 | | | | 661,302,740.00 |
| | Sale of goods and services | 921,302,740.00 | | | | 921,302,740.00 |
| | | 15,201,157,254.70 | | | | 15,201,157,254.70 |
| 2110100 | Basic Salaries-permanent employees | 218,775,703.85 | | | | 218,775,703.85 |
| 2110300 | Personal Allowances paid as part of salary | 110,302,925.05 | | | | 110,302,925.05 |
| | <i>Wages and Salary Contributions</i> | <i>329,078,628.90</i> | | | | <i>329,078,628.90</i> |
| 2210201 | Telephone, Telex, Facsimile and Mobile Phone Services | 4,620,823.15 | | | | 4,620,823.15 |

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|---------|--|-----------------------|--|----------------------|--|-----------------------|
| 2210202 | 2210202 Internet Connections | 0.00 | | 18,660,968.00 | | 18,660,968.00 |
| 2210203 | Courier & Postal Services | 329,117.00 | | 926,680.00 | | 1,255,797.00 |
| | <i>communication, supplies and services</i> | <i>4,949,940.15</i> | | <i>19,587,648.00</i> | | <i>24,537,588.15</i> |
| 2210301 | Travel Costs (airlines, bus, railway, mileage allowances, etc.) | 7,109,960.00 | | 6,136,378.00 | | 13,246,338.00 |
| 2210302 | Accommodation - Domestic Travel | 8,658,938.00 | | | | 8,658,938.00 |
| 2210303 | Daily Subsistence Allowance | 8,214,660.00 | | | | 8,214,660.00 |
| 2210307 | Passage & Transfer Expenses | 220,060.00 | | | | 220,060.00 |
| | <i>domestic travel and subsistence</i> | <i>24,203,618.00</i> | | <i>6,136,378.00</i> | | <i>30,339,996.00</i> |
| 2210401 | Travel Costs (airlines, bus, railway, etc.) | 0.00 | | 6,979,565.00 | | 6,979,565.00 |
| | <i>foreign travel and subsistence</i> | <i>0.00</i> | | <i>6,979,565.00</i> | | <i>6,979,565.00</i> |
| 2210502 | Publishing & Printing Services | 286,615.00 | | | | 286,615.00 |
| 2210503 | Subscriptions to Newspapers, Magazines and Periodicals | 147,435.00 | | | | 147,435.00 |
| | <i>Printing, Advertising and Information Supplies and Services</i> | <i>434,050.00</i> | | - | | <i>434,050.00</i> |
| 2210603 | Rents and Rates - Non-Residential | 101,409,864.00 | | 10,184,303.00 | | 111,594,167.00 |
| | <i>rentals of produced assets</i> | <i>101,409,864.00</i> | | <i>10,184,303.00</i> | | <i>111,594,167.00</i> |
| 2210701 | Travel Allowance | 1,532,820.00 | | | | 1,532,820.00 |
| 2210702 | Remuneration of Instructors and Contract Based Training Services | 116,000.00 | | | | 116,000.00 |

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|---------|--|---------------------|--|---------------------|--|----------------------|
| 2210706 | Book Allowance | 36,000.00 | | | | 36,000.00 |
| 2210710 | Accommodation Allowance | 1,104,600.00 | | | | 1,104,600.00 |
| 2210711 | Tuition Fees Allowance | 4,909,943.00 | | | | 4,909,943.00 |
| 2210712 | Trainee Allowance | 749,900.00 | | | | 749,900.00 |
| | <i>training expenses</i> | 8,449,263.00 | | | | 8,449,263.00 |
| 2210801 | Catering Services (receptions), Accommodation, Gifts, Food and Drinks | 973,386.00 | | | | 973,386.00 |
| 2210802 | Boards, Committees, Conferences and Seminars | 6,978,462.00 | | 4,162,000.00 | | 11,140,462.00 |
| | <i>Hospitality Supplies and Services</i> | 7,951,848.00 | | 4,162,000.00 | | 12,113,848.00 |
| 2211004 | Fungicides, Insecticides and Sprays | 221,538.00 | | | | 221,538.00 |
| 2211016 | Purchase of Uniforms and Clothing - Staff | 168,725.00 | | | | 168,725.00 |
| | <i>Specialised Materials and Services</i> | 390,263.00 | | | | 390,263.00 |
| 2211101 | General Office Supplies (papers, pencils, forms, small office equipment etc) | 3,912,512.00 | | | | 3,912,512.00 |
| 2211102 | Supplies and Accessories for Computers and Printers | 1,354,220.00 | | | | 1,354,220.00 |
| 2211103 | Sanitary and Cleaning Materials, Supplies and Services | 175,811.00 | | | | 175,811.00 |
| | <i>Office and General Supplies and Services</i> | 5,442,543.00 | | | | 5,442,543.00 |
| 2211201 | Refined Fuels and Lubricants for Transport | 13,380,000.00 | | | | 13,380,000.00 |

