

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

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ON

**THE FINANCIAL STATEMENTS OF MINISTRY
OF INFORMATION, COMMUNICATION AND
TECHNOLOGY - STATE DEPARTMENT FOR
BROADCASTING AND
TELECOMMUNICATIONS**

**FOR THE YEAR ENDED
30 JUNE 2017**

*Paper Laid on the
Table of the
House by the
Leader of the Majority
Party [Hon. Aden
Duale] on*

*Tuesday
26th June 2018
[Afternoon]*



**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND
TELECOMMUNICATION**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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

1

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

Table of Content	Page
I. KEY ENTITY INFORMATION AND MANAGEMENT	1
1.1. Background Information	1
1.2. Vision:	2
1.3. Mission:	2
i) Ministerial Budget Implementation Committee	4
ii) Ministerial Audit Committee	4
iii) Ministerial Parliamentary Liaison Office	4
II. FORWARD BY THE CABINET SECRETARY	6
Table 2.3.1 Programme and Sub-Programme expenditures	10
III.STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES	13
IV. REPORT OF THE INDEPENDENT AUDITORS ON THE STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS	14
V. STATEMENT OF RECEIPTS AND PAYMENTS	17
VI.STATEMENT OF ASSETS AND LIABILITIES	18
VII.STATEMENT OF CASH FLOWS	19
VIII.SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	20
IX.SUMMARY STATEMENT OF APPROPRIATION: RECURRENT	22
X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT	24
XI.NOTES TO THE FINANCIAL STATEMENTS.	26
SIGNIFICANT ACCOUNTING POLICIES	26



**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
I. KEY ENTITY INFORMATION AND MANAGEMENT**

1.1. Background Information

The state Department for Broadcasting and Telecommunications was formed in the financial year 2016/2017, by separating the Ministry of Information Communications and Technology into the State Department for ICT and the State Department for Broadcasting and Telecommunications. At cabinet level, the Department is represented by the Cabinet Secretary for Information Communications and Technology, who is responsible for the general policy and strategic direction of the entity.

The department of Broadcasting and Telecommunications was formed to undertake the following functions: -

- Broadcasting
- Language management policies
- Public communications
- Promotion of e-government
- ICT training and standards development and administration
- Development of national communications capacity and infrastructure
- Provision of public relations services
- Telecommunication services
- Development of national communication capacity
- Infrastructure and dissemination of public information through Kenya Broadcasting Corporation (KBC)
- Mass media capacity building at Kenya Institute of Mass Communications (KIMC)
- Regulatory services through the Communications Authority of Kenya (CA)
- Postal Corporation of Kenya (PCK)
- National Communications Secretariat (NCS)
- Multimedia Appeals Tribunal
- Kenya Year Book Editorial Board (KYEB)

At the Cabinet level the Ministry is represented by the Cabinet Secretary for ICT, who is responsible for the general policy and strategic direction of the Ministry.

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

1.2. Vision:

Kenya as a globally competitive knowledge-based economy

1.3. Mission:

To improve the quality of life of Kenyans by ensuring the availability of accessible, universal, affordable, modern and high quality ICT facilities and services within the Country.

(a) Key Management

The State Department is composed of two major sub-sectors namely;

a) Information and Broadcasting

The information and broadcasting sub-sector is responsible for gathering and dissemination of news and information through radio and television, production and dissemination of features, training of mass media personnel, information marketing, advertising and image building. Through press accreditation, it also regulates the activities of local and foreign journalists to ensure upholding of mass media communication professionalism and ethics.

The information and broadcasting sub-sector is made up of two main departments; The Department of Information and the Department of Public Communications

Specialised activities under the sub-sector are performed by Semi-Autonomous Government Agencies (SAGAs), which include the Kenya Broadcasting Corporation (KBC), the Kenya Yearbook Editorial Board, Kenya Institute of Mass Communications and the Media Council of Kenya.

b) Communications.

The communications sub-sector comprises the telecommunications, ICTs and the postal services. The main departments are; The Department of Telephone services and the Directorate of Communications

Specialised services under this sub-sector are performed by the Communication Authority of Kenya, the National Communications Secretariat, the Communications Multimedia Appeal Tribunal, and the Postal Corporation of Kenya, the Kenya ICT Authority, The East African Marine System (TEAMS) and the proposed Fibre Optic National Network (FONN).

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The ministry also has support sections and units which includes

- Administration
- Human Resource Management
- Human Resource development
- Finance
- Accounts
- Information Technology Services Unit.
- Supply Chain Management
- Central Planning and Project Monitoring Unit
- Legal Unit
- HIV/Aids Control Unit

(b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

S/N	Designation	Name
1.	Cabinet Secretary	Joe Mucheru
2.	Accounting Officer	Sammy Itemere
3.	Director of Administration	Henry Mung'asia
4.	Director of Information	Paul Gwaro Ogaro
5.	Director of Public Communications	Dennis Chebitwey
6.	Director KIMC	Hirram Mucheke
7.	Senior Principal Finance Officer	Sephone Ombachi
8.	Chief Economist	Gabriel Kaunda
9.	Senior Assistant Accountant General	Edith K. Nkanata
10.	HRM Officer I	Juliana Ndundu
11.	Director HRMD	Charles Ahenda
12.	Director SCM	Kelly Onyango

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

(c) Fiduciary Oversight Arrangements

The following Ministerial Committees provided the fiduciary oversight arrangements;

i) Ministerial Budget Implementation Committee

- To review and consider the cash flow plan
- To review the utilization of cash limits
- To review and recommend reallocation of expenditures
- To prepare budget for Ministry in consultation

ii) Ministerial Audit Committee

- Review and approve the internal audit work plan and forward it to PS for funding
- Review the internal and external filing, recommendation and proposed corrective and preventative action where necessary
- Review the systems established to ensure sound public financial management and internal control as we compliance with polices, rule, regulations and procedures

iii) Ministerial Parliamentary Liaison Office

- Coordination between Executive and Legislature
- Follow-up on implementation of Parliament Resolution
- Coordination, compilation, submission of Ministerial Statement

iv) Entity Headquarters

Teleposta Towers

Kenyatta Avenue

P. O. Box 30025

G.P.O 00100

Nairobi, Kenya

Telephone: (254) 4920000/100

E-mail: mailinformation.go.ke

Website: www.Information.go.ke

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

v) Entity Bankers

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

2. Kenya Commercial Bank (Districts Bank Accounts)

vi) Independent Auditors

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP, 00100

Nairobi, Kenya

vii) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P. O. Box 40112

City Square, 00200

Nairobi, Kenya

3

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

II. FORWARD BY THE CABINET SECRETARY

2.0 Introduction

This State Department of Broadcasting and Telecommunications Financial Statements for the Year ending June 30th 2017 focuses on the budget performance and achievements of key programmes and projects that were implemented by the Ministry and its Agencies. The intention is to analyse how the allocated funds were utilized for transparency and accountability as required by the PFM Act. The Report will also be used to inform the Medium Term Budget (MTB) for the 2018/19 to 2020/21 Financial Years.

The State Department of Broadcasting and Telecommunications was established in 2016 to spearhead growth and development in Mass Media and Telecommunications subsectors. The Department adopted four strategic objectives that include; Formulate, review and implement appropriate information and telecommunications policies, legal, regulatory and institutional frameworks; Provide affordable information and communication services; Train, build and strengthen mass media skills and capacity; and Provide news and information services for informed citizenry.

During the 2016/2017 Financial Year, the State Department was allocated KShs 3634.4 million for both Development and Recurrent budget. However, by 30th June 2017 the Department had absorbed KShs 2828.6 million which is 77% of the allocated budget. The variance is attributed to untimely release of exchequer and austeric measures which led to underutilization of allocated funds.

2.1 Analysis of Approved Budget Vs Actual Expenditure KShs. Millions

Table 2.1.1 Analysis of Recurrent Approved Budget Vs Actual Expenditure KShs. Millions			
		Approved Allocation KShs. Millions	Actual Expenditure KShs. Millions
Vote and Vote Details	Economic classification	2016/17	2016/17
Vote 1123	Gross	3,305	2,510
	AIA	220	151
	Net	3,085	2,358
	Compensation to Employees	308	301
	Transfers	814	770

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

	Other Recurrent	2,184	1,439
Table 2.1.2 Analysis of Development Approved Budget Vs Actual Expenditure			
		Approved Allocation KShs. Millions	Actual Expenditure KShs. Millions
Vote and Vote Details	Economic classification	2016/17	2016/17
Vote 1123	Gross	329	319
	GoK	329	319
	Loans	0	0
	Grants	-	-
	Local AIA	-	-

2.2 Key Programmes

The State Department used the funds to implement three major programmes that include;

- i General Administration and Support Services,
- ii Information and Communication Services, and
- iii Mass media skills development.

These programmes comprised of five sub-programmes that include; General administration and support services, News and information services; Kenya Yearbook initiative, Media Regulatory Services and Mass media Skills development.

Table 2.2.1 Programme Expenditure Analysis by Economic Classification

ITEMS	Approved Allocations KShs Millions	Actual Expenditure KShs. Millions
	2016/17	2016/17
Programme 1: General Administration, Planning and Support Services		
Current Expenditure	354	323.2
Compensation of Employees	73	71
Use of Goods and Services	261	237
Grants and Other Transfers	-	-
Other Recurrent	21	16
Capital Expenditure	-	-
Acquisition of non-financial assets	-	-

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

ITEMS	Approved Allocations KShs Millions	Actual Expenditure KShs. Millions
Capital Grants to Government Agencies	-	
Other Development	-	-
<i>Total for programme 1:</i>	<i>354</i>	<i>323</i>
Programme 2: Information and Communication Services		
Current Expenditure	2,744	1,979
Compensation of Employees	236	231
Use of Goods and Services	1,892	1,183
Grants and Other Transfers	606	562
Other Recurrent	10	3
Capital Expenditure	214	214
Acquisition of non-financial assets	10	0
Capital Grants to Government Agencies	204	204
Other Development	-	0
<i>Total for programme 2:</i>	<i>2,958</i>	<i>2,183</i>
Programme 3: Mass Media Skills Development		
Current Expenditure	207	207
Compensation of Employees	-	
Use of Goods and Services	-	
Grants and Other Transfers	207	207
Other Recurrent	-	
Capital Expenditure	115	115
Acquisition of non-financial assets	-	
Capital Grants to Government Agencies	115	115
Other Development	-	-
<i>Total for programme 3</i>	<i>322</i>	<i>322</i>
Total for Ministry/Vote	<i>3,634</i>	<i>2,828.6</i>

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

2.3 Key Achievements

2.3.1 General Administration, Planning and Support Services

During 2016/17 Financial Year, the B&T State Department developed and reviewed several policies and legal frameworks including the National ICT Policy 2015, National Language Policy 2015, The EAC Data Roaming Policy, Restructuring of Kenya Broadcasting Corporation, and Restructuring of Postal Corporation of Kenya among others. The Government Advertising Agency was operationalized with a responsibility of authorizing public sector advertising and implementing sectoral standards, procedures, guidelines and managing consolidated Government advertising funds. The Universal Service Fund Advisory Council was established to manage the fund to support widespread access to ICT services, promote capacity building and innovation in ICT services in the country. The Content Advisory Council was operationalized to administer broadcast content and monitor compliance with broadcasting code and ethics for broadcasters. All these will facilitate growth and development of the B&T subsector.