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| | <i>fuel oil and lubricants</i> | <i>13,380,000.00</i> | | | | <i>13,380,000.00</i> |
| 2211305 | Contracted Guards and Cleaning Services | 2,211,218.00 | | 1,785,302.00 | | 3,996,520.00 |
| 2211306 | Membership Fees, Dues and Subscriptions to Professional and Trade Bodies | 490,050.00 | | | | 490,050.00 |
| 2211310 | Contracted Professional Services | 156,322,761.40 | | | | 156,322,761.40 |
| 2211311 | Contracted Technical Services | 0.00 | | 57,149,246.00 | | 57,149,246.00 |
| 2211323 | Laundry Expenses | 149,780.00 | | | | 149,780.00 |
| 2211335 | Monitoring and Evaluation Expenses | 47,377,491.95 | | | | 47,377,491.95 |
| | <i>other operating expenses</i> | <i>206,551,301.35</i> | | <i>58,934,548.00</i> | | <i>265,485,849.35</i> |
| | | | | | | |
| | Goods and services | 373,162,690.50 | | 105,984,442.00 | | 479,147,132.50 |
| | | | | | | |
| 2220101 | Maintenance Expenses - Motor Vehicles | 5,701,648.35 | | 876,556.00 | | 6,578,204.35 |
| | <i>routine maintenance-vehicles and other transport equipment</i> | <i>5,701,648.35</i> | | <i>876,556.00</i> | | <i>6,578,204.35</i> |
| 2220202 | Maintenance of Office Furniture and Equipment | 200,000.00 | | 4,827,163.00 | | 5,027,163.00 |
| 2220209 | Minor Alterations to Buildings and Civil Works | 14,032,276.40 | | 6,136,795.00 | | 20,169,071.40 |
| 2220210 | Maintenance of Computers, Software, and Networks | 1,554,792.00 | | 241,824.00 | | 1,796,616.00 |
| | <i>routine maintenance-other assets</i> | <i>15,787,068.40</i> | | <i>11,205,782.00</i> | | <i>26,992,850.40</i> |

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| | Depreciation | | | | 36,040,040 | 36,040,040 |
| | total use of goods and services | 394,651,407.25 | | 118,066,780.00 | | 512,718,187.25 |
| 2630101 | Current Grants to Semi-Autonomous Government Agencies | 2,260,349,998.05 | | | | 2,260,349,998.05 |
| 2630201 | Capital Grants to Semi-Autonomous Government Agencies | 11,782,538,813.00 | | | | 11,782,538,813.00 |
| | Grants & Transfer To Other Govt. Units | 14,042,888,811 | | | | 14,042,888,811.05 |
| 2710102 | Gratuity - Civil Servants | 10,986,868.40 | | | | 10,986,868.40 |
| 3111001 | Purchase of Office Furniture and Fittings | 9,883,463.00 | - 9,883,463.00 | | | 0.00 |
| 3111111 | Purchase of ICT Networking and Communication Equipment | 795,000.00 | - 795,000.00 | | | 0.00 |
| 3111112 | Purchase of Software | 115,220,355.00 | - 115,220,355.00 | | | 0.00 |
| 3110000 | Acquisition of Fixed Capital Assets | 125,898,818.00 | - 125,898,818.00 | | | 0.00 |
| | | 14,903,504,533.60 | | | | 14,931,712,535.60 |
| SURPLUS | | 297,652,721.10 | | | | 269,444,719.10 |

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|---------|--------------------------------|----------------|--|--|--|--|
| 6550100 | Ministry HQ Recurrent Bank A/C | 50,190.05 | | | | |
| 6550000 | Recurrent Bank Accounts | 50,190.05 | | | | |
| 6580101 | Recurrent Bank Accounts | 50,190.05 | | | | |
| 6580104 | Ministry HQ Development Bank A | 338,946.00 | | | | |
| 6580100 | Development Bank Accounts | 338,946.00 | | | | |
| 6580000 | Development Bank Accounts | 338,946.00 | | | | |
| 6710102 | Ministry HQ Deposit Bank A/C | 27,575,577.00 | | | | |
| 6710103 | Deposit Bank Accounts | 27,575,577.00 | | | | |
| 6710100 | Deposit Bank Account | 27,575,577.00 | | | | |
| 6710000 | Salary advance | 419,440.00 | | | | |
| 6740101 | Debtors & Advances - Employees | 419,440.00 | | | | |
| 6740102 | Domestic Debtors & Advances | 419,440.00 | | | | |
| 6740103 | General Suspense A/C | 250,000,000.00 | | | | |
| 6740100 | District Suspense A/c | 47,000,000.00 | | | | |
| 6740000 | Suspense & Clearance Account | 297,000,000.00 | | | | |
| 6760101 | Suspense & Clearance Account | 297,000,000.00 | | | | |
| 6760103 | Receiving Inventory, A/C | - | | | | |
| 6760100 | Other Current System A/cs | - | | | | |
| 6760000 | Other Current Assets (System r | - | | | | |
| 6770101 | General Deposits | 26,332,989.00 | | | | |
| 6770100 | 10% Retention Money | 1,242,588.00 | | | | |
| 6770000 | General Deposits Items | 27,575,577.00 | | | | |
| 6780101 | Deposits | 27,575,577.00 | | | | |

State Department for ICT & The Digital Economy
Annual Report and Financial Statements for the year ended June 30, 2025.

Appendix IX: DEPOSIT BANK ACCOUNT

| DEPOSIT BANK ACCOUNT | | | | |
|---|--|--------------------------|----------------------------|----------------------|
| AS AT 30 JUNE 2025 | | | | |
| | BAL B/F FROM YEAR ENDED 30TH JUNE 2024 | ADDITIONS FOR THE PERIOD | AMOUNT PAID CURRENT PERIOD | BALANCE 30 JUNE 2025 |
| RETENTION | | | | |
| 1. Bergh International | 840,515.00 | - | 840,515.00 | - |
| 2. Stealth E.A Ltd | - | 1,242,588.00 | 0.00 | 1,242,588.00 |
| Total Retention | 840,515.00 | 1,242,588.00 | 840,515.00 | 1,242,588.00 |
| General Deposit | | | | |
| 1. KENHA Rironi - Mau Summit | 3,042,613.35 | 68,996,188.00 | 69,993,187.50 | 2,045,613.85 |
| 2. KENHA Expressway | 14,532,284.30 | - | 6,000,000.00 | 8,532,284.30 |
| 3. KENHA Kenol-Marua | 32,098,128.70 | 11,275,200.00 | 27,819,200.00 | 15,554,128.70 |
| 4. National Treasury-overpayment recovery | 92,240.00 | 44,000.00 | - | 136,240.00 |
| 5. National Treasury-salary advance | 13,600.00 | 27,200.00 | - | 40,800.00 |
| 6. National Treasury-fines surcharges | - | 6,120.00 | - | 6,120.00 |
| Total General Deposits | 49,778,866.35 | 80,348,708.00 | 103,812,387.50 | 26,315,186.85 |
| Cash in transit | | | | |
| 1. National Treasury | - | 8,250,000.00 | 8,232,198.00 | 17,802.00 |
| Total cash in transit | - | 8,250,000.00 | 8,232,198.00 | 17,802.00 |
| TOTAL DEPOSIT | 50,619,381.35 | 89,841,296.00 | 112,885,100.50 | 27,575,576.85 |