2.3.2 Information and Communication Services

The State department gathered and disseminated news and information through the Kenya News Agency and KBC for both print and electronic media. The Kenya Yearbook Editorial Board prepared and published various Yearbooks highlighting progress and achievement of implementation of government programmes and vision 2030 projects.

The State department continued to roll out public digital TV broadcast infrastructure project which has achieved 85 % completion rate. The implementation of the KBC migration from Medium Wave to FM radio Transmission is 75% complete as at 30th June 2017. Installations of equipment for Digital TV Transmission for 10 sites in unserved and underserved areas are currently on-going where 5 sites have already been completed. To benefit from digital dividends the state department has invested in 5 Studio Mashinani innovation hubs to tap creative minds and develop them to commercialize their innovations.

The subsector through the media regulatory services was able to resolve most of the reported media disputes. In addition, the subsector monitored media content to conform to set regulatory guidelines, developed Curriculum for middle mass media training colleges and accredited journalists practising in Kenya.

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

2.3.3 Mass Media Skills Development

The State Department also trained over 1000 mass media personnel thereby boosting the national talent pool on mass media skills. The department also implemented the modernization programme under Kenya Institute of Mass Communications where Hostels Phase I and II were completed while the improvement of the Catering Unit is currently ongoing. The analysis of programme expenditure and achievement are as shown in the table below.

2.3.4 Analysis of Programme/Sub Programme Expenditure

Table 2.3.1 Programme and Sub-Programme expenditures		
	Approved 2016/17	Actual 2016/17
Programme 1: General Administration, Planning and Support Services		
S.P 1.1 General Administration, Planning and Support Services		323
	354	
<i>Total for programme 1:</i>	354	323
Programme 2: Information and Communication Services		
S.P 2.1: News And Information Services	2,847	2,076
S.P 2.2: Brand Kenya Initiative	49	49
S.P 2.3: Media Regulatory Services	62	58
<i>Total for programme 2:</i>	2,958	2,193
Programme 3: Mass Media Skills Development		
S.P3.1: Mass Media Skills Development	322	310
<i>Total for programme 3</i>	322	322
Total for Ministry/Vote	3,634	2,829

Table 2.3.2: Analysis of Performance of Capital Projects (Amount in KShs. Millions)

Project Code & project Title	Est. Cost of the project (Financing) KShs. Millions			Timeline		2016/17 KShs. Millions	Completion Stage as at 30th June 2017(%)	Remarks		
	Total Est. Cost of project/Contract Value (a)	Foreign	GoK	Start Date	Expected Completion Date				Approved Foreign Budget	Approved GoK Budget
450 Bed capacity five storey building - KIMC	500	-	500	01-07-2014	30-06-2018	-	50	395	82.0	Hostels Phase I and II complete, Catering Unit and its equipping ongoing
Modernization of KIMC Film	405	-	405	01-07-2015	30-06-2019	-	65	119	29.4	On-going
KBC Analogue to Digital TV Migration	6,000	800	5,200	01-07-2014	30-06-2020		150	4,650	77.5	On-going
KBC Roll out Studio Mashinani	174	-	174	01-07-2016	30-06-2019	-	54	54	31.0	Five Studio Complete and operational
Modernization of KNA national Desk and Press Centre	480	-	480	01-07-2016	30-06-2021	-	10	0	2.1	Funds were Cut
Total	7,559	800	6,759			-	329	5,218	-	-

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

Key Challenges

During the implementation of these programmes the subsector encountered challenges among them litigation cases for Digital Migration, lack of exchequer for committed payments and funding constraints for some state corporations. The Subsector plans to continue with the implementation of the above programmes and sub-programmes during the 2017/18 Financial Year.

In conclusion, it is observed that the subsector has great potential for job and wealth creation with digital broadcasting providing new investment opportunities due to increased demand for broadcast content. The Broadcast Content Policy will ensure 60% of programmes aired in Kenya are locally produced.

RECOMMENDATIONS

In order to sustain growth and development in the sector it is recommended that the government should:

- Continually evaluate the performance of ICT policy and legal frameworks in line with changing technology and emerging issues
- Allocate sufficient resources to implement National ICT infrastructures and Public Mass Media establishments, facilities and equipment's.
- Invest in innovation hubs in unserved and underserved areas to tap creative minds and develop them to commercialize their innovations.

**JOE MUCHERU, EGH
CABINET SECRETARY**

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

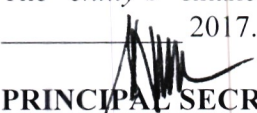
The Accounting Officer in charge of the State Department for Broadcasting and Telecommunications is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

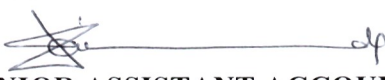
The Accounting Officer in charge of the State Department for Broadcasting and Telecommunications accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2017, and of the entity's financial position as at that date. The Accounting Officer charge of the State Department for Broadcasting and Telecommunications further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The *entity's* financial statements were approved and signed by the Accounting Officer on _____ 2017.


PRINCIPAL SECRETARY
SAMMY ITEMERE (EBS)


SENIOR ASSISTANT ACCOUNTANT GENERAL
EDITH K. NKANATA (MRS)
ICPAK MEMBER NUMBER: 3974

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE MINISTRY OF INFORMATION, COMMUNICATION AND TECHNOLOGY - STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of State Department for Broadcasting and Telecommunications set out on pages 17 to 54, which comprise the statement of assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows, and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the State Department of Broadcasting and Telecommunication as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector accounting Standards (Cash Basis) and comply with Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, based on the procedures performed, I confirm that nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Accounts Receivables - District Suspense and Outstanding Imprest

As disclosed in note 15 to the financial statements, the accounts receivable balance of Kshs.60,107,859 includes a district suspense figure of Kshs.56,970,810 whose nature and purpose has not been explained or accounted for as at the date of this report. Further, the account receivables balance also includes outstanding temporary imprest of Kshs.2,575,971 out of which imprest amounting to Kshs.2,561,471 was due from

Report of the Auditor General on the Financial Statements on the State Department of Broadcasting and Telecommunication for the year ended 30 June 2017

various officers some of which date back to August 2015. This is contrary to Section 93(5) of the Public Finance Management Regulations which requires that a holder of temporary imprest shall account or surrender the imprest within seven (7) working days after returning to the duty station. In the circumstances, it has not been possible to confirm the propriety of accounts receivables balance of Kshs.60,107,859 as at 30 June 2017.

2. Pending bills

Included in the pending bills figure of Kshs.1,123,808,354 under Note 20 to the financial statement are bills totaling Kshs.102,945,386 relating to 2015/2016 financial year which have been carried forward to 2017/2018 financial year instead of being cleared on the release/receipt of the first exchequer. This is contrary to the National Treasury circular Ref. No.DGIPE/A/1/10 dated 18 December, 2015 which states that all disbursements from the exchequer ought to prioritize clearing bills as per National Treasury regulations on budget implementation on pending bills. The State Department did not clear the prior year pending bills in line with the Treasury circular and the pending bills had accumulated over the two years to Kshs.1,123,808,583 as at 30 June 2017. No satisfactory explanations was given as to why the pending bills for prior years were not cleared from the first release of the exchequer. The State Department of Broadcasting and Telecommunication was therefore in breach of the law.

3. Summary of Fixed Assets

A summary of fixed assets under Annex 4 to the financial statements reflects total assets figure of Kshs.374,598,535 as at 30 June 2017. The assets totaling Kshs.374,598,535 could not be verified as no assets register or breakdown for each category of assets was availed for audit review as required by Section 143 of the Public Finance Management Act which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession. Also, under Section 139 of the Public Finance Management Act Accounting officers of a National Government entity are supposed to take full responsibility and ensure that proper control systems exist for assets. The summary of fixed assets is as detailed below:

Summary of Fixed Asset

Asset class	Historical Cost b/f (Kshs) 2016/2017	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land				
Buildings and structures				
Transport equipment	290,218,193.00	14,453,757.20		304,043,193.00
Office equipment, furniture and fittings	32,531,683.00	2,639,135.00		33,519,923.00

Asset class	Historical Cost b/f (Kshs) 2016/2017	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
ICT Equipment, Software and Other ICT Assets	33,732,887.00	716,000.00		36,142,787.00
Other Machinery and Equipment				257,000.00
Heritage and cultural assets				
Intangible assets		306,880.00		488,856.00
Total	356,482,763.00	18,115,772.20		374,598,535.00

In the absence of the fixed assets register, it may not be possible to follow the audit trail of the public resources totaling Kshs.374,598,535 for the year ended 30 June 2017 and the management is in breach of the law.

4. Unresolved Prior Year Matters

4.1 Repetitive Employment and Retention of Casuals

As previously reported and disclosed in Note 8 to the financial statements, the compensation of employees figure of Kshs.434,092,363 includes an amount of Kshs.7,335,791 relating to basic wages of temporary employees. However examination of supporting documents indicate that the Ministry hired and retained the same casual workers in 2015/2016 and earlier years contrary to Section E21 (1) of the laid down labor laws and code of regulations, which states that an Authorized Officer or Principal Secretary will be responsible for approving of the hiring of casual workers after ascertaining there is need to hire them and that funds are available within their budgetary provision. Further, Section E23(2) of the code of regulations states that the casual workers should be hired on piece/time rated jobs and should be paid in accordance with minimum wage guidelines issued by the Government from time to time.

In addition, the Ministry did not maintain a muster roll or a register to record attendance of the casual workers and therefore it was not possible to ascertain whether those who were paid did the jobs they were assigned.

Further, available information indicates that the casuals were assigned with Integrated Financial Management Information Systems (IFMIS) numbers and paid through the G-Pay system. It is not clear and management has not explained the circumstances under which casuals were given IFMIS numbers and under which authority this was done.

In the circumstances, it has not been possible to confirm the propriety of expenditure totaling Kshs.7,335,790 for the year ended 30 June 2017.

4.2 Partitioning and Refurbishment work on 9th and 11th floors Teleposta Towers

As previously reported, the Ministry through restricted tendering awarded a tender for partitioning and refurbishment of 9th and 10th floors of Teleposta Towers to the lowest bidder at a contract sum of Kshs.12,720,769. The tender was however awarded contrary to section 29(3) of the Public Procurement and Disposal Act 2005 on use of restricted tendering which requires the entity to:-

- i. Obtain written approval of its tender committee and
- ii. Record in writing the reasons for using the alternative procurement procedure.

Further, Section 73(2) of the Public procurement and Disposal Act 2005 provides that a procurement entity may use restricted tendering if the following conditions are satisfied:-

- Competition for contract, because of the complex or specialized nature of the goods, works or services is limited to prequalified contractors;
- The time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured; and
- There is only a few known suppliers of the goods, works or services as may be prescribed in the regulation.

In addition, the contract price was varied by Kshs.2,819,786 representing 22.16% of the contract sum which is over 15% allowable by the procurement laws. Further, the contract duration was varied from sixteen (16) weeks to twenty two (22) weeks with completion date being 13 August 2015. However, available information indicate that the project was completed and handed over on 7 January 2017 seventy seven (77) weeks later. This was done in breach of Section 31 of the Public Procurement and Disposal Regulations 2006 which provides that for the purposes of Section 47(b) of the Act, any variation of a contract shall be effective only if the price or quantity variation is to be executed within the period of the contract.

Perusal of the Bill of quantities indicated that the following was included of which no documentary evidence was provided for audit verification to show how the amounts were spent:-

	<u>Kshs</u>
Provide for project management expenses	200,000
Provide for contingencies	500,000
Preliminary expenses	<u>400,000</u>
TOTAL	<u>1,100,000</u>

The Ministry was therefore in breach of the public procurement law and regulations thereby casting doubts as to whether the citizens obtained value for money.

4.3 Tender for Renovation and Refurbishment Works on the Ministry's Stand-Nairobi Show Ground

As previously reported, the Ministry through restricted tendering awarded the tender to renovate and refurbish its stand at the Nairobi show ground to the lowest bidder at a cost of Kshs.5,472,730. The tender was however awarded contrary to Section 29(3) of the Public Procurement and Disposal Act 2005 on use of restricted tendering which requires the entity to:-

- i. Obtain the written approval of its tender committee and
- ii. Record in writing the reasons for using the alternative procurement procedure.

Further, Section 73(2) of the Public procurement and Disposal Act 2005 provide that a procurement entity may use restricted tendering if the following conditions are satisfied:-

Competition for contract, because of the complex or specialized nature of the goods, works or services is limited to prequalified contractors; the time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured and that there is only a few known suppliers of the goods, works or services as may be prescribed in the regulations.

In addition, examination of the bill of quantities indicates that the following items were included in the bill of quantities but no supporting documents were provided for audit verification;

	<u>Kshs</u>
Project management stationery and expenses	250,000
Allow for contractor's profits and overheads 10%	25,000
Insurance for employees'	50,000
Allow for electrical works	500,000
Allow for drainage and Mechanical works	800,000
Allow for landscaping	500,000
Allow for contingencies	<u>300,000</u>
TOTAL	<u>2,425,000</u>

Although the contract was to be for a duration of six (6) weeks, no minutes were availed for audit to show the date when the contractor took possession of the site, the commencement and completion dates and whether site inspections were being carried.

In the circumstances, it has not been possible to ascertain if the work was completed within the contract period and the propriety of expenditure totaling Kshs.5,472,730 for the year ended 30 June 2016 could not be confirmed as at the date of this report.

4.4 Tender for Tilling Works to the Department of Information at Uchumi House

As previously reported, the Ministry through restricted tendering awarded a contract for tilling works at the Department of Information at Uchumi House 5th floor to the lowest bidder at a cost of Kshs.4,850,204. The contract was however awarded contrary to Section 29 (3) of the Public Procurement and Disposal Act 2005 on use of restricted tendering which requires the entity to:-

- i. Obtain written approval of its tender committee and
- ii. Record in writing the reasons for using the alternative procurement procedure.

Further, Section 73(2) of the Public Procurement and Disposal Act 2005 provides that a procurement entity may use restricted tendering if the following conditions are satisfied:-

Competition for contract, because of the complex or specialized nature of the goods, works or services is limited to prequalified contractors; the time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured, and if there is only a few known suppliers of the goods, works or services as may be prescribed in the regulation.

In view of the above, the Ministry was in breach of the law and it is doubtful if the stakeholders got value for their resources.

4.5 Legal fees

As previously reported, information available at the Ministry indicated that on 18 September 2006 the Government of Kenya was sued in the High Court of Justice (Queens Bench Division) England on Anglo leasing related contracts. The Ministry of Information, Communications and Technology with the authority of the Attorney General single sourced and appointed a law firm to represent the Ministry in the High Court of Justice (Queens Bench Division London). The appointment of the Law firm was done on the understanding that the Ministry would be responsible for ensuring that reasonable professional fees were agreed upon, taxed and paid. The Ministry deposited Kshs.4,000,000 in the Advocates account in respect of legal fees. Thereafter the Legal firm with the authority of the Ministry engaged the services of another Law firm in England for the purpose of defending the Government of Kenya. Documents available indicate that the Kenyan Law firm filed a bill of costs before the Commercial Court at Mililani on 22 December 2009 against the Attorney General on behalf of the Ministry of Information, Communications and Technology. The Ministry filed its submission on 14 November 2011 opposing the said bill of costs. The matter was heard and a ruling delivered on 13 February 2013 dismissing the bill of costs and awarded the applicant the Kenyan Law firm Kshs.4,000,000 that was earlier deposited in their account as sufficient for the advisory work done for the Ministry on Anglo Leasing related contracts.

The law firm which was aggrieved by the Commercial Court's decision, filed an appeal in the High Court on 7 March 2013 and judgement was made on 31 October 2013

stating that the award of the Commercial Court of Kshs.4,000,000 was inordinately low and subsequently awarded the law firm Kshs.25,000,000 as reasonable instructions fees for the legal services rendered by the Kenyan Law Firm. Although the Ministry paid Kshs.25,000,000 to the Attorney General for onward transmission to the Law firm, no evidence of any contractual agreement between the Ministry and the law firm was availed for audit review. In the absence of the contractual agreement, it has not been possible to establish how the fees of Kshs.25,000,000 was arrived at. In the circumstance, the propriety of expenditure of Kshs.25,000,000 paid to the law firm could not be ascertained to date.

4.6 Transfers to Other Government Units

4.6.1 Transfer of Grants to Kenya Yearbook Editorial Board

As previously reported, examination of available records in the Ministry indicates that a total of Kshs.83,198,400 was paid to Kenya Yearbook Editorial Board as grants for the financial year ended 30 June 2015. However examination of payment vouchers indicates that additional amount of Kshs.34,800,000 was paid as assistance to undertake various activities by the Kenya Yearbook Editorial Board vide payment vouchers No 419 and 501 for Kshs.27,000,000 and Kshs.7,800,000 respectively. The payments were done contrary to the Public Finance Management Regulations 2015 Section 71 (5) which provide that a National government entity is not allowed to give another National government entity cash donations to augment the budgetary resources of a designated department.

In addition, funds appropriated and approved for specific programs by the Ministry of Information, Communications and Technology were paid to Kenya Yearbook Editorial Board contrary to Sections 54 of the Public Finance Management Regulation 2015 which states that except as provided for in the Act and these Regulations, an accounting officer of an entity may not authorize payment to be made out of funds earmarked for specific activities for the purpose other than those activities. Further, review of records at the Kenya Year Book Editorial Board indicates that the funds were not in the approved budget for the year ended 30 June, 2015 and the procurement plan for the year did not include the goods and services procured.

The Ministry was therefore in breach of the law and no satisfactory explanations have been provided on how the amount of Kshs.34,800,000 was utilized as at the date of this report.

4.6.2 Unclear Transfer of Grants to Ministry Departments

As previously reported, the statement of receipts and payments for the year ended 30 June 2015 reflects Kshs.2,435,625,509 under grants and transfers to other Government Units. Included in the figure of Kshs.2,435,625,509 are grants totaling Kshs.110,000,000 transferred to two (2) Ministry Departments - Government Advertising Agency (GAA) Kshs.83,000,000 and Kenya Institute of Mass Communication (KIMC) Kshs.27,000,000 without budgetary provisions and approval contrary to Section 31 (1) of the Public Finance Management Regulations 2015 which

states that the accounting officer shall ensure that the draft estimates relating to her/his department are prepared in conformity with the Constitution and the Public Finance Management Act, 2012 and its Regulations. It was however observed that the two (2) Departments; Government Advertising Agency and Kenya Institute of Mass Communications were still Departments operating under the Ministry of Information, Communications and Technology and therefore do not qualify for grants.

It is not clear and the Ministry has not explained the circumstances under which Kshs.110,000,000 was transferred to its two (2) internal departments and how the monies were utilized. In the circumstances, it has not been possible to confirm the propriety, regularity and validity of Kshs.110,000,000 transferred to the two (2) Ministry's internal departments .

4.7 Acquisition of Assets

4.7.1 Un-authorized Expenditure on Purchase of Motor Vehicles

As previously reported, records available at the Ministry indicates that a total of Kshs.104,335,548 was spent on Purchase of Motor vehicles during the year under review against a budgetary provision of Kshs.91,200,000 resulting in unauthorized over expenditure of Kshs.13,135,548. The Ministry through letter ref. No. RES112/14/01/28 dated 23 January 2015 obtained authority from the Principal Secretary, National Treasury for purchase of 12 four wheel drive vehicles at a total cost of Kshs.70,695,190 to be distributed as follows:-

- i) 4 (four) vehicles to National Optic Fiber backbone Infrastructure (NOFBI),
- ii) 4 (four) for county connectivity project and
- iii) 4 (four) for Kenya Transparency Communication Infrastructure Project (KTCIP).

However, the Ministry disregarded the National Treasury authority to purchase twelve (12) vehicles and instead without authority procured twenty three (23) vehicles at a total cost of Kshs.104,335,548 resulting into an additional and unapproved expenditure of Kshs.13,135,548, as at 30 June 2015.

Further a review of the matter during the year under review revealed that the State Department of Broadcasting and Telecommunication procured a Toyota Prado motor vehicle valued at Kshs.13,825,000.00 through unclear procurement procedures. There was no contract agreement between Toyota Kenya and the State Department of Broadcasting and Telecommunication. However, the State Department relied on a contract between the seller and the Ministry of Transport, Infrastructure, Housing and Urban Development Contract number SB/012/2017 to procure the motor vehicle in total disregard of the Public Procurement and Asset Disposal Act Section 56(1) which provides that a State organ or public entity may seek in writing to use another State organ's, public entity's or regulated professionals body's registration list of all registered persons in the category provided that the list is valid and developed

competitively. In the circumstances, the state department was in breach of the law and the propriety of the over expenditure totaling Kshs.13,135,548 in the year 2016 and current year's expenditure of Kshs.13,825,000.00 on purchase of motor vehicles has not been ascertained as the date of this report

4.7.2 Agency and Disbursement Fees to Huawei Technologies Ltd

As reported in the previous year, examination of payment vouchers revealed that the Ministry paid Kshs.28,218,313 to Huawei Technologies Ltd in 2014/2015 financial year in respect of agency fees. A review of the matter during the year 2015/2016 revealed that the Ministry made a further payment of Kshs.6,716,103 to the firm all totaling Kshs.34,934,416 as at 30 June 2016. Although Huawei Tech. (K) Ltd were contracted to provide project management services on behalf of the Government of the Republic of Kenya through the Ministry Contract No. 00Y404131300200 of 7 July 2010, no documentary evidence was availed to show how the firm was identified and awarded the contract and how the contract price was arrived at. Scrutiny of Ministry records also indicates that the goods were cleared on 28 December 2013, while reimbursement and claim documents were presented in March 2015.

No explanation has been provided as to why the documents took over a year before the same were lodged with the Ministry for payment. Further, no documentary evidence indicating that the goods and services were verified and inspected by an independent inspection team was availed for audit review.

In the circumstances, it has not been possible to confirm the propriety of expenditure totaling Kshs.34,934,416 as at the date of this report.

4.8 Kenya Institute of Mass Communications (KIMC)

4.8.1 Construction of Men's Hostel at KIMC

As previously reported, examination of the Ministry records indicates that a Contract No. D32/01/2012-2013 for the proposed erection and completion of Men's hostels at the Kenya Institute of Mass Communication was awarded to a Construction Company at a contract sum of Kshs.188,858,602. However, scrutiny of the contract documents revealed that the contractor did not provide the following goods and services which were included in the bill of quantities:

	<u>Kshs.</u>
1. 2 No. Laptop Computers-Toshiba or other Equal and approved	250,000
2. Project Management expenses:	
-Technical training of the MoPW	206,000
-Project management expenses	1,030,000
-Clerk of works allowances	154,500
-Airtime KES.5000×1person×6×12months	370,800
3. Performance bond	1,000,000
4. Provision of site office for project manager	500,000
TOTAL	<u>Kshs. 3,511,300</u>

Further, it was noted that although the Contractor was required to provide a performance bond of 5% of the contract sum or Kshs.1,000,000, the amount was irregularly provided for in the bill of Quantities and charged to the Ministry contrary to the contract agreement. No satisfactory explanation has been provided as to why the contractor failed to provide for the performance bond as required and it is doubtful if public resources totaling Kshs.4,511,300 may not have gone into waste.

4.8.2 Failure to Deduct Withholding Tax on Payments to Contractor

As previously reported, examination of Ministry records revealed that the Ministry failed to deduct and remit to Kenya Revenue Authority withholding tax totaling Kshs.5,665,758 upon payment to the contractor contrary to the Income Tax Act CAP 470 Section 35 (3) (f) which provides for deduction of withholding tax from resident Companies at the rate of 3% of the contract fees. No satisfactory explanation has been provided for the above anomaly and the Ministry was therefore in breach of Income Tax Laws.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department of Broadcasting and Telecommunication in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1.0 Budgetary Controls and Performance

The State Department of Broadcasting and Telecommunication had a total budget of Kshs.3,634,431,277 voted for the financial year 2016/2017 comprising of Kshs.3,305,431,277 for Recurrent Vote and Kshs.329,000,000 for Development Vote respectively. The budget absorption in the Ministry was as follows:

	Budgeted Allocation 2016/2017	Actual Expenditure 2016/2017	Under Absorption	Absorption in %
	Kshs.	Kshs.	Kshs.	
Recurrent	3,305,431,277	2,505,045,290	800,385,987	75%

Development	329,000,000	319,000,000	10,000,000	97%
TOTAL	3,634,431,277	2,824,045,290	810,385,987	

No explanation has been provided why the Ministry did not fully utilize the budget allocation as at June 30 June 2017. This is an indication of lack of adequate planning in the budget making process to prioritize goods and services for efficient and effective delivery to citizens.

1.2 Recurrent Vote

The budget performance analysis for recurrent budget totaling Kshs.3,305,431,277 is as detailed below:

RECURRENT VOTE				
Revenue/Expense Item	Final Budget	Actual expenditure	Budget Utilisation Difference	% utilization
	Kshs	Kshs	Kshs	
RECEIPTS				
Tax Receipts	4,000,000	4,000,000	-	100%
Exchequer releases	3,085,431,277	2,365,300,000	-720,131,277	77%
Proceeds from Sale of Assets	204,000,000	120,036,736	-83,963,264	59%
Administrative Fees and Charges	12,000,000	11,983,500	16,500	99.86%
Other Receipts	-	19,142,000	-19,142,000	0%
Total Receipts	3,305,431,277	2,520,462,236	-784,969,041	76%
PAYMENTS				
Compensation of Employees	347,384,812	340,092,220	(7,292,592)	98%
Use of goods and services	2,113,857,737	1,372,186,819	(741,670,918)	65%
Transfers to Other Government Units	813,600,000	773,583,500	(40,016,500)	95%
Other grants and transfers	1,225,000	1,066,979	(158,021)	87%
Acquisition of Assets	29,363,728	18,115,772	(11,247,956)	61%
Grand Total	3,305,431,277	2,505,045,290	800,385,987	75%

The management has explained that under- utilization of exchequer arose from delays and frequent interruptions of the IFMS system particularly in the month of June which slowed down processing of payments and as a result request for exchequer to fund expenditure were not received on time. Under collection of AIA by Government Advertising Agency arose due to non-collection by the Agency. In addition, records availed for audit review indicate that Kshs.2,113,857,737 under Recurrent Vote was for use of goods and services. However, as at the end of the financial year under

review only Kshs.1,372,186,819 had been spent representing 65% absorption. It is not clear why the Ministry did not spend Kshs.741,670,918 allocated for goods and services. Further, it was also noted that Kshs.813,600,000 and Kshs.29,363,728 were allocated under transfer to other Government units and acquisition of assets respectively out of which Kshs.773,583,500 and Kshs.18,115,772 equivalent to 95% and 61% respectively had been spent as at 30 June 2017. The under absorption of the approved budget is an indication of activities not implemented by the Ministry which implies non delivery of planned goods and services to the Kenyan citizens for the year ended 30 June 2017.

1.3 Development vote

The State Department of Broadcasting and Telecommunication had a budget allocation of Kshs.329,000,000 under the Development Vote for the year 2016/2017. However ,as at 30 June 2017 ,only Kshs.319,000,000 had been spent representing 97% of the budget allocation as shown below;

Receipt/Expense Item	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	c=a+b	d	e=c-d	f=d/c %
RECEIPTS				
Exchequer releases	329,000,000	319,000,000	(10,000,000)	97%
Other Receipts				
	329,000,000	319,000,000	(10,000,000)	97%
PAYMENTS				
Use of goods and services	10,000,000	-	(10,000,000)	0%
Transfers to Other Government Units	319,000,000	319,000,000		100%
Other Payments				
Totals	329,000,000	319,000,000	(10,000,000)	97%

The under absorption of the development budget is an indication that planned development activities were not fully realized thereby affecting delivery of goods and services to the citizens.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Ministry's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting, unless the management either intends to have the State Department or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Department's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. 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 revenue statements.

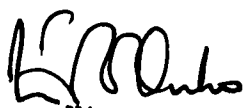
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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

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

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



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

18 April 2018

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017 Kshs	2015-2016 Kshs
RECEIPTS			
Tax Receipts	2	4,000,000	4,000,000
Exchequer releases	3	2,684,300,000	14,209,816,426
Proceeds from Foreign Borrowings	4	0	1,793,075,323
Proceeds from Sale of Assets	5	120,036,736	83,982,886
Administrative Fees and Charges	6	11,983,500	12,000,000
Other Receipts	7	19,142,000	56,125,284
TOTAL RECEIPTS		2,839,462,236	16,158,999,919
PAYMENTS			
Compensation of Employees	8	340,092,220	434,092,363
Use of goods and services	9	1,372,186,819	2,201,242,175
Transfers to Other Government Units	10	1,092,583,500	2,984,032,640
Other grants and transfers	11	1,066,979	50,000
Social Security Benefits	12	0	16,500,000
Acquisition of Assets	13	18,115,772	10,386,860,739
TOTAL PAYMENTS		2,824,045,290	16,022,777,917
SURPLUS/DEFICIT		15,416,946	136,222,002

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2017 and signed by:


SAMMY ITEMERE (EBS)
PRINCIPAL SECRETARY


EDITH K. NKANATA (MRS)
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3974

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

VI. STATEMENT OF ASSETS AND LIABILITIES AS AT 30th JUNE 2017

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	14.1	47,159,622	140,431,930
Cash Balances	14.2	539,295	64,485
Total Cash and cash equivalent		<u>47,698,917</u>	<u>140,496,415</u>
Accounts receivables – Outstanding Imprests	15	60,107,859	52,172,575
TOTAL FINANCIAL ASSETS		<u>107,806,776</u>	<u>192,668,990</u>
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	16	42,154,220	53,896,852
NET FINANCIAL ASSETS		65,652,556	138,772,138
REPRESENTED BY			
Fund balance b/fwd	17	138,772,138	2,550,136
Prior year adjustment	18	(88,536,528)	
Surplus/Deficit for the year		15,416,946	136,222,002
NET FINANCIAL POSSITION		<u>65,652,556</u>	<u>138,772,138</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2017 and signed by:


SAMMY ITEMERE (EBS)
PRINCIPAL SECRETARY

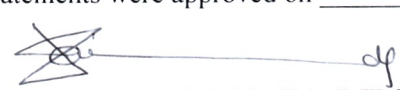

EDITH K. NKANATA (MRS)
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3974

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
STATEMENT OF CASH FLOWS**

		2016-2017 Kshs	2015-2016 Kshs
Receipts for operating income			
Tax Revenues	2	4,000,000	4,000,000
Exchequer Releases	3	2,684,300,000	14,209,816,426
Administrative Fees and Charges	6	11,983,500	12,000,000
Other Revenues	7	19,142,000	56,125,284
		2,719,425,500	14,281,941,710
Payments for operating expenses			
Compensation of Employees	8	340,092,220	(434,092,363)
Use of goods and services	9	1,372,186,819	(2,201,242,175)
Transfers to Other Government Units	10	1,092,583,500	(2,984,032,640)
Other grants and transfers	11	1,066,979	(50,000)
Social Security Benefits	12	0	(16,500,000)
		2,805,929,518	(5,635,917,178)
Adjusted for:			
Changes in receivables		(7,935,284)	(50,859,914)
Changes in Payables		(11,742,632)	43,379,497
Adjustments during the year	18	(88,536,528)	9,204,694
Net cash flow from operating activities		(108,214,444)	8,647,748,809
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	5	120,036,736	83,982,886
Acquisition of Assets	13	(18,115,772)	(10,386,860,739)
Net cash flows from Investing Activities		101,920,964	(10,302,877,853)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	4	0	1,793,075,323
Net cash flow from financing activities		0	1,793,075,323
NET INCREASE IN CASH AND CASH EQUIVALENT		(92,797,498)	137,946,279
Cash and cash equivalent at BEGINNING of the year	17	140,496,415	2,550,136
Cash and cash equivalent at END of the year	14	47,698,917	140,496,415

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2017 and signed by:


SAMMY ITEMERE (EBS)
PRINCIPAL SECRETARY


EDITH K. NKANATA (MRS)
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3974

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Tax Receipts(AIA)	4,000,000	-	4,000,000	4,000,000	0	100%
Exchequer releases	2,528,126,830	886,304,447	3,414,431,277	2,684,300,000	(730,131,277)	79%
Proceeds from Sale of Assets (AIA)	164,000,000	40,000,000	204,000,000	120,036,736	(83,963,264)	59%
Administrative Fees and Charges(AIA)	12,000,000	-	12,000,000	11,983,500	(16,500)	100%
Other Receipts	-	-	-	19,142,000	19,142,000	
TOTAL RECEIPTS	2,708,126,830	926,304,447	3,634,431,277	2,839,462,236	(794,969,041)	78%
PAYMENTS						
Compensation of Employees	337,785,410	9,599,402	347,384,812	340,092,220	(7,292,592)	98%
Use of goods and services	990,058,872	1,133,798,865	2,123,857,737	1,372,186,819	(777,540,146)	63%
Transfers to Other Government Units	1,357,600,000	(225,000,000)	1,132,600,000	1,092,583,500	(40,016,500)	96%
Other grants and transfers	1,225,000	-	1,225,000	1,066,979	(158,021)	87%
Acquisition of Assets	21,457,548	7,906,180	29,363,728	18,115,772	(11,394,732)	61%
Other Payments	-	-	0	0	(0)	
Total Payments	2,708,126,830	926,304,447	3,634,431,277	2,824,045,290	(836,401,991)	77%
Surplus/ Deficit				15,416,946		

Under/Overutilization

- i. Underutilization of exchequer arose from delays and frequent interruptions of the IFMIS system particularly in the month of June which slowed down processing of payments and as a consequence request for exchequer to fund expenditure.
- ii. Under collection of AIA by the Government Advertising Agency arose due to non-collection by the Government Advertising Department.

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

- iii. Under expenditure of Use of Goods and Services and Acquisition of Assets was due late uploading of the supplementary 2 budget which only became available in IFMIS from the 28th of June 2017, giving us only 3 days to transact with the new budget. In addition to that there frequent interruptions of the IFMIS system which did not allow us to process many of the transactions presented to us in good time.

(Changes between the original and final budget are as a result of budget allocation increments particularly in use of goods and services, compensation of employees and acquisition of assets)

The entity financial statements were approved on _____ 2017 and signed by:



**SAMMY ITEMERE (EBS)
PRINCIPAL SECRETARY**



**EDITH K. NKANATA (MRS)
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3974**

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Tax Receipts(AIA)	4,000,000	-	4,000,000	4,000,000	0	100%
Exchequer releases	1,870,126,830	1,215,304,447	3,085,431,277	2,365,300,000	(720,131,277)	77%
Proceeds from Sale of Assets (AIA)	164,000,000	40,000,000	204,000,000	120,036,736	(83,963,264)	59%
Administrative Fees(AIA)	12,000,000	-	12,000,000	11,983,500	(16,500)	100%
Other Receipts	-	-	-	19,142,000	19,142,000	0%
	2,050,126,830	1,255,304,447	3,305,431,277	2,520,462,236	(784,969,041)	76%
PAYMENTS						
Compensation of Employees	337,785,410	9,599,402	347,384,812	340,092,220	(7,292,592)	98%
Use of goods and services	916,058,872	1,197,798,865	2,113,857,737	1,372,186,819	(741,670,918)	64%
Transfers to Other Government Units	773,600,000	40,000,000	813,600,000	773,583,500	(40,016,500)	95%
Other grants and transfers	1,225,000	-	1,225,000	1,066,979	(158,021)	87%
Acquisition of Assets	21,457,548	7,906,180	29,363,728	18,115,772	(11,247,956)	61%
Other Payments				0	(0)	
Totals	2,050,126,830	1,255,304,447	3,305,431,277	2,505,043,290	(800,385,987)	75%
Surplus/Deficit				15,416,946		

Notes

(a) Under/Overutilization

- i. Underutilization of exchequer arose from delays and frequent interruptions of the IFMIS system particularly in the month of June which slowed down processing of payments and as a consequence request for exchequer to fund expenditure.
- ii. Under collection of AIA by the Government Advertising Agency arose due to non-collection by the Government Advertising Department.

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

- iii. Under expenditure of Use of Goods and Services and Acquisition of Assets was due late uploading of the supplementary 2 budget which only became available in IFMIS from the 28th of June 2017, giving us only 3 days to transact with the new budget. In addition to that there were frequent interruptions of the IFMIS system over the whole month of June which did not allow us to process many of the transactions presented to us in good time.

(Changes between the original and final budget are as a result of budget allocation increments particularly in use of goods and services, compensation of employees and acquisition of assets)

The entity financial statements were approved on _____ 2017 and signed by:



**SAMMY ITEMERE (EBS)
PRINCIPAL SECRETARY**



**EDITH K. NKANATA (MRS)
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3974**

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
IX. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	658,000,000	(329,000,000)	329,000,000	319,000,000	(10,000,000)	97%
Other Receipts						
	658,000,000	(329,000,000)	329,000,000	319,000,000	(10,000,000)	97%
PAYMENTS						
Use of goods and services	74,000,000	(64,000,000)	10,000,000	-	(10,000,000)	0%
Transfers to Other Government Units	584,000,000	(265,000,000)	319,000,000	319,000,000		100%
Other Payments						
Totals	658,000,000	(329,000,000)	329,000,000	319,000,000	(10,000,000)	97%
Surplus/Deficit				0		

(a) Changes between Original and Final budget were due to reductions in disbursements to SAGAs by supplementary budget. Use of goods and services was underutilised due to frequent interruptions in access to IFMIS over the last few weeks which prevented us from accessing the procure to pay module to make payments in time.

The entity financial statements were approved on _____ 2017 and signed by:


**SAMMY ITEMERE (EBS)
PRINCIPAL SECRETARY**


**EDITH K. NKANATA (MRS)
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3974**

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	As at 30 th June 2017		As at 30 th June 2017	As at 30 th June 2017	
	Kshs	Kshs	Kshs	Kshs	Kshs
General Administration Planning and Support Services	367,856,207	(13,972,801)	353,883,406	323,289,859	(19,276,606)
0207010000 General Administration, Planning and Support Services	367,856,207	(13,972,801)	353,883,406	323,289,859	(19,276,606)
Information and Communication Services	1,902,820,623	1,055,277,248	2,958,097,871	2,180,500,190	(817,108,885)
0208010000 News and Information Services	1,791,670,623	1,055,277,248	2,846,947,871	2,069,350,190	(817,108,885)
0208020000 Brand Kenya Initiative	49,150,000	-	49,150,000	49,150,000	0
0208030000 ICT and Media Regulatory Services	62,000,000	-	62,000,000	62,000,000	0
Mass Media Skills Development	437,450,000	(115,000,000)	322,450,000	322,433,500	(16,500)
020901 Mass Media Skills Development	437,450,000	(115,000,000)	322,450,000	322,433,500	(16,500)
TOTALS	2,708,126,830	926,304,447	3,634,431,277	2,826,221,549	(836,401,991)

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based.)

3

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

X. NOTES TO THE FINANCIAL STATEMENTS.

1 SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

i. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The receivables and payables are disclosed in the Statement of Assets and Liabilities. The Statement of Assets and Liabilities is not mandatory statement under the IPSAS Cash basis but is encouraged in order to disclose information on assets and liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

ii. Reporting entity

The financial statements are for the State Department for Broadcasting and Telecommunications. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

iii. Recognition of receipts and payments

a) Recognition of Receipts

The Entity recognizes all receipts from the various sources when the event occurs and the related cash has actually been received by the entity.

Transfers from the Exchequer

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

b) Recognition of payments

The entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of disclosure. This summary is disclosed as an annexure to the entity's financial statements.

a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2017, this amounted to Kshs 42,154,220.05 compared to Kshs 53,896,852 in prior period as indicated on note 15.

There were no other restrictions on cash during the year

b) Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

2 TAX REVENUES

	2016-2017	2015-2016
	Kshs	Kshs
Taxes on Goods and Services	4,000,000	4,000,000
Total	4,000,000	4,000,000

These are collections by Media Council as AIA for issue of licenses under the Communications Act.

3 EXCHEQUER RELEASES

Description	2016-2017	2015-2016
	Kshs	Kshs
Total Exchequer Releases for quarter 1	614,100,000	1,995,599,490
Total Exchequer Releases for quarter 2	427,400,000	982,000,000
Total Exchequer Releases for quarter 3	471,500,000	1,849,443,353
Total Exchequer Releases for quarter 4	1,171,300,000	9,382,773,583
Total	2,684,300,000	14,209,816,426

The total Budgeted expenditure for the ministry was 3,634,431,277, only 2,684,300,000 was actually received, this was due to the late uploading of the second supplementary a net increase of 892 million, which was only made available for expenditure from the 28th of June 2017, leaving only 2 days (insufficient time) within which to spend the money and request for exchequer against it.

4 PROCEEDS FROM FOREIGN BORROWINGS

	2016-2017	2015-2016
	Kshs	Kshs
Foreign Borrowing - Direct Payments	-	1,793,075,323
Total	-	1,793,075,323

These borrowings were World Bank direct funding for NOFBI project which has now been taken over by the State Department for ICT.

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
5 PROCEEDS FROM SALE OF ASSETS

	2016-2017	2015-2016
	Kshs	Kshs
Receipts from the Sale of Inventories, Stocks and Commodities	80,000,000	80,000,000
Disposal and Sales of Non-Produced Assets	40,036,736	3,982,886
Total	120,036,736	83,982,886

6 ADMINISTRATIVE FEES AND CHARGES

	2016-2017	2015-2016
	Kshs	Kshs
Administrative Fees and Charges	11,983,500	12,000,000
Total	11,983,500	12,000,000

7 OTHER REVENUES

	2016-2017	2015-2016
	Kshs	Kshs
Transfers from Communications Authority of Kenya	-	40,000,000
Recovery From Media Council of Kenya	-	4,000,000
Transfers from ICT Authority	-	10,000,000
Other Receipts Not Classified Elsewhere	19,142,500	2,125,284
Total	19,142,500	56,125,284

The receipts not classified elsewhere are made up of miscellaneous receipts which are neither classified as revenue nor as AIA, they were given to the Ministry for onward transmission to other entities.

8 COMPENSATION OF EMPLOYEES

	2016-2017	2015-2016
	Kshs	Kshs
Basic salaries of permanent employees	205,810,763	273,642,970
Basic wages of temporary employees	3,746,906	7,335,791
Personal allowances paid as part of salary	130,534,551	126,175,620
Other Allowances	-	26,937,982
Total	340,092,220	434,092,363

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 USE OF GOODS AND SERVICES

	2016-2017	2015-2016
	Kshs	Kshs
Utilities, supplies and services	15,738,944	7,269,593
Communication, supplies and services	30,004,418	45,181,039
Domestic travel and subsistence	37,368,699	67,775,004
Foreign travel and subsistence	13,146,801	31,661,862
Printing, advertising and information supplies & services	1,013,582,099	307,905,143
Rentals of produced assets	67,709,447	98,902,653
Training expenses	10,928,491	179,662,000
Hospitality supplies and services	24,089,171	74,529,708
Specialized materials and services	16,351,025	22,501,504
Office and general supplies and services	14,114,394	17,698,840
Fuel, oil and Lubricants	14,645,285	21,571,425
Other operating expenses	105,775,433	1,258,094,106
Routine maintenance – vehicles and other transport equipment	6,037,171	17,746,541
Routine maintenance – other assets	2,695,441	50,742,757
Total	1,372,186,819	2,201,242,175

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2016-2017	2015-2016
	Kshs	Kshs
Transfers to National Government entities (SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)	1,092,583,500	2,984,032,640
See attached list		
TOTAL	1,092,583,00	2,984,032,640

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

Description	Recurrent	Development	Total	2015-2016
	Kshs	Kshs	Kshs	Kshs
Transfers to SAGAs				
Government Advertising Agency	-	-	-	78,569,971
ICT Authority	-	-	-	595,860,683
Kenya Broadcasting Corporation	375,000,000	204,000,000	579,000,000	891,996,786
Kenya Institute of Mass Communication	207,433,500	115,000,000	322,433,500	321,950,000
Kenya Yearbook Editorial Board	49,150,000	-	49,150,000	48,398,400
Konza Techno polis Development Authority	-	-	-	900,572,680
Media Council Of Kenya	62,000,000	-	62,000,000	67,484,120
National Communications Secretariat	80,000,000	-	80,000,000	80,000,000
TOTAL	773,583,500	319,000,000	1,092,583,500	2,984,832,640

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statements

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 OTHER GRANTS AND TRANSFERS

Explanation	2016-2017	2015-2016
	Kshs	Kshs
Membership dues and subscriptions to international organizations	1,066,979	50,000
Total	1,066,979	50,000

These were payments made for subscriptions to ICPAK for Accountants, African Human Resource Captains Company limited for HR officers and Media Council of Kenya for accreditation of Information Officers and LSK for lawyers, and Public relations Society for Communications Officers.

12 SOCIAL SECURITY BENEFITS

Explanation	2016-2017	2015-2016
	Kshs	Kshs
Government pension and retirement benefits	-	16,500,000
Total	-	16,500,000

The social security benefits disbursed in 2015/16 related to gratuity paid to Media council (1,500,000) and ICT authority (15,000,000)

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 ACQUISITION OF ASSETS

Non Financial Assets	2016-2017	2015-2016
	Kshs	Kshs
Overhaul and Refurbishment of Construction and Civil Works	306,880	-
Construction and Civil Works	-	1,513,000
Purchase of Vehicles and Other Transport Equipment	13,825,000	209,735,950
Overhaul of Vehicles and Other Transport Equipment	628,757.20	424,802
Purchase of Household Furniture and Institutional Equipment	83,995	368,120
Purchase of Office Furniture and General Equipment	2,555,140	28,959,879
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	716,000	5,334,399,722
Research, Studies, Project Preparation, Design & Supervision	-	2,665,191,521
Financial Assets	-	-
Domestic Public Non-Financial Enterprises	-	2,146,267,745
Total	18,115,772	10,386,860,739

Of the 10 Billion relating to FY 2015/16, 2.1 billion were direct transfers to ICTA by the Donor through NOFBI project, 2.6 billion were transfers to ICTA through the Ministry for KTCIP project and 5.3 billion were transfers to ICTA through the ministry for purchase of ICT and Networking Equipment (The digital Laptop Project). All these Projects were taken up by the State Department of ICT.

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 CASH AND BANK

14.1 Bank Balances

Name of Bank, Account No. & currency	Account Type	2016-2017	2015-2016
		Kshs	Kshs
<i>CENTRAL BANK NRB NO. 1000302418</i>	RECURRENT	5,005,402	57,321,445
<i>CENTRAL BANK NRB NO. 1000302453</i>	DEVELOPMENT	-	29,213,633
<i>CENTRAL BANK NRB NO. 1000302461</i>	DEPOSIT	42,154,220	53,896,852
Total		47,159,622	140,431,930

14.2 Cash in Hand

	2016-2017	2015-2016
	Kshs	Kshs
Cash in Hand – Held in domestic currency	539,295	64,485
Total	539,295	64,485

Analysis of cash in hand

	2016-2017	2015-2016
	Kshs	Kshs
Headquarters Cash office	539,295	64,485
Total	539,295	64,485

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 ACCOUNTS RECEIVABLE

<i>Description</i>	2016-2017	2015-2016
	Kshs	Kshs
Government Imprests (<i>annex 3</i>)	2,575,971	2,972,251
Salary advances (<i>annex 2</i>)	561,078	1,674,596
District suspense (<i>annex 4</i>)	56,970,810	47,525,728
Total	60,107,859	52,172,575

16 DEPOSITS

Description	2016-2017	2015-2016
	Kshs	Kshs
Deposits	42,154,220	53,896,852
Total	42,154,220	53,896,852

17 FUND BALANCE BROUGHT FORWARD

Description	2016-2017	2015-2016
	Kshs	Kshs
Bank accounts	140,431,930	11,325,197
Cash in hand	64,485	429,633
Accounts Receivables	52,172,575	1,312,661
Accounts Payables	(53,896,852)	(10,517,355)
Total	138,772,138	2,550,136

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 PRIOR YEAR ADJUSTMENTS

Description of the error	2016 – 2017	2015 – 2016	COMMENTS
	Kshs	Kshs	
Adjustments on bank account balances	86,535,078	0	These are previous year's bank account balances recovered by The National Treasury following the closure of the financial year
Adjustment to Cash flow Statement 2015/16	0	9,204,694	This adjustment is because the Net cash and cash equivalents in cash flow for the FY 14/15 was matched to the net Financial Position instead of the Net cash and cash equivalents as shown in the balance sheet.
Adjustments to outstanding Imprests balance	2,001,450	0	Imprests outstanding in 15/16 whose documentation was subsequently presented for surrender.
	88,536,528	9,204,694	

All monies held in the respective bank accounts as at 30th June 2017, were recovered by The National Treasury at the close of the financial year 2015/16. The net effect of this is a reduction in the net assets reported by the entity as at the close of the previous financial year. The amounts recovered were as follows;

Bank Account	Balance	Date	EFT reference
	Transferred	Transferred	no
Recurrent A/c no 1000181575	48,372,687	22 nd July 2016	NONREF
Development A/c no 1000181788	37,573,862	22 nd July 2016	NONREF
Net errors in Bank balances as at 30 June 2016	588,529		
TOTAL ADJUSTMENT	86,535,078		

The adjustment made to cash and cash equivalents in the financial year 2014/15 was a posting error in which the net cash position was matched to the net financial position instead of the net cash and cash equivalents as at the end of that year. It however has no impact on the reposted assets and liabilities for that year.

19 RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the State Department for Broadcasting and Telecommunications:-

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

- Key management personnel that include the Cabinet Secretaries and Accounting Officers
- Other Ministries Departments and Agencies and Development Projects;
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions:

	2016/2017	2015/2016
	Kshs	Kshs
1. Key Management compensation		
Cabinet Secretary	0	15,639,226
Principal Secretary	12,956,544	15,889,509
Total	<u>12,956,544</u>	<u>31,528,735</u>

In the last five months of the financial year 2015/16, there were two Principal Secretaries relating to the two different state departments, however the budget operated was one. In the financial year 2016/17 the Cabinet Secretary salary was paid by the State Department of ICT.

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

2. Transfers to the Other Ministries Departments and Agencies

Deposits Transferred to State Department of ICT 3,100,249

These are made up of deposits on construction which were inherited by the ICT department when it began operations in the financial year 2016/17 as detailed below

Payee	Amount Due as at 30th June 2017	Amount Inherited By ICT Department
1. Albators General Construction Ltd	196,845	196,845
2. Interlink Industries	891,433	891,433
3. Joyler Enterprises	273,578	273,578
4. Komag Enterprises	193,124	193,124
5. Sarawet Agencies	1,527,444	1,527,444
6. Huawei	17,825	17,825
	3,100,249	3,100,249

3. Transfers to State Corporations and Semi-Autonomous Government Agencies

Description	Recurrent Kshs	Development Kshs	Total Kshs
Transfers to SAGAs			
Government Advertising Agency	-	-	-
ICT Authority	-	-	-
Kenya Broadcasting Corporation	375,000,000	204,000,000	579,000,000
Kenya Institute of Mass Communication	207,433,500	115,000,000	322,433,500
Kenya Yearbook editorial Board	49,150,000	-	49,150,000
Konza Techno polis Development Authority	-	-	-
Media Council Of Kenya	58,000,000	-	58,000,000
National Communications Secretariat	80,000,000	-	80,000,000
TOTAL	757,600,000	319,000,000	1,088,583,500

20 OTHER IMPORTANT DISCLOSURES

PENDING BILLS – The State Department has pending bills totaling to Kshs. **1,123,808,354.37** for the Financial years 2015/2016 and 2016/2017. Attached is a signed and audited list of the pending bills as at 30th June 2017. (**Appendix 1**).

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

21 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Analysis of accounts receivable not provided, and outstanding imprests in breach of financial regulations	Accounts receivable detailed under annex 1 (outstanding imprests), annex 2 (salary advances) and appendix 1 (district data). The outstanding imprests have been partially recovered or resolved as indicated in appendix 2.	1. HRMO II-Jeniffer Wabuu (salary Advances) 2. ACCT II-George Hallowe (Imprests) 3. ACCT I-Gladys Mwanyika (District Data)	Partially Resolved	Resolve by June 2018
2.0	Repetitive employment and retention of Casuals	The necessary approvals were obtained from Public Service Commission. Which formed the basis of the employment. As at the beginning of FY 2017/18 all casuals were relieved of duty.	HRMO II- Juliana Ndundu	Partially Resolved	

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.0	Variation of contract on Partitioning and refurbishment work to 9 and 11 floors Teleposta Towers		Director SCM - Stephen Obaga	Not Resolved	
4.0	Use of Restricted Tender for Renovation and refurbishment works on the ministry's stand Nairobi show ground		Director SCM – Stephen Obaga	Not Resolved	
5.0	Use of restricted tender for tiling works to the department of information Uchumi house		Director Information _ Gwaro Ogaro	Not Resolved	
6.1	Non provision of contractual documents for legal case on Anglo- leasing, between the ministry and the law Firm		Senior Legal Counsel- Charity Kagiri	Resolved	
6.2	Donations to Kenya Year Book Editorial Board		Senior Principal Finance Officer-Sephone Ombachi	Not Resolved	

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
6.2.2	Grants and Transfers to ministry departments	There was no actual transfer of funds to either departments, the issue arises from incorrect budget classifications which classified expenditure incurred at the ministry headquarters as transfers and grants. The budget made this provision in the expectation that the two departments would be gazetted in the said financial year as SAGAs which did not materialize in the same financial year, and caused the confusion in budget classification.	Senior Principal Finance Officer-Sephone Ombachi	Resolved	
6.3.1	Un-authorised expenditure on purchase of motor vehicles	The relevant Treasury authority letters and communication that approved the expenditure was provided	Senior Principal Finance Officer-Sephone Ombachi	Resolved	

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)
6.3.2	Non-provision of inspection certificate for services rendered by Huawei Technologies		PA-Abraham Ondeng'		
6.4.1	Inclusion of performance bond in the bill of quantities by contractor for construction of men's hostel at KIMC	All the documents relating to the contract were availed to the auditors to confirm the respective payments. The tax certificates were provided to the auditors as evidence that the withholding tax payments were made.	Director-SCM – Stephen Obaga	Resolved	
6.4.2	Non- remittance of withholding Tax		SAAAG-Edith Nkanata	Resolved	



**SAMMY ITEMERE (EBS)
PRINCIPAL SECRETARY**



**EDITH K. NKANATA (MRS)
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3974**

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS

Reports and Financial Statements
For the year ended June 30, 2017

ANNEX 1 - ANALYSIS OF DEPOSITS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	a	b	C	d=a-c		
Construction of buildings and Civil Works						
1. ALBATORS GENERAL CONSTRUCTION	196,845		196,845	0	196,845	Inherited by ICT Dept
2. BAYER EAST AFRICA	251,000		0	251,000	251,000	
3. CACTUS TRADING COMPANY	959,197		940,517	18,680	959,197	
4. HIGHPOINT AGENCIES	961,931		0	961,931	961,931	
5. SKILLMAN CONSTRUCTION COMPANY	5,473,466		5,473,466	0	5,473,466	
6. START GENERAL CONTRACTORS	313,423		0	313,423	313,423	
7. WIDEVIEW TRADERS	602,210		0	602,210	602,210	
8. YORK INVESTMENTS	358,355		0	358,355	358,355	
9. INTERLINK INDUSTRIES	891,433		891,433	0	891,433	Inherited by ICT Dept
10. JOYLER ENTERPRISES	273,578		273,578	0	273,578	Inherited by ICT Dept
11. KOMAG ENTERPRISES	193,124		193,124	0	193,124	Inherited by ICT Dept
12. SARAWET AGENCIES	1,527,444		1,527,444	0	1,527,444	Inherited by ICT Dept
Sub-Total	12,002,006		9,496,407	2,505,599	12,002,006	
Supply of Services						
13. Anti – Counterfeit Agencies	630,205		500,000	130,205	630,205	
14. Huawei	17,825		17,825	0	17,825	Inherited by ICT Dept
15. Competition Authority of Kenya	483,522		0	483,522	483,522	
16. Co-operative Bank of Kenya	75,862		0	75,862	75,862	
17. EPZ Authority	918,825		0	918,825	918,825	

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
18. Higher Education Loans Board	2,136,988		0	2,136,988	2,136,988	
19. Insurance Regulatory Authority	4,538,300		0	4,538,300	4,538,300	
20. Kenya Dairy Board	422,743		0	422,743	422,743	
21. Kenya Re-insurance Corporation	1,255,415		0	1,255,415	1,255,415	
22. Ministry Of Defence	23,422,112		0	23,422,112	23,422,112	
23. National Aids Control	922,671		0	922,671	922,671	
24. National Disaster Management Authority	657,224		0	657,224	657,224	
25. Post Bank	1,830,861		0	1,830,861	1,830,861	
26. Privatization Commission	625,293		0	625,293	625,293	
27. Reinsurance Authority	177,000		0	177,000	177,000	
28. WASREBSVP	3,780,000		1,740,000	2,040,000	3,780,000	
29. Miscellaneous 2015/16 Bank Transfer			0	11,600	0	
Sub-Total	41,894,846		2,257,825	39,648,621	41,894,846	
Grand Total	53,896,852		11,754,232	42,154,220	53,896,852	

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS

Reports and Financial Statements

For the year ended June 30, 2017

ANNEX 2 - ANALYSIS OF RECEIVABLES-SALARY ADVANCES

NAME OF STAFF	P/NO	ORIGINAL AMOUNT	DATE ISSUED	AMOUNT PAID TO- DATE	OUTSTANDING G BALANCE 2017	OUTSTANDING G BALANCE 2016	COMMENTS/CURRENT STATUS
SALARY ADVANCE		a	b	c	d=a-c		
1. BROWN OTUYA	1983097434	391,800	10.03.16	32,650	359,150	359,150	PASSED ON
2. WILFRED AMOLO OTIENO	1983091111	309,906	05.10.15	288,412	21,494		TRANSFERRED TO PRISONS DEPARTMENT
3. NYAMBURA CHEGE KIBACHIA	1985022354	91,760	04.11.15	61,176	30,584	30,584	TRANSFERRED TO ICT DEPARTMENT
4. SAMUEL MUKARA	2006001151	28,406	13/14	0	28,406	28,406	
5. LUCY NJERI NJORGE	1986020949	10,144	13/14	0	10,144	10,144	
6. CHARLES AHENDA	1991103207	103,893	26.04.17	69,262	34,631	0	ONGOING
7. JAPHETH LUILU	1991000093	11,925	07.02.17	0	11,925	0	PASSED ON
8. MAROLYNE NGANYI		43,660	06.10.16	0	43,660	0	TRANSFERRED TO ICT DEPARTMENT
9. ROBERT MUNGA CHIFULO	2012035502	14,520	16.02.16	12,100	2,420	9,680	PAID IN CASH 20.08.17
10. JUDY KAGINA		18,664	30.06.17	0	18,664		RECOVERED IN FULL 30.07.17
SUB-TOTAL		2,443,465		819,134	561,078		

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS

Reports and Financial Statements

For the year ended June 30, 2017

ANNEX 3 - ANALYSIS OF RECEIVABLES- OUTSTANDING IMPRESTS

NAME OF OFFICER OR INSTITUTION	DATE IMPREST TAKEN	AMOUNT TAKEN KSHS	DATE DUE	BALANCE (KSHS)	REMARKS
Sammy Ashihudu Shehemi Itemere	29.05.16	109,200.00	30.06.16	109,200.00	
Victor Kyalo	30.01.16	72,800.00	29.02.16	72,800.00	
Katherine Wanjiru Getao	13.06.16	179,911.06	30.06.16	179,911.06	
David Mwangi Gachini	11.03.16	10,000.00	24.06.16	10,000.00	
Hamisi Ali Kibila	18.04.16	4,900.00	30.06.16	4,900.00	
Daniel Long'or Lengelech	27.08.15	19,600.00	28.09.15	19,600.00	
Joseph Wakaba Mucheru	20.06.16	190,789.20	29.06.16	190,789.20	
Charity Njambi Kimani	07.09.15	8,500.00	24.08.15	8,500.00	SURRENDERED CASH FY 2017/18
Julius Muniu Gachunga	17.12.15	3,500.00	28.12.15	3,500.00	
Nicholas Osiko Otieno	29.12.15	27,300.00	12.04.16	27,300.00	
Paul Gichuki Macharia	08.09.15	6,000.00	11.09.15	6,000.00	SURRENDERED CASH FY 2017/18
Kennedy Ogolla	12.08.15	14,000.00	18.08.15	14,000.00	
Augustus Munywoki	30.06.16	84,000.00	30.06.16	84,000.00	
Moses Mogusu Nyandika	07.01.16	10,500.00	13.01.16	10,500	
Samuel Scout Oyaro	16.12.15	1,400.00	17.12.15	1,400.00	
Violet Asiko Mulwa	25.06.16	130,000.00	30.06.16	130,000.00	
Rodney Mosomi Omari	29.07.15	98,400.00	27.10.15	98,400.00	
Jacob Mutua Munyao	20.04.17	86,800.00	28.06.17	86,800.00	

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

Cleophas Okoth Awuor	30.11.16	10,000.00	01.12.16	10,000.00	10,000.00
Japheth Mulinge Lullu	30.11.16	95,400.00	16.01.17	95,400.00	95,400.00
Kaunda Gabriel Kitumu	31.08.16	98,000.00	15.09.16	98,000.00	98,000.00
Charles Omondi Ahenda	04.04.17	56,000.00	04.06.17	56,000.00	56,000.00
Joshua Odhiambo Ochieng	30.12.16	10,000.00	16.01.17	10,000.00	10,000.00
David Korir Cheruiyot	20.04.17	89,600.00	28.04.17	89,600.00	89,600.00
Gladys Wamuyu Mungai	15.11.16	30,000.00	18.11.16	30,000.00	30,000.00
Anthony Mwaniki Thuo	30.11.16	37,800.00	15.12.16	37,800.00	37,800.00
Augustus Mutuku Munywoki	03.03.17	78,400.00	15.03.17	78,400.00	78,400.00
Sabina G Katheriya	16.08.16	28,000.00	29.08.16	28,000.00	28,000.00
Silantoi Lilian Shukuru	19.10.16	54,600.00	30.10.16	54,600.00	54,600.00
Zabron Githongo Mburu	20.04.17	56,000.00	09.05.17	56,000.00	56,000.00
Emanuel Simiyu Mulongo	15.12.16	28,900.00	20.04.17	28,900.00	28,900.00
Emacar Buge Daniel	17.03.17	80,800.00	28.03.17	80,800.00	80,800.00
Remdiana Mutile Muinde	30.08.16	7,000.00	30.06.17	7,000.00	7,000.00
Dennis Chebitwey Kuko	24.10.16	52,500.00	30.12.16	52,500.00	52,500.00
Sammy Ashihudu Shihemi Itemere	20.04.17	88,200.00	20.05.17	88,200.00	88,200.00
Henry Masambaga Mung'asia	25.08.16	617,171.10	15.09.16	617,171.10	617,171.10
TOTALS		2,575,971.36		2,575,971.36	

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/2017	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land				
Buildings and structures				
Transport equipment	290,218,193.00	14,453,757.20		304,043,193.00
Office equipment, furniture and fittings	32,531,683.00	2,639,135.00		33,519,923.00
ICT Equipment, Software and Other ICT Assets	33,732,887.00	716,000.00		36,142,787.00
Other Machinery and Equipment				257,000.00
Heritage and cultural assets				
Intangible assets		306,880.00		488,856.00
Total	356,482,763.00	18,115,772.20		374,598,535.00

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency.
Additions during the year should tie to note 18 on acquisition of assets during the year.

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

ANNEX 5 – ANALYSIS OF DISTRICT DATA

STATION	BALANCES 16/17	BALANCES 15/16	TOTALS TO DATE
BARINGO	246,678.80	1,183,573.00	3,033,120.00
DIO BOMET	110,840.50	73,275.00	256,961.80
DIO BONDO	0	43,287.00	199,333.00
DIO BUNGOMA	203,158.00	2,450,474.00	3,521,616.00
DIO BURETI	112.60	316,057.00	571,889.00
DIO BUSIA	61,418.35	1,200,111.00	1,376,321.80
DIO BUTERE MUMIAS	209,976.90	20,236.00	70,236.00
DIO CHUKA NITHI/MERU SOUTH	227,587.60	710,890.00	956,768.20
DIO ELDORET (UASIN GISHU)	2,965.05	894,463.00	1,233,898.25
DIO ELGEYO MARAKWET/KEIYO/ITEN	9,852.90	782,203.00	1,222,663.15
DIO EMBU	8,61506	757,595.00	1,811,248.45
DIO GARISSA	129,223.95	2,019,681.00	4,789,286.00
DIO GUCHA	0	1,299,132.00	1,344,795.00
DIO HOMABAY	0	850,460.00	910,665.00
DIO IJARA	33.60	66,304.00	120,503.10
DIO ISIOLO	165,982.40	1,388,483.00	1,880,097.00
DIO KAJIADO	3,312.80	806,851.00	851,605.00
DIO KAKAMEGA	7,034.90	1,170,233.00	1,484,143.00

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

DIO KAPSOWAR	138,676.80	183,575.00	672,751.00
DIO KERICHO	136,239.70	1,515,984.00	3,234,697.00
DIO KIAMBU	125,011.90	712,217.00	838,128.00
DIO KILIFI	379,547.70	858,970.00	1,637,506.00
DIO KIRINYAGA	210,392.60	767,834.00	1,032,915.00
DIO KISII	166,281.60	1,361,972.00	1,796,732.45
DIO KITUI	1,005,556	866,227.00	1,938,669.00
DIO KURIA WEST	0	63,736.00	360,570.00
DIO KWALE	464	679,650.00	808,608.00
DIO LAIKIPIA	105,338.90	713,964.00	840,747.50
DIO LAMU	362.70	664,959.00	987,805.00
DIO MACHAKOS EASTERN STAR	121,171.20	1,077,687.00	1,185,540.00
DIO MAKUENI	134,651.45	284,874.00	436,588.00
DIO MALAVA LUGARI	114,678.95	296,395.00	814,517.00
DIO MALINDI	567.25	1,252,586.00	1,566,815.00
DIO MANDERA	66,659.15	681,660.00	749,646.00
DIO MARSABIT	244,291.70	752,466.00	1,024,034.00
DIO MERU CENTRAL	437,049.00	720,857.00	1,733,434.55
DIO MIGORI	1,394.25	475,791.00	672,322.15
DIO MOMBASA	679.95	900,000.00	1,735,806.00

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

DIO MOYALE	29,342.50	596,468.00	674,824.00
DIO MT ELGON	354,756.60	152,407.00	526,583.10
DIO MURANGA	93,582.40	1,575,610.00	3,191,031.00
DIO MWALA	348,829.75	146,535.00	518,366.00
DIO MWINGI	5.90	2.00	199,203.00
DIO NAIVASHA	3,790.20	196,483.00	292,314.00
DIO NAKURU	5,230.55	1,776,711.00	2,123,215.00
DIO NANDI CENTRAL	101,211.25	764,961.00	1,490,559.00
DIO NANDI EAST	20,055.20	150,510.00	161,646.65
DIO NAROK SOUTH	33,929.25	791,559.00	1,638,984.80
DIO NGONG	259,976.80	-	360,476.00
DIO NYAMBENE/IGEMBE	103,178.00	506,637.00	659,875.00
DIO NYAMIRA	0	719,701.00	1,271,776.00
DIO NYANDARUA	294,892.25	442,820.00	1,182,376.80
DIO NYANDO	0	621,310.00	669,372.00
DIO NYERI	4,855.90	449,156.00	528,723.00
DIO RACHUONYO	498.20	192,811.00	437,243.00
DIO SAMBURU	8,415.05	707,120.00	1,371,947.00
DIO SIAYA	395,660.10	-	3,001,919.00
DIO TAITA TAVETA	1,437.60	891,230.00	1,109,980.00
DIO TANA RIVER/HOLA	222,607.20	749,398.00	1,042,630.00

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

DIO TESO	285,442.25	287,871.00	664,417.00
DIO THIKA	282,608.20	296,396.00	788,731.60
DIO TRANS NZOIA	692.80	762,385.00	1,384,242.00
DIO TURKANA	168,138.60	772,835.00	1,797,313.00
DIO VIHIGA	112,358.65	690,325.00	1,358,339.00
DIO VOI	84,119.45	362.00	84,981.75
DIO WAJIR	169,002.75	708,760.00	1,308,817.00
DIO WEST POKOT	271,870.75	819,499.00	1,222,592.00
KENOL	183.15	-	11,869.00
KISUMU	237,221.70	891,154.00	2,209,486.00
TOTALS	9,445,082.00	47,525,728.00	56,970,810.00

MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
ANNEX 6 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS

Ref	SC, SAGA or Public Fund's name	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Kenya Broadcasting Corporation	Broadcasting	Mr Waithaka Waihenya	579,000,000.00	yes
2	Kenya Year Book Editorial	Publishing	Mr Edward Mwasi	49,150,000.00	yes
3	Communications Authority Kenya	Broadcast and Telecommunications regulation	Mr Francis W Wangusi MBS	Nil	yes
4	National Communications Secretariat	Development of Communication Policy	Eng. Daniel O. Obam	80,000,000.00	yes
5	Kenya Institute of Mass Communication (KIMC)	Education in Broadcasting and Telecommunication	Mr Hiram Muriithi Mueheke	322,433,500.00	yes
6	Postal Corporation of Kenya	Provision of Postal and Courier Services	Mr Dan Kagwe	Nil	yes
7	Media Council of Kenya	Regulation of the Media in Kenya	Mr David Omwoyo Mwoyo	58,000,000.00	yes

**MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
ANNEX 7- REPORTS GENERATED FROM IFMIS**

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes