

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

REPORT

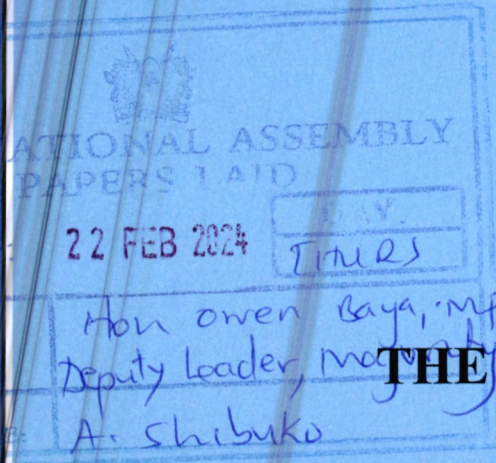
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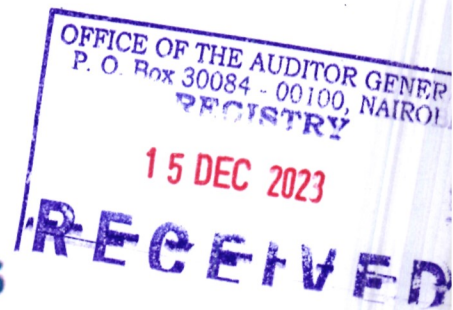
THE AUDITOR-GENERAL

ON

COMMUNICATION AUTHORITY OF  
KENYA - UNIVERSAL SERVICE FUND

FOR THE YEAR ENDED  
30 JUNE, 2023





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**COMMUNICATIONS AUTHORITY OF KENYA – UNIVERSAL SERVICE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**

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

*Communications Authority of Kenya – Universal Service Fund*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023**

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**for the year ended June 30, 2023**

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## **1. Acronyms, Abbreviations and Glossary of Terms**

### **A: Acronyms and Abbreviations**

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management Act, 2012
PPE	Property Plant & Equipment
TNT	The National Treasury

### **B: Glossary of Terms**

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

**Comparative Year-** Means the prior period.

## **2. Key Fund Information and Management**

### **(a) Background information**

The Universal Service Fund (USF) was established through Section 84J of the Kenya Information and Communications Act of CAP 411A-Revised 2009 and the Kenya Information and Communications (Universal Access and Service) Regulations of 2010. The Universal Service Fund is domiciled in Kenya at CA Centre, Waiyaki Way; Westlands.

### **(b) Principal Activities**

The principal activity of USF is to support widespread access to, support capacity building and promote innovation in information and communications technology services.

The core objectives of USF include:

- a) Encourage efficient access to and use of communications systems and services throughout the Republic of Kenya, focusing on rural, remote and under-served areas in order to promote social and economic development;
- b) Ensure reasonable availability and affordability of basic and advanced communications systems and services to persons with disabilities, at the household and individual levels, particularly where the market is unable to deliver such services in a financially viable manner;
- c) Support the development of information and communication technologies including related human capacity building and technological innovation;
- d) Provide support for the introduction and expansion of communication services to schools, health facilities and other organizations serving public needs; and
- e) Facilitate development of and access to, a wide range of local and relevant content.

The funds from USF are applied in activities that support national communications development programmes including; among others:

- a) Funding universal service programmes and projects;
- b) Identifying, approving, scheduling and financing private sector and local community investments in universal service provision projects; and

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- c) The conduct of research and other relevant studies in information technologies that will enable access to communication services by all in Kenya.

**(c) Key Management**

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

- Board of Directors
- Universal Service Advisory Council (Term of Members expired)
- Director General/CEO
- Management

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General/CEO	Mr. Ezra Chiloba
2.	Director/Regulatory Affairs and Governance	Mrs. Mercy Wanjau, MBS (Exited on 27 October 2022)
3.	Ag. Director/Regulatory Affairs and Governance	Dr. Japheth Odhiambo
4.	Director/ Corporate Communications	Mr. Christopher Wambua (Deployed to a special Assignment)
5.	Ag. Director/Public Education & Awareness	Ms. Patricia Muchiri
6.	Director/ Finance & Accounts, also covering Human Capital & Administration	CPA Joseph M. Kimanga
7.	Ag. Director/ Supply Chain Management	Ms. Jane Rotich
8.	Director/ Internal Audit & Risk Assurance	FCPA Rosalind Murithi
9.	Director/ Human Capital & Administration	Mr. Juma Kandie (Exited on 24 <sup>th</sup> May 2023)
10.	Director/ Universal Access and Service Strategy and Coordination	Mr. Christopher Kemei
11.	Ag. Director/ Frequency Assignment and Licensing	Mr. Mohammed Haji
12.	Director/Telecom, Postal and Courier, and Electronic Transaction Licensing	Mr. Matano Ndaro

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No.	Designation	Name
13.	Director/ Information, Communications and Technology	Mr. Michael Katundu (Exited on 17 <sup>th</sup> January 2023)
14.	Director/ Multimedia Licensing and Content Regulation	Eng. Leo K. Boruett
15.	Ag. Director/ Research, Planning & Quality Management	Dr. James Njeru
16.	Ag. Director/ Cyber Security Management and Monitoring	Dr. Vincent Ngundi
17.	Ag. Director Information, Communications, and Technology	Mr. Joseph Nzano
18.	Ag. Director Compliance & Enforcement	Mr. Peter Ikumilu
19.	Ag. Director Competition Management	Mr. Lukas Musembi
20.	Ag. Director Monitoring, Inspection & Regional Coordination.	Mr. Titus Cheptoo

**(e) Fiduciary Oversight Arrangements**

The key fiduciary oversight arrangements include:

- Audit and Risk Committee
- Finance committee
- Parliamentary Oversight Committees

**(f) Fund Headquarters**

Universal Service Fund  
P. O Box 14448 - 00800  
CA Centre, Waiyaki Way  
Nairobi, KENYA

**(g) Fund Contacts**

Telephone: (254) 703 042 000  
E-mail: [info@ca.go.ke](mailto:info@ca.go.ke)  
Website: [www.ca.go.ke](http://www.ca.go.ke)

**(h) Fund Bankers**

- i. Co-operative Bank of Kenya  
Westlands Branch  
P.O. Box 66589  
Nairobi 00800  
Nairobi, Kenya
  
- ii. NCBA Bank Plc  
Westlands Branch  
P.O. Box 30437 00100  
Nairobi, Kenya
  
- iii. Kenya Commercial Bank  
Sarit Centre Branch  
P O Box 30081  
Nairobi, 00800  
Nairobi, Kenya
  
- iv. Equity Bank Limited  
Fourways Branch,  
Upper Hill  
P. O. Box 75104-00200  
Nairobi, Kenya

**(i) Independent Auditor**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

### **3. The Board of Directors**



**Ms. Mary W. Mungai** born 1965, is the Chairperson of the Board of Directors of the Communications Authority of Kenya (CA) having been appointed on 2nd December 2022.

She is an experienced Chief Executive Officer with over 30 years of success in various industries. She is the owner and CEO of multiple businesses with over 500 direct employees, over 1000 direct and indirect employees and revenues of over \$30 million annually.

Ms. Mungai is a decisive and strategic leader with skills in strategic leadership, financial management, business operations and strategy, communication and delegation, and risk management. She has grown her companies rapidly from scratch through aggressive new market strategies and cultivated a performance-driven company culture to lead industry innovations.

She has served as a Board Member in several entities, including as a Board Member of Kenyatta National Hospital for seven (7) years, where she served as Chair of Finance and all Purposes Committee, and as Chair of Corporate Strategy and Enterprise Committee. She also has interest in the hospitality industry and the real estate.



**Capt. Gilbert M. Kibe.** born 1963 was the Chairman of the Board of Directors of the Communications Authority of Kenya (CA) having been appointed on 17th May 2022 by His Excellency President Uhuru Kenyatta and resigned as Chairman on 2<sup>nd</sup> December 2022.

Until his appointment, Capt. Kibe was the immediate former Director General of the Kenya Civil Aviation Authority (KCAA) where he had served for over six years.

a visionary leader with a 42-year stellar career spanning management, training, policy development and implementation. He has proven track record in providing strategic leadership at senior level in the corporate and government sectors. He is an authority in the aviation industry where he has influenced growth and development in through policy development and implementation, advisory services, business development, training and enhancing service delivery in the sector.

Capt. Kibe has held various positions in international aviation bodies including as Chairman of the Executive Committee of the Civil Air Navigation Services Organization (CANSO), Chairman of the Regional Aviation Safety Group - Africa & Indian Ocean Islands at the International Civil Aviation Organization (ICAO) and Chairman of the Board of the East African Community - Civil Aviation Agency. He has also previously worked as Executive Chairman Eagle Aviation, Director Business Development at Home Afrika Ltd, Managing Director Bahati Ridge Development Ltd and Chief Executive at Nairobi Flight Training Ltd. He holds a Master of Business administration (Aviation) from Moi University, Commercial Pilots License with Single and Multi- Engine Land and Instrument Rating, among other qualifications.

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**Mr. Ezra Chiloba** born in 1978, is the Director General/CEO of the Communications Authority of Kenya, having been appointed on 28<sup>th</sup> September 2021. Prior to this appointment, he served as Principal Partner at Chil & Kemp Strategies Ltd, a Strategy Management Company, where he focused on strategy and risk management, policy and regulatory analysis, and leadership and management effectiveness. Mr. Chiloba also served as the Chief Executive Officer/Commission Secretary of the Independent Electoral and Boundaries Commission (IEBC) between 2015 – 2018. In this role, he was responsible for the management and administration of an unparalleled large-scale and complex national election programme. He has also worked with other reputable international and local organizations including the UN. His experience spans over 15 years in public sector management including policy, legislation, financial management, stakeholder management, risk management and leadership. He has also served as a Board Member of the Youth Enterprise Development Fund. Mr. Chiloba is an all-round public sector leader who is inspired by the idea that a progressive society is dependent on a facilitative government. He also has a deep appreciation of the communication industry; its global and local challenges and opportunities for social-economic growth. He holds an MSc in Major Programme Management (MMPM) from the University of Oxford (UK) and an MA in Public Policy (MPP) from the Central European University (Hungary). He graduated with a Bachelor of Laws degree from the University of Nairobi and was admitted to the Roll of Advocates of the High Court in Kenya. In 2015, he was named among the *Top 40 under 40 Men* by the *Business Daily*.



**Prof. Edward Kisiang'ani**, born in 1965, is the Principal Secretary, State Department for Broadcasting and Telecommunications, Ministry of Information, Communications, and the Digital Economy.

He serves on the CA Board in his capacity as the Principal Secretary. He holds a PhD degree in Archaeology and Political Studies from Kenyatta University. Prof. Kisiang'ani has over 20 years of work experience and has extensive university experience in teaching History and Political Studies. He was appointed on 1<sup>st</sup> December 2022.



**Dr. Chris Kiptoo**, CBS born in 1967, is the Principal Secretary for The National Treasury and Economic Planning. He serves on the CA Board in his capacity as the Principal Secretary. He holds a Ph.D in International Macroeconomics Finance specialization from the University of Nairobi.

He has several years experience in economic policy analysis particularly on areas related to: International Trade and Finance issues including BoP and exchange rate developments; Monetary policy, real sector and public finance issues; Policy and programme developments originating from multilateral and regional organizations;

Interrelations among macroeconomic accounts as well as macroeconomic modelling and forecasting issues. Dr Kiptoo is an accredited Fellow of the Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI) in the field of Macroeconomic Management. He is also an Associate of Kenya Chartered Institute of Bankers (A.K.I.B). He was appointed on 1<sup>st</sup> December 2022.

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**Dr. Raymond Omollo**, born in 1979, is the Principal Secretary for Ministry of Interior and National Administration. He serves on the CA Board in his capacity as the Principal Secretary. He holds a Ph.D in Applied Statistics from the University of Nairobi.

He has over 16 years of experience and previously served as a non-executive board member at Consolidated Bank of Kenya and Managing Director of the Lake Basin Development Authority (LBDA) since 2019.

Dr. Omollo is a statistician and research professional and has previously worked in the non-profit Research and Development organization management industry with a keen focus in Data Management, Statistical Data Analysis, Epidemiology, and Statistical Modeling. He was appointed on 1<sup>st</sup> December 2022.



**Mrs. Esther Koimett, CBS** born in 1957, was the Principal Secretary for the State Department of Broadcasting and Telecommunications, Ministry of Information, Communications and Technology (ICT) and served on the CA Board in her capacity as Principal Secretary until her replacement on 2<sup>nd</sup> December 2022.

She holds a Master's Degree in Business Administration (MBA) from the University of Nairobi and a Bachelors of Commerce (BCom) Degree from the University of Nairobi. She has over 25 years work experience in the public service, having previously served as Principal Secretary in the Ministries of Tourism & Wildlife and Transport, Infrastructure, Urban

Development and Public Works. She has also served in numerous Boards including, Kenya Railways Corporation, Telkom Kenya Limited and Safaricom Limited.



**Dr. (Eng.) Karanja Kibicho, CBS** born in 1967 was the Principal Secretary State Department of Interior, office of the President until his replacement on 2<sup>nd</sup> December 2022. He holds a doctorate in Mechanical Engineering from the University of Cape Town, South Africa, a Masters of Science (MSc) degree in Mechanical Engineering and a Bachelor of Science (BSc) in Mechanical Engineering.

Dr. Kibicho has taught in various institutions of higher learning, including Jomo Kenyatta University of Agriculture and Technology (JKUAT) where he served as the chairman and senior lecturer in the Department of Mechanical Engineering. He has served as an external examiner at the University of Dar es Salaam, visiting lecturer at the Central University of Technology, Free State, South Africa and a part-time Lecturer at the University of Cape Town.



**Dr. Julius Muia** born in 1960 was the Principal Secretary at The National Treasury. Prior to this, he was the Principal Secretary at the State Department for Planning - The National Treasury and Planning until his replacement on 2<sup>nd</sup> December 2022. An alumnus of the University of Nairobi's School of Business, Dr Julius Muia graduated with a First-Class Honours Degree in Accounting; Master's Degree and PhD in Finance from the same university.

His professional qualifications include Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach. Dr. Muia has over 25 years' experience in leadership in Kenya and UK.

#### **INDEPENDENT BOARD DIRECTORS**



**Mr. Eric Langat** born in 1958 is a holder of a Bachelor of Science degree in Business Administration from the University of Eastern Africa. He joined the defunct KP&TC in 1985 and later the Postal Corporation of Kenya where he served in various managerial positions in operations management, sales and marketing, logistics, strategy and international postal affairs. In his long experience in the communication sector spanning a period of over 30 years, he served as a Regional Postal Manager, Head of Courier/EMS, Logistics and Property Management. Mr. Eric Langat also served in the international postal affairs where he was as the technical advisor to the Chairman of the Universal Postal Union's Council of Administration from 2007 to 2012 and subsequently as advisor to the Director General of the International Bureau of the Universal Postal Union in Bern, Switzerland in 2013.

Mr. Eric Langat was also a member of a Task force appointed to study challenges facing the designated operator (PCK) and recommend to the Minister for ICT a Revamping strategy for the Corporation. He also served as a member of the Steering Committee that was appointed by the Ministry of ICT to spearhead the Setting up of the National Addressing System for Kenya representing the postal and courier sector until 2018.

Mr Eric Langat is currently in private business and is also a Board Member of a privately owned tea factory. He was appointed on 24th February 2023 for a period of three (3) years.



**Mr. Okeng'o Joel Nyambane** born in 1989 is a highly motivated and strategic professional with a strong background in law and political science. He earned his Bachelor of Law and Bachelor of Political Science degrees from the Catholic University of East Africa, where he developed a comprehensive understanding of legal and political systems.

Throughout his academic career, Okeng'o Joel Nyambane has demonstrated exceptional dedication and hard work. His ability to think critically and strategically has allowed him to excel in both his studies and his professional pursuits. He is highly skilled in legal research, analysis, and writing, and he possesses a keen understanding of political systems and policies. He serves as the Chairperson of the Board Audit & Risk Assurance committee and a member of the Technical and Broadcasting Standards committee.

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In addition to his academic achievements, Okeng'o Joel Nyambane has a proven track record of success in the workplace. He is a highly effective communicator and collaborator, and he possesses excellent interpersonal skills. His strategic thinking and problem-solving abilities have enabled him to overcome challenges and achieve his goals.

Overall, Joel is a highly skilled and dedicated professional with a passion for law and politics. He is committed to making a positive impact on society through his work, and he is constantly seeking new opportunities to learn and grow. He was appointed on 24th February 2023 for a period of three (3) years.



**Ms. Christine Bhoke Nchamah** born in 1979 is a community developer, entrepreneur, and politician with a passion for women's rights and empowerment. She holds a Bachelor of Arts degree in Community Development and a Diploma in Community and Social Development from Kisii University.

Ms. Christine has a track record of advocating for vulnerable members of society and turning ideas into reality. She served as a board member of Lake Basin Development Authority from 2019-2022 and was the Secretary of Kuria West Constituency from 2013-2022. In addition, she chaired the Kuria West Women Sacco from 2015-2020. Christine's love for lending a helping hand to the less fortunate in the community is evident in her work. She was appointed on 24th February 2023 for a period of three (3) years.



**Mr. Nicholas Kamuya Ng'arua** born in 1957 is a practicing lawyer with Busaidy Mwaura Ng'arua & Company Advocates. Prior to this, he served as the Secretary/ CEO of the Tax Appeals Tribunal, where he was responsible for its operationalization. Nicholas has worked for the Income Tax Department and Kenya Revenue Authority for 38 years, starting as a Tax Assistant Trainee and retiring as a Senior Assistant Commissioner.

During his career, he trained and worked in all aspects of tax administration and joined the Technical Policy Unit at the Authority's Head Office. Nicholas was a member of the inaugural team that drew up the policy paper that established the now highly acclaimed Alternative Dispute Resolution unit of the Authority. He holds a Bachelor's of Laws degree from the University of Nairobi and a Postgraduate Diploma in Law from the Kenya School of Law.

Nicholas is also an associate of the Chartered Institute of Arbitrators. He has facilitated several courses and enjoys reading, golf, and traveling. His life motto is "For self and humankind." He was appointed on 24th February 2023 for a period of three (3) years. He was replaced on 26<sup>th</sup> May 2023

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**Mr. Paul Mureithi** born in 1958 is a board member after being appointed on 17<sup>th</sup> July 2021 until 24<sup>th</sup> February 2023. He was reappointed on 24<sup>th</sup> March 2023 for a period of three (3) years. He has 25 years' experience in telecommunications having worked in Telkom (K) Limited.

He has worked in cable network, fibre optic planning and construction in Nairobi Central and Nairobi North region as a Senior Manager. He is a Director of Tymstar Motors Limited, Tymtrack Limited, Mweiga Homes Limited, Dualway Properties Limited among others.

Mr. Mureithi has a wealth of experience in various engineering departments since 1978. He has served as a Technical trainee in Kenya Telkom's KRTS and KCCT Communications Engineering Schools, rising through the ranks as Senior Technician, Assistant Engineer, Senior Engineer, Senior Sectional Engineer and Assistant Manager Engineering in charge of Kiambu County, Westlands, Kileleshwa, Parklands and Muthangari Telephone Exchanges. He worked in the defunct Kenya Posts, Telecommunications, and Telkom (K) Ltd for 25 years. He serves as the Chairperson of the Technical and Broadcasting Standards committee and a member of the Board Audit & Risk Assurance committee.



**Dr. Kochei K Albert** born in 1978 is a CEO and lead consultant at LFE Corporate Solutions, offering consultancy services and research in areas such as business coaching, leadership, project management, and financial development. He has a Bachelor of Commerce in Accounting, a Master's in Environmental Economics, and is currently pursuing a Master's in Management and Leadership.

He has previously worked as an internal auditor at World Vision Kenya and as a political and economic resilience program manager at the International Centre for Livelihood and Environmental Protection. Albert is an active member of Strathmore University alumni and has been a speaker at leadership seminars in Canada and Ethiopia. He was appointed on 24<sup>th</sup> March 2023 for a period of three (3) years. He serves as the Chairperson of the Finance and Planning committee and a member of the Staff Matters and Administration committee.



**Ms. Tonia Mutiso** born in 1973 is a lawyer by training with over 23 years of experience in Law, Human Resources and Marketing within the technology sector.

Currently, she is the managing partner & Co-CEO of Tellistic Technology Services, a capacity building, data analytics and software engineering firm. Formerly the Chief Marketing Officer for GE Healthcare Africa where she drove growth for the company across Africa through investments in the private and public sector, she also served in various roles at Microsoft Corporation for a period spanning 20 years.

Her most recent role at the Microsoft was as the Chief Marketing Officer for Microsoft 4Afrika where she focused on empowering African youth, catalyzing the startup ecosystem and enabling small and

growing business to spur economic growth across Africa. In addition, Tonia serves on the boards of Echo Mobile and talent and human capital startup, Fuzu. She was appointed on 24th March 2023 for a period of three (3) years. She serves as the Chairperson of the Staff Matters and Administration committee and a member of the Technical and Broadcasting Standards committee.



**Ms. Sarah Kabira** born in 1983 is a senior telecommunication professional with over 15 years of progressive experience in the field of IT (Information Technology), with eight (8) of those in leadership positions in the ICT and telecommunication industry. She is the Managing Director of Techminds Technologies Limited an ICT Services firm. She formerly worked in leadership positions in the ICT and telecommunication industry in UK and Kenya.

Sarah is in the leadership of the Women’s Mentorship Network a mentorship network focused on increasing the spend and capacity building of Women owned companies. She holds a Master of Philosophy in Technology Policy from the Judge Business School, Cambridge University and Bachelor of Science in Computer Science at University of Nairobi (First Class Honors).

She has previously been named IEEE Woman Engineer of the Year and received a Shell Chevening Scholarship (Cambridge University). She was appointed to the CA board on 26th May 2023 for a period of 3 years.



**Ms. Patricia Kimama** born in 1973, Ms. Patricia Kimama was first appointed to the CA Board of Directors on 29th April 2016 for a period of three years. She was re-appointed for a further three-year term effective 6<sup>th</sup> January 2020 until 6<sup>th</sup> January 2023.

Ms. Kimama holds an MBA (Strategic Management) from Daystar University, a Master’s Certificate in Project Management from George Washington University, and a Bachelor’s of Science Degree from Moi University.

She has attended various Executive leadership development programs such as the Senior Management Program (SMLP) from the Strathmore University’s Graduate School of Business and the Stanford Business Leadership Series from Stanford University Graduate School of Business. She holds an Executive Coaching Certificate from the Academy of Executive Coaches (AoEC). She is Currently undertaking her PHD Studies in Organizational leadership at PAC University.

Patricia is a business leader with 25 years’ experience. She has led business transformations, managed operations, strategy implementation, customer experience, retail management and project management in market leading corporate organizations and groups, spanning across Financial Services, Public Sector, Mobile Money, Fintech, and the Telecoms industry having served in organizations such as, Britam Holdings, NCBA Bank, CBA Bank. Safaricom and Davis & Shirtliff Limited. Previously, she served as the Chairperson of the Staff Matters & Administration Committee, Board Audit Committee and a member of the Technical Committee. She served as the Chairperson of the Finance Matters committee and a member of the Broadcasting committee.



**Mr. Jackson Kiprotich Kemboi** born in 1976 is a private surveyor within Uasin-Gishu county, Elgeyo-Marakwet, Nandi and Tranzoia Counties. He was appointed on 17th July 2021 for a period of 3 years. Mr. Kemboi holds a Diploma Certificate in Procurement and Bachelor of Arts degree in Political Science & Public Administration from the Moi University. He is also pursuing a Master's degree in Human Resource Management in the same University. Mr. Kemboi also serves as a Board member of the Kenya Investment Authority. He served as the Chairperson of Staff Matters Committee. He was replaced on 24<sup>th</sup> February 2023.



**Prof. Levi Obonyo** born in 1966, is an Associate Professor of Communication and Media Studies, and also the Dean of the School of Communication, Language and Performing Arts at Daystar University. Prof. Obonyo holds a PhD in Mass media and Communications from Temple University Philadelphia, USA.

He also holds a Postgraduate Diploma in Tertiary Education from Potchefstroom University for Christian Higher Education, South Africa. He is a former Chairman of the Media Council of Kenya. He currently serves as a member of the Advisory Council to Kenya National Commission to UNESCO (KNATCOM) specializing on communications. He joined the CA Board on 20th May 2014 and reappointed in 29th April 2016 for a further term of three (3) years that lapsed on 28th April 2019. He was reappointed for a further term of three (3) years effective 6th January 2020 until 6<sup>th</sup> January 2023. He served as the Chairperson of the Broadcasting & Standards committee.



**Ms. Kentice Tikolo**, OGW born in 1964, is a communications expert with over 15 years' experience in Strategic Corporate Communications and Public Relations. She is the founder and Managing Director of Impact Africa Limited, a strategic Public Relations & Communications firm, based in Nairobi, Kenya. Prior to going to private business, Ms. Tikolo worked at the Kenya Wildlife Service as the Head of Corporate Communications. Ms. Tikolo holds a Master of Science degree in Public Relations from the University of Stirling in Scotland, and a first degree in Education from Kenyatta University. She was appointed to the CA Board on 29th April 2016 for a period of three (3) years that lapsed on 28th April 2019. She was reappointed for a further term of three (3) years effective 6th January 2020 until 6<sup>th</sup> January 2023. She served as the Chairperson of the Board Audit & Risk committee.



**Ms. Laura Chite** born in 1972 was appointed to the Board on 17th July 2021 for a period of three (3) years to serve as an Independent Non-Executive Director of the Board where she continues to be a champion for digital transformation. She has over 20 years' experience in the ICT sector, having held various positions in marketing, communications, human resources, sales, business development and as a CEO. She is the founder, Hernovation, a Woman in IT Leadership community focused on growing women in the tech space into leadership positions via networking, soft skills training, and mentorship in East Africa. Ms. Chite was recently appointed as the CEO at StepWise Inc, which is an Enterprise that uses the power of technology to train and equip persons from historically underprivileged communities, particularly women, youth and Persons with Disabilities, to compete and succeed in the 4th Industrial Revolution. She was previously the CEO at

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CIO East Africa, where she grew the business in the last four years into a brand that connects business & public sector to technology solution providers in support of their Digital transformation journey. Through her leadership, CIO East Africa has now grown into CIO Africa and will continue to bring technology closer to decision makers to drive Africa's transformational agenda and gear up for the fourth industrial revolution. She previously worked at Microsoft in various roles where she was instrumental in growing the brand across Sub-Saharan Africa. Away from boardrooms, Ms. Chite has a passion for Rugby and is currently on the Advisory board for Kisumu Rugby Football Club. She is currently the Chairperson of iGov Africa, a boutique Kenyan innovation house that partners with Governments, Development Agencies, and Innovators for the development of the innovation ecosystem dedicated to efficient public service delivery through digital transformation. Some of her business and industry accolades and engagements include: Gender Mainstreaming Awards – Inclusive Leader, East Africa, 2021; Gender Mainstreaming Awards – Positive Role Model, East Africa 2021; Judge at BOLD Awards (Awards for Global Digital Industries) and Thomson Reuters Awards, Africa; Speaker at several conferences – CIO East Africa Tech Summits, The World Blockchain Summit, Transform Africa, Africa Women in Payments, The World Bank Covid 19 Digital Transformation staff conference, International Women's Day, TedX amongst many others. She has over 20 years' experience in the ICT sector, having held various positions in marketing, communications, human resources, sales, business development and as a CEO. She was replaced on 24th February 2023.



**Mr. Mahmoud Noor**, born in 1974 was a board member of the Communications Authority of Kenya following his appointment in July 2021. He holds a Bachelor's Degree in Computer Science from The University of the Valley, Diploma in Telecommunications from Kenya College of Communications Technology, and the United States Telecommunications Training Institute, and a diploma in Management from Kenya Institute of Management. Mr Mahmoud Noor is an ICT Consultant and Youth advisor, with experience spanning over 23 years. A trained Telecommunications technician and served in the design and implementation of the Kenya's data and internet network while working at the then State monopoly, Telkom Kenya in the late 90's. He was also instrumental in connecting the Eastern Coast of Africa to the rest of the world through the laying of the Seacom undersea cable that connects Eastern Africa to Europe and Asia in 2009 where he rose to be the Company's Operational Manger for East and North Africa. Mahmoud has always been passionate about Community work and has participated in many community projects all over Kenya but most recently was instrumental in the support of the Technology Hubs in Nairobi by supporting them with connectivity, while doubling up as the CSR Lead in Kenya for Seacom. Mahmoud founded Swahili pot Hub, a creative space in Mombasa for Techies and Artists, a centre that has become a safe space for hundreds of youths in Mombasa and neighboring counties of Kilifi and Kwale. Mahmoud is fondly referred to as Mentor by many young people in the Coast for his dedication to provide advice and guidance to vulnerable youths who are surrounded by juvenile gangs, radicalization and drug abuse. He is dedicated to creating a better space for the youth and future generations. He also serves as a Patron and board member to several organizations. He is a member of Companies Board of Management for the Salvation Army Likoni High School for the visually impaired and Chairman of the Management Committee of Serani Sports Ground Trust, a non-profit organization that uses sports to nurture 100s of Sports men and women in Mombasa. Other roles entrusted to Mr. Mahmoud include Chairman Kenya Redcross Society, Mombasa branch, has served as Member National Taskforce on Distributed Ledger, Blockchain and Artificial Intelligence is a

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Member of Advisory Board Schools 2030 Kenya, is a Member National COVID-19 ICT Advisory Committee, is a Director Kenya National Chamber of Commerce and Industry Mombasa and Director -Innovus Group. He served as the Chairperson of Technical Matters committee. He was replaced on 24th February 2023.

**ALTERNATE BOARD DIRECTORS**



**Ms. Juliana Nashipae Yiapan MBS** born in 1969, was appointed to the CA Board of Directors on 3rd May 2019 as the Alternate Director to the Principal Secretary, State Department of Broadcasting and Telecommunications, Ministry of Information, Communications, and the Digital Economy.

She has a Master of Business Administration (Public Service) from The University of Birmingham in UK; Master of Arts in Political Science and Public Administration as well as a Bachelor of Arts Degree in Government, both from the University of Nairobi.

She has over 20 years' experience in Public Service more specifically at MoICDE, Office of the President and Office of the Deputy President, in various senior positions. She was appointed effective 3rd May 2019.



**Mr. Christopher Kirigua** born in 1976 serves as Director General of the Directorate of Public Private Partnerships (PPP) at The National Treasury and Economic Planning. Until the financial year ended 30th June, 2022 he served as the Alternate to the Cabinet Secretary National Treasury, on the Safaricom PLC Board of Directors.

A seasoned investment banker, Christopher worked in the private sector for over 20 years, prior to joining public service in December 2020. Christopher was a co-chair of a strategic committee in the United Nations Global Investors for Sustainable Development, focused on widening longer-term investments mainly in emerging markets where it is needed most.

He also chaired a government and private sector initiative that was focused on post-covid economic recovery strategies for the Country. In his banking career, Christopher held a number of senior leadership roles, including Regional Head of Public Sector and Developmental Organizations for Africa focused on financing and structuring infrastructure transactions with his last posting being the Executive Director and Regional Head of Sustainable Finance for Africa and Middle East at Standard Chartered Bank.

His current role in Government, entails mobilizing private capital to support sustainable infrastructure development which will expand fiscal space and enable the Government to focus more on social investments. Christopher has successfully delivered policy reforms through the new 2021 PPP Act which repealed and replaced the 2013 PPP law. The new transformative law has enhanced private sector participation in public projects in Kenya. The new law distinguishes Kenya as a leader globally on PPP frameworks as it contains timelines on public sector delivery, eliminates

bureaucracies on the approval processes without compromising governance, and provides clear process maps for the delivery of PPP Projects.

As part of the PPP infrastructure transformation, Christopher has identified digitization as one of the key pillars that catalyse the generation of successful projects. This includes digitization and privatization of government processes which ensures efficient delivery of public sector functions including but not limited revenue collections and payments.



**Mr. Fred Muhul** born in 1978 is a seasoned career civil servant with experience spanning over a decade in various capacities in different government agencies. He holds a Master of Business Administration, Bachelor of Commerce and a Bachelor of Laws all from the University of Nairobi.

Mr. Muhul is also a Certified Public Accountant of Kenya, a Certified Secretary of Kenya and a holder of Postgraduate Diploma in Law from the Kenya School of Law. He is also a member of the Law Society of Kenya (LSK), Institute of the Certified Public Accountants of Kenya (ICPAK),

Institute of the Certified Secretaries of Kenya (ICS) and the Institute of Internal Auditors (IIA).

Mr. Muhul was appointed to the CA Board as the Alternate Director to the Principal Secretary State Department for Interior and National Administration.

Mr. Muhul is a highly skilled, dedicated and pragmatic person whose passion is to make a difference to the people of Kenya. He was appointed effective 7th February 2023



**Prof. Dulacha Galgalo** born 1969 is Director, Financial and Sectoral Affairs Department at The National Treasury. Prior to secondment to The National Treasury, he worked at the Central Bank of Kenya (CBK) –long career spanning over 20 years. He was appointed effective 2nd February 2022 until 7<sup>th</sup> February 2023. At CBK, he served as Head of Academic Division at the Kenya School of Monetary Studies (KSMS). He also worked in two key departments: Research and Bank Supervision that are responsible for price stability and financial system stability respectively. Early in his career at CBK, he worked in the Banking Department dealing with currency issuance. Previously on secondment from CBK, at inception of the Commission of Revenue Allocation (CRA), he served as Policy

advisor. He completed his PhD study at the University of Western Australia, Master of Business Administration and Bachelor of Commerce Degrees at the University of Nairobi. He taught in universities in Kenya and Australia. Prof. Dulacha is widely published and his areas of research interests are financial reporting, financial regulation and financial stability as well as interdisciplinary research. He is a Fellow of the Institute of Public Accountants, Australia as well as member of the Accounting and Finance Association of Australia and New Zealand (AFAANZ). He is also a practicing member of the Institute of Chartered Investment and Financial Analysts of Kenya (ICIFA) as well as Kenya Institute of Management (KIM). He served in various boards: Chairman of Council, Dedan Kimathi University of Technology; Chairman of Council, Meru University of Science and Technology; Treasurer of Council, Moi University; and board member: Agricultural Finance Corporation (AFC), Capital Markets Authority (CMA) and National Social and Security Fund (NSSF), Safaricom PLC and Kenya Ports Authority.

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**Mr. Peter Wanjohi** born in 1965, was appointed to the CA Board of Directors on 7<sup>th</sup> February 2018 until 7<sup>th</sup> February 2023 as the Alternate Director to the Principal Secretary, Interior and Coordination of National Government. He holds a Bachelor of Business Administration degree from Newport University. He has extensive experience in planning and coordinating international, regional and local conferences and is the current Secretary, State Functions, responsible for planning, coordination, and Management of all state functions. He has also been a member of several Committees such as member of Kenya Vision 2030, National Communication Dissemination Strategy and served as a member of the Task force on Restructuring of Human Resource Requirement of the Permanent Presidential Music Commission. He is also the Chairman, Kenya Music Festival.

#### 4. Key Management Team



**Mr Ezra Chiloba** born in 1978, is the Director General/CEO of the Communications Authority of Kenya, having been appointed on 28<sup>th</sup> September 2021. Prior to this appointment, he served as Principal Partner at Chil & Kemp Strategies Ltd, a Strategy Management Company, where he focused on strategy and risk management, policy and regulatory analysis, and leadership and management effectiveness. Mr. Chiloba also served as the Chief Executive Officer/Commission Secretary of the Independent Electoral and Boundaries Commission (IEBC) between 2015 –

2018. In this role, he was responsible for the management and administration of an unparalleled large-scale and complex national election programme. He has also worked with other reputable international and local organizations including the UN. His experience spans over 15 years in public sector management including policy, legislation, financial management, stakeholder management, risk management and leadership. He has also served as a Board Member of the Youth Enterprise Development Fund. Mr. Chiloba is an all-round public sector leader who is inspired by the idea that a progressive society is dependent on a facilitative government. He also has a deep appreciation of the communication industry; its global and local challenges and opportunities for social-economic growth. He holds an MSc in Major Programme Management (MPPM) from the University of Oxford (UK) and an MA in Public Policy (MPP) from the Central European University (Hungary). He graduated with a Bachelor of Laws degree from the University of Nairobi and was admitted to the Roll of Advocates of the High Court in Kenya. In 2015, he was named among the *Top 40 under 40 Men* by the *Business Daily*.



**Mrs. Mercy Wanjau, MBS** born in 1972, Mrs. Wanjau served as the Director Regulatory Affairs and Governance. She holds a Master's degree in Law (LLM) from the University of Cape

Town, Bachelors in Law (LLB) from the University of Nairobi. She also holds a Postgraduate Certificate in Regulation of Telecommunications in Developing and Transitional Economies. She is a Certified Governance Auditor with ICPSK, an Associate of the Chartered Institute of Arbitrators, Council Member of the Institute of Certified Secretaries (Kenya), board member of the SOS Children's villages and an Advocate of the High Court of Kenya. She



**CPA Joseph M. Kimanga** is the Director, Finance & Accounts, and covering Human Resources & Administration Department from 7<sup>th</sup> April 2023, He holds a

Master's degree in Business Administration (Finance) and a Bachelor of Education (Arts) degree in Economics & Business Studies. He is a Certified Public Accountant of Kenya-CPA (K).

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is also an Eisenhower Fellow. She exited service on 26<sup>th</sup> October 2022.



**FCPA. Rosalind Murithi** is the Director, Internal Audit. She holds a Master of Business Administration, and Bachelor of Commerce Degree. She is a Certified Public

Accountant of Kenya - CPA (K).



**Mr. Juma Kandie** was the Director, Human Capital & Administration. He holds Msc. in Human Resource Management, a Bachelor of Commerce degree as well as a Post Graduate Certificate in Strategy.

He exited service on 26<sup>th</sup> May 2023



**Mr. Matano Ndaro** is the Director, Telecom, Postal and Courier and Electronic Transaction Licensing. He is currently pursuing a Masters degree of Business Administration degree and holds a Bachelor of

Arts degree in Economics and a Postgraduate Diploma in Regulation of Telecommunications.



**Mr. Michael Katundu** was the Director, Information, Communications, and Technology. He is a holder of a MSc. and BSc. in Computer Science. He exited service on 17<sup>th</sup> January

2023



**Eng. Leo K. Boruett** is the Director, Multimedia Licensing and Content Regulation. He holds a MPhil Degree in Information Engineering; BSc Degree in Electrical and Electronics

Engineering; Registered Professional Engineer-EBK; and an Executive Masters Degree in Business Administration



**Mr. Christopher Wambua** is the Director, Corporate Communications. He holds a master's degree in International Studies, a postgraduate diploma in Mass Communications, a

post-graduate diploma in Public Relations from the Chartered Institute of Public Relations and a degree in Education. Mr. Christopher Wambua has been deployed on a special Assignment and his roles are currently performed by Ms. Patricia Muchiri.

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**Mr. Christopher Kemei** is the Director, Universal Access and Services Strategy and Coordination. He holds Masters a degree in Operational Telecommunications.



**Ms. Jane Rotich** is the Ag. Director, Supply Chain Management. She holds two Masters degree in Business Administration (Strategic Procurement) and, a Masters degree in Business Administration. She also holds a Bachelor of Arts degree and a Postgraduate diploma in Purchasing and Supplies.



PhD.

**Dr. Vincent Ngundi** is Ag. Director, Cyber Security Management and Monitoring. He holds a Bachelor of Science degree in Computer Science, and a Global Executive MBA and a



**Dr. James Njeru** is the Ag. Director, Research, Planning & Quality Management. He holds a PhD in Agricultural Economics and Resource Management, from Moi University, Kenya and MA (Econs) University of Nairobi; and several Diploma and Certificate courses on Regulatory and Competition Management in ICTs offered by institutions such as USTTI, PURC, AFRALTI, TEMIC, Master Class, among others.



**Ms. Patricia Muchiri** is the Ag. Director, Public Education and Awareness and Awareness and also Acting Director Corporate Communications.



**Mr. Mohammed Haji** is the Ag. Director, Director, Frequency Assignment and Licensing.



**Dr. Japheth Odhiambo** is the Ag. Director Regulatory Affairs and Governance.



**Mr. Joseph Nzano** is the Ag. Director Information, Communications, and Technology.

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**Mr. Lukas Musembi** is the Ag. Director Competition Management.



**Mr. Peter Ikumilu** is the Ag. Director Compliance & Enforcement.



**Mr. Titus Cheptoo** is the Ag. Director Monitoring, Inspection & Regional Coordination.

## **5. Chairperson's Statement**

On behalf of the Board of Directors, Management and Staff of the Communications Authority of Kenya, I am happy to present to you the Authority's Annual Report for the Fiscal Year 2022/2023.

During the year, we experienced changes in the composition of our Board. We were therefore privileged to gain from new perspectives, a wide range of skills and diverse experience throughout the 4th Strategic Plan period.

ICT being an 'Enabler' for socio-economic development, and as stipulated in Vision 2030, the period saw the Authority focus on initiatives to enhance universal access to ICT services and creation of an enabling environment to support growth of the sector.

In our pursuit of creating an enabling environment that will support the vision of Kenya becoming a digitally transformed nation, the Authority, in collaboration with other stakeholders, embarked on a comprehensive legal and regulatory reform efforts. Noting the dynamism of technology in this 4th Industrial Revolution (4IR), a revamped legal and regulatory framework is not only a key pillar but also an essential component for nurturing technological advancements.

Another achievement during this period was the improvement in the management of our cyberspace. With the increased uptake of ICTs across sectors, the Authority as the host of the Kenya Computer Incidence Response Team - Coordination Centre (KE-CIRT/CC), enhanced investment in its digital infrastructure, that improved our cyber security readiness and resilience. This was a proactive measure to assist the country in countering the imminent threat of cyber-attacks that has now become a global phenomenon.

Toward the end of the strategic period, the Board oversaw the development of the Authority's 5th Strategic Plan that will guide the work of the Authority for the period 2023 to 2027. This phase of the plan will see the Authority drive the increased contribution of ICTs to support the realization of the Bottom-Up Economic Transformation Agenda (BETA) and the Government Digital Transformation (GoDTA). Through various efforts including strategic partnerships with other public agencies and the private sector, the Authority has clearly laid out its plans to contribute to the achievement of digital transformation components including: broadband infrastructure, digital skilling, cybersecurity and enhancing access to quality and affordability of ICT services. Great

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focus will be given to ensuring all Kenyans have access to meaningful connectivity supported by initiatives under the Universal Service Fund (USF).

Alive to the realities of new and emerging technologies such as Artificial Intelligence (AI), Machine Learning, Big Data Analytics, Augmented and Extended Virtual Reality (VR), the Authority is set to invest more in building its capacity to match the challenges of the present times.

As I conclude, I extend my gratitude for the support received from the Ministry of Information, Communications and The Digital Economy, our licensees, strategic partners and all other stakeholders with whom we have worked to sustain a vibrant ICT sector. I equally thank my board colleagues, for their dedication, abilities and focus, which has greatly contributed to getting the Authority and the sector to where we are today.

Finally, I thank the entire Authority's management team and staff for efforts made towards the successful implementation of our 4<sup>th</sup> Strategic Plan.

We remain optimistic that our 5<sup>th</sup> cycle of the Strategic Plan will be greater and that the ICT sector will remain firmly at the center of enabling the country's aspiration of 'becoming a digitally transformed nation'.



**Ms. Mary Mungai**  
**Chairperson of the Board**

**6. Report of the Director General/CEO**

This financial year marked the end of our 4th Strategic Plan (2018 -2023) and I am glad to report that our focus on the three (3) Key Results Areas, Access and Market Development, Enabling Environment and Capacity Development, has yielded remarkable accomplishments for the ICT sector.

Within the year, we ushered in a new Board of Directors, who expeditiously settled into their leadership role and guided us through the last milestones of the just concluded Strategic Plan phase. May I take this opportunity to reassure the Board of our commitment to deliver and unwavering support.

The ICT sector remained vibrant, buoyed by growth in mobile telephony. The mobile telecommunications sub-sector grew by 2.7 percent, with mobile subscriptions growing from 64.6 million in June 2022 to 66.4 million. This translated to a mobile penetration growth of 131.3 percent from 131.0 percent in the previous year.

The continued rollout of 3G, 4G, and 5G mobile transmitters has enhanced the quality of mobile broadband across the country. The total data/Internet subscriptions stood at 50.5 million, marking a growth of 6.6 percent from the previous period. The Authority also issued additional spectrum to support rollout of a variety of services, including 5G mobile services which provide enhanced user experience with higher speeds and quality, and supports new industry applications across various sectors of the economy.

In support of the government's Digital Transformation Agenda, the Authority, through the Universal Service Fund (USF), initiated the process that will support the rollout of approximately 2,500 km of last mile optical fiber network infrastructure. The project will prioritize connectivity to health facilities, police stations, court stations, schools, and other organizations serving critical public needs in line with the mandate of the USF.

As the uptake of ICT services increases across the country, so does cybercrime. To secure our cyber space, the Authority executed cybersecurity awareness and capacity building among its stakeholders, to enhance national cybersecurity readiness and resilience.

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To promote and facilitate the development of a diverse range of broadcasting services, the Authority licensed additional 99 new broadcasters bringing the total licensed providers to 639 at the end of the year under review. This has led to an increase in the diversity and plurality of broadcast content.

In the Postal and Courier sub-sector, the Authority continued to facilitate the development of the sub-sector by licensing additional Operators. The number of licensees in this sub-sector increased by 7.2 percent to 327 from 305 in the previous year.

On the international scene, Kenya continued to actively participate in meetings and forums hosted by international organizations to which the country is affiliated. As a result of the goodwill cultivated over the years, the country was re-elected to the International Telecommunications Union (ITU) Council, re-elected to lead the African Telecommunications Union (ATU) for a second term, got elected to the ATU Administrative Council and was also re-elected to serve in the Pan-African Postal Union (PAPU) Administrative Council for a four-year term (2022-2025).

Lastly, my sincere gratitude goes to the Authority's Board for their leadership and oversight. I also thank all staff of the Authority, without whose dedication, loyalty and diligence, we would not have been able to accomplish what we did as a team this past year. We look forward to a more vibrant 2023/2024.



Christopher Wambua  
**Ag. Director General/CEO**

**7. Statement of Performance against Predetermined Objectives for FY 2022/2023**

*The Authority's Strategic for the Period 2018-2023* focused on three (3) Key Result Areas and eight (8) Strategic Objectives and 19 Strategic Initiatives for from the FY 2018-19 to FY 2022-23. These Key Result Areas (KRA's) are as follows:

KRA 1: Access and Market Development

KRA 2: Enabling Environment

KRA 3: Capacity Development.

*The Communications Authority of Kenya* develops its annual work plans based on the above Key Result Areas, strategic objectives and strategic initiatives. The Corporate Annual Work Plan for FY 2022/23 (Year 5) had a total of 59 activities scheduled for implementation.

Assessment of the Board's performance against its annual work plan (AWP) is done on a quarterly basis with best performance being recorded in the third quarter with an implementation of 27.2 per cent of the (AWP) while the first quarter recorded the lowest score with an implementation status of 13.4 per cent. The second and fourth quarter accounted for 19.8 per cent and 16.8 per cent implementation of the Annual Work Plan respectively.

The overall status of implementation of the Annual Work Plan for the FY 2022/23 was 77.4 percent. Out of the 59 activities scheduled for implementation, 32 activities were finalized 100 percent, 12 activities were at a middle stage of completion with a score between 58 percent and 99 percent while 15 activities were still at initial stages of implementation with a score below 50 percent as indicated in the table below:

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**Status of Implementation of the Annual Work Plan as at 30th June 2023**

Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Achievement as at 30 <sup>th</sup> June 2023	Score (%)
1.1.1.1 Support infrastructure development – Mobile network connectivity	(a.) Complete the roll-out of connectivity projects in the remaining 86 sublocations under Phase II	Sub-locations in the unserved and underserved connected	No. of additional sub-locations on air	Phase II – 86 Sub-locations on air	During the year, an additional 36 sub locations were put on air while passive infrastructure was constructed in 30 sub-locations.	85.0
1.1.1.1 Support infrastructure development – Mobile network connectivity	(b.) Design and deploy mobile cellular network infrastructure and services project under Phase III	Sub-locations in the unserved and underserved connected	No. of Sub-locations covered	Phase III – passive infrastructure deployed in 34 sub- locations	Passive infrastructure contracts signed on 18 <sup>th</sup> October 2022 and 24 <sup>th</sup> November 2022 for Atlas Towers and ATC Kenya respectively and the inception meetings held. Tender for active components in 68 sub-locations under phase III and the 29 sub-locations under phase II was re-advertised on 16 <sup>th</sup> May 2023 and awarded on 22 <sup>nd</sup> June 2023 to Safaricom and Airtel. Contract execution will be done on 12 <sup>th</sup> July 2023.	16.7
1.1.1.2 Support infrastructure development – Public institutions providing essential services (NPS, Judiciary and MoH) @ Kshs. 250 million, Kshs. 150 million and Kshs. 383.84 million, respectively	Support the connectivity of Level-3 public County hospitals.	Level - 3 public hospital connected	No. of public Institutions	97 Police Stations, 110 Courts and 24 Level-3 public hospital connected with broadband	NPS - Tender for the LAN was terminated due to non-responsiveness. Brief to NPS on the project status was done. Judiciary - Conducted site surveys in 80 court stations spread across the country and held a consultative meeting with the Judiciary on 24 <sup>th</sup> August 2022 to review the project progress. Feasibility study report, BoQs and estimated budget finalized. TORs for the Judiciary LAN finalized on 15 <sup>th</sup> February 2023. Draft tender document shared with Judiciary who have partnered with the Authority's proposal to progress phase one of the project covering 47 court stations at an estimated cost of Ksh 250M. MOH – Project scope expanded to align with GoDTA. Project differed to FY 2023/24 to cater for expanded scope.	16.7
1.1.2.1 Provide ICT Devices to learning institutions – Education Cloud Portal	Support the establishment of the Kenya Education Cloud Resources Portal (in partnership with the Kenya Institute for Curriculum Development (KICD))	Access to Education Cloud Portal system	Project completion rate	100% completion	Held consultative meetings with KICD and agreed on the workplan and project components. Tender documents developed Baseline survey on school readiness for the Open Education Resource done in 38 counties covering 200 schools in March 2023. Call of submission for digital curriculum content for grade I, II and III (Kiswahili and English), all learning areas for Grade 6 and sciences and mathematics for Form Four done.	41.7

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Achievement as at 30 <sup>th</sup> June 2023	Score (%)
1.1.2.3 Develop and Implement framework supporting Innovations	(a.) Support of development and content provision for learners with special needs (in partnership with Kenya Institute for the Blind (KIB))	Assistive devices available at KIB	Project completion rate	100% completion	Submitted Concept note to Ministry of ICT and Digital Economy on 12 <sup>th</sup> Sep 2022 for progression to Treasury for Approval. Consultation with KIB and the Ministry was done on 22 <sup>nd</sup> February 2023. The Authority received draft specifications for project components from KIB. A virtual stakeholders engagement meeting was held on 5 <sup>th</sup> June 2023 to discuss the subsequent steps in the project implementation.	8.3
1.1.2.3 Develop and Implement framework supporting Innovations	(b.) Implement the KARLO Project – Agricultural Content digitization for dissemination to farmers.	Digitized agricultural content assessable to farmers	Project completion rate	100% completion/availability.	Held preliminary engagements with KARLO on the implementation of this project. Draft project work-plan developed by 23 <sup>rd</sup> November 2022. Technical Cooperation Agreement (TCA) on project roll out signed between CA and KALRO on 10 <sup>th</sup> March 2023. A joint baseline survey done by both CA and KALRO was conducted between 17 <sup>th</sup> to 21 <sup>st</sup> April 2023. These surveys were conducted in the targeted seven (7) Agricultural Information Centres (AICs) located in Kitale, Kakamega, Opapo, Katumani, Buchuma, Kericho and Alupe.	16.7

## **8. Corporate Governance Statement**

### **a) Fiduciary Oversight Arrangements**

The Board of Directors have the responsibility of acting in the best interest of the Fund. They are expected to act with due professional care and make good decisions; ensuring there is no conflict of interest. To enhance efficiency and effectiveness, the Board constituted (5) standing committees with clearly defined terms of reference relating to key areas. The committees operate on delegated authority without diluting the Board's accountability

#### **i. Finance Committee**

The Finance Committee is established to give recommendations and advise the Board on financial management strategies and objectives to foster growth and development of the Fund.

#### **ii. Audit and Risk Committee**

The Audit and Risk Committee is created to provide oversight by offering objective advice and recommendations to the Board on whether the Fund's governance, risk management, and internal control processes are suitably designed and working as intended to achieve objectives. The membership is non-executive/independent board members.

#### **iii. Staff and Administration Committee**

The Staff and Administration Committee is established mainly to give recommendations and advise to the Board on personnel matters, policies and procedures and on issues of administration of the assets of the Fund.

#### **iv. Technical Committee**

The Technical Committee is established mainly to give recommendations and advise to the Board on Technical and Regulatory matters in the ICT sector.

#### **v. Broadcasting Standards Committee**

The Broadcasting Standards Committee is established to give recommendations and advise to the Board on all broadcasting matters. This committee is established vide KICA (Amendment) Act, 2013, section 7 (f) establish a broadcasting standards committee and such other committees as may be necessary to carry out its functions;

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**b) During the Financial Year, the Board of Directors held Meetings as follows:**

	Name of Board Member	Full Board	Finance Committee	Technical Committee	Broadcasting & Standards Committee	Staff & Administration Committee	Board Audit & Risk Committee	Total
1	Mary Mungai	9						9
2	Capt. Gilbert Kibe (Retired)	9						9
3	Albert Kochei	5	2			4		11
4	Christine Bhoke Nchamah	5	2			4		11
5	Christopher Kirigua	3		1			1	5
6	Eric Langat	5	2	3				10
7	Fredrick Muhul	5				3	1	9
8	Joel Okeng'o	5		3				8
9	Juliana Yiapan	18	8	5		17	5	53
10	Paul Mureithi	18	7	3		6	1	35
11	Sarah Kabira	1				1		2
12	Tonia Musyoka	5		2		4		11
13	Nicholas Ng'arua (Retired)	4				3	1	8
14	Alex Wafula Wamalwa (Retired)	1						1
15	Esther Njoki Njoroge (Retired)	1						1
16	Mgeni Mboti Hassan (Retired)	1						1
17	Jackson Kemboi (Retired)	13	5	7		14		39
18	Kentice Tikolo (Retired)	11		1			4	16
19	Laura Chite (Retired)	13				14		27
20	Mahmoud Noor (Retired)	13		9			4	26
21	Patricia Kimama (Retired)	11	5	1		3		20
22	Peter Wanjohi (Retired)	8	3	1				12
23	Prof. Levi Obonyo (Retired)	11		6		3		20
24	Prof. Dulacha Barako (Retired)	4	4	5		8	4	25

***(c) Board and Members' Performance***

The Board has established a Board Charter that guides its operations and on an annual basis sets performance target through a workplan. In compliance with the provisions of the *Mwongozo*, a Board evaluation was carried out by the State Corporations Advisory Committee. The Board attained an overall score of 94.88 per cent.

***(d) Members Trainings and Induction***

During the Financial Year under review, Members of the Board attended the following trainings as part of continuous capacity building for members. Management arranges for induction sessions/retreats for newly appointed members. During the Financial Year, Management arranged for a one-week induction for the newly appointed Chairperson and Members.

***(e) Board Succession Plan***

Succession planning for the Board is managed by ensuring that there is a staggered recruitment and appointment of Board Members by the appointing authority. The First batch of the Board members was appointed on 6<sup>th</sup> January 2020 anticipating the other batch of four (4) Board members was done later in July 2021 to ensure continuity and succession planning at the Board Level.

***(f) Process of Appointment and Removal of Directors***

Following the enactment of the Miscellaneous Amendment Act, 2018, the Appointment of the Chairman of the Board rests with the President, while the Members of the Board are appointed by the Cabinet Secretary. The Act was challenged in court and declared unconstitutional for want of concurrence by the Senate before enactment, amongst other grounds (*Petition No. 284 of 2019 and 383 of 2019 (Consolidated), Senate and 4 others Vs. Speaker of the National Assembly and Others*). The position however still obtains as at the date of reporting, as the court contemporaneously suspended the decision for nine (9) months with effect from 30<sup>th</sup> October, 2020. Previously, both the Chairman and the Board Members were competitively recruited.

Section 6(2) of the Kenya Information and Communications Act (KICA) provide that in appointing the members of the Board under subsection (1)(e), the Cabinet Secretary shall ensure-

- (a) that the appointees to the Board reflect the interests of all sections of society;
- (b) equal opportunities for persons with disabilities and other marginalized groups; and

(c) that not more than two-thirds of the members are of the same gender. Section 6D of the Act also provides on how members may vacate office.

***(g) Roles and functions of the Board***

The Board of Directors has the oversight role on the governance of the Fund in the discharge of its roles. It provides strategic direction and guidance for the Fund. The specific powers of the Board are provided for under section 7 of KICA as follows:

***(h) Conflict of Interest***

The Authority has a Conflict-of-Interest Policy. The Board of Directors and Management are acutely aware of the need for disclosure of Conflict of interest in all matters in which members deliberate upon. A conflict-of-interest Register is maintained in respect of all meetings, and Board Members are required to acknowledge absence of conflict of interest in all matters on Agenda. This applies to all Management Meeting.

***(i) Board remuneration***

Board Members of the Authority are remunerated strictly on the basis of applicable Circulars on remuneration of Board Members. The remuneration of Board Members is also guided by KICA, which provides at section 10 that the Board, in consultation with the Minister, shall pay to members of the Board such remuneration, fees or allowances for expenses as it may determine.

***(j) Governance audit***

During the financial year, the Authority procured an external consultant to conduct a Governance Audit. The Audit will be for up to the Financial Year ended 2022/2023. The Audit is expected to provide an opportunity to enhance the governance systems of the Authority.

***(k) Ethics and conduct***

The Authority has a Code of Ethics, applicable to both members of staff and Board Members.

## 9. Management Discussion and Analysis

### Operational and Financial Performance

The revenue earned during the financial year FY2022/23 increased by 25% to Kshs. 3.30 billion from Kshs. 2.65 billion in FY 2021/22. This comprised of Universal Service Fund Levy of Kshs. 1.95 billion and Finance income of Kshs. 1.35 billion. The operating and capital expenditure incurred for the same period was Kshs. 179.8 million compared to Kshs. 713 million in FY 2021/22.

### Key projects

The Fund conducted ICTs Access Gaps Study in 2016. The study identified two priority projects to be undertaken by Universal Service Fund. The two projects are: Voice Infrastructure and Services and Education Broadband Connectivity projects. The objective of the Voice Infrastructure and Services Projects is to close coverage gaps in mobile network infrastructure and services identified. The study prioritized closing of voice gaps in (202) sub-locations within the unserved areas of Kenya. The objective of the education broadband connectivity project is to deliver Internet connection to selected public secondary schools.

During the year, the Fund continued the roll out of Voice Infrastructure projects Phase I and 101 sites in Voice Infrastructure projects Phase II completion rate of 97% and 50% respectively as tabulated below:

Project	Total Projects	Total completion to date	Overall Completion rate (%)
Voice Infrastructure Project Phase I (Sub locations)	No. 78	76	97%
Voice Infrastructure Project Phase II (Sub locations)	No. 101	50	40%
Government Services Automation (Phase I)	Kshs. 250m	Kshs. 109.75m	44%

Due to security operations during the year, there were two incomplete Voice Infrastructure Project sub locations are outlined as follows:

1. Lopet in West Pokot project.
2. Elkayo in Turkana the project was completed hence Completion of Voice Infrastructure Phase I.

**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**Compliance with statutory requirements**

The Fund has complied with statutory requirements and there are no known non-compliance issues that may expose the Fund. In addition, there are no ongoing litigations and no contingent liabilities are anticipated therefore none has been provided for in the financial statements.

**Major risks facing the Fund**

The risks faced while implementing the USF projects are those associated with project implementation:

No.	Risk	Mitigation Measures
1	Inadequate projects sustainability models	Enforcing project governance encompassing inclusion of project sustainability mechanisms and prior signing of Memorandum of Understanding (MoU)
2	Low funds absorption for USF	Consider expansion of the Fund's project procurement and implementation methods to facilitate expedited awards and pace of project implementation.
3	Reliance on a few operators whose contribution is over 70% of the total Fund	Explore other sources of Funding for USF projects.

**Material arrears in statutory and other financial obligations**

The Fund has continued to honor its financial obligations as and when they fall due. Payment for the vendors was done promptly; consequently, the Fund does not have material arrears as at 30<sup>th</sup> June 2023.

## **10. Environmental and Sustainability Reporting**

The Communications Authority of Kenya (CA) seeks to mainstream its environmental sustainability goals by aligning them with our strategy of putting the customer or citizen first, delivering relevant goods and services, and improving operational excellence. The Fund therefore continues to comply with applicable environmental laws and regulations.

CA's environmental sustainability (ES) involves making decisions and taking actions that are in the interest of protecting the natural world, with an emphasis on preserving the capability of the environment to support human life. The Fund recognizes that some of its operations and those of its licensees, such as the telecommunication companies, have impacts on environmental, social, and economic aspects at the national and regional level, hence the need to mainstream environmental sustainability objectives in all its operations and activities.

Below is an outline of the organization's policies and activities that promote sustainability:

### **(i) Sustainability strategy and profile**

The Authority's Board and Management is committed to the 2030 Sustainable Development Goals (SDGs) including the following goals that relate to environmental sustainability:

- Goal 6: Ensure availability and sustainable management of water and sanitation for all
- Goal 13: Take urgent action to control climate change and its impact
- Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat diversification and halt and reserve land degradation and halt biodiversity loss.
- Goal 17: Strengthen the means of implementation and revitalize the global partnerships for sustainable development

The Fund engages in development practices that are sustainable, and prudently utilizes resources to ensure waste and cost reduction, while ensuring quality and value for money.

**(ii) Environmental performance**

The Authority is committed to supporting the principles of environmental sustainability through the Environmental Policy as follows:

- **Environmental Sustainability Planning:** The Authority's Environmental Sustainability Committee holds quarterly meetings every financial year and submit quarterly reports to National Environmental Management Authority (NEMA) updating status progress of Environmental Sustainability activities.
- **Environmental Planning:** The Authority Conducts Environmental audits to inform the appropriate measures to put in place in Environmental Sustainability, assess the understanding of the staff in mainstreaming ES at the workplace and to implement the recommendation from the audit.
- **Pollution Control:** The Authority is committed to practising responsible waste management through adoption of appropriate mechanism for collection and disposal of organic, plastic, paper waste and e- waste by designating segregation bins for each variety of waste for proper disposal. The Authority has employed interventions for recycling, reusing and reducing waste at its premises e.g. use of reusable drinking water bottles instead of the plastic tumbler cups, harvesting rain water to be used in the fish pond, reuse envelopes for internal dispatches.
- **Ecological Enhancement:** The authority continues to participate through-
  - a) implementation of environmental CSR activities such as tree planting campaign in Kisumu County during the World Consumer Rights Day .
  - b) Planting trees in CA's remote stations and staff residential houses
  - c) support Government initiative in enhancement of national forest cover through joint tree growing programme at the Konza Technologies
- **Partnerships:** Authority is committed in enhancing participation in National, Regional and International Environment and Green ICT Initiatives through partnership with East African Communications Organisation (EACO), International Telecommunication Union (ITU), NEMA among other relevant bodies.
- **Environmental Awareness:** The authority has created sensitization programs such as capacity development training for committee members, sensitization of all staff on Environmental mainstreaming, raise comprehensive awareness on ecological growth, climate mitigation and pollution control in the corporate sector

**(iii) Employee welfare**

The Authority's institutional capacity provides the foundation for achieving performance excellence. This entails possessing the requisite resources, expertise, and systems essential for fulfilling its mandate. To achieve performance excellence, the Authority fosters innovation, invests in human capital, harnesses technology, and aligns efforts with strategic goals. This holistic approach elevates capacity, resulting in performance outcomes that establish new standards of excellence. In achieving its high Institutional capacity, the Authority prioritizes the recruitment, development, and retention of talented and motivated employees, through training, mentorship, and professional development programmes.

**Human Resource Establishment**

The Authority transitioned to a new organizational structure, that increased the number of departments from 11 to 20 and reassigned the roles in functional areas with an aim of enhancing service delivery. The staff complement stood at 376 comprising of 246 staff on permanent and pensionable terms and 130 staff on temporary engagement with a female-to-male ratio of 47:53. Six permanent and pensionable staff exited the service while two staff joined on secondment.

**Organizational Learning**

The Authority provided opportunities for training and development programmes in order to enhance staff competency for improved service delivery, effective management, career progression and professional development. These trainings were categorized in five broad areas: Management skills development; Regulatory and Technical capacity building; Organizational development and effectiveness; Career/professional development; and Performance Contracting obligations programmes.

**Industry practices**

**Responsible competition practice**

In tandem with the Constitution of Kenya (2010) the Authority is the ICT regulator that is independent of control by government, political interest or commercial interests. The mandate of the Authority is to ensure fair competition in telecommunications, broadcasting, Postal & Courier sectors. It involves managing well the frequency spectrum and numbering resources and ensuring that Consumers are protected including child-on-line protection. The Authority is also actively involved in cyber-security being the focal point for the Kenya Computer Incident Response Team (Ke-CIRT).

As part of corporate governance, the Authority's board is guided by the Mwongozo Code and the employees ensure compliance to the Authority's Code of Conduct. Staff are also required to sign an integrity oath as part of their commitment to abide by ethical and professional standards of work.

**a. Responsible supply chain and supplier relations**

Excellent service delivery to our customers and stakeholders is paramount. The Authority therefore has a Service Charter that stipulates expected quality service levels when dealing with its stakeholders. The Authority maintains good business practices, treats its own suppliers well by honoring contracts and respects payment practices as guided by the Service Charter.

**b. Responsible marketing and advertisement**

The Authority consider sound corporate governance, ethical conduct, robust risk management and regulatory compliance to be fundamental to our commercial sustainability. In this regard, the Authority usually adheres to that to all advertising and marketing standards, code of ethics and rules government pertaining to placements of advertisements.

**c. Product stewardship**

The consumer protection mandate of the Authority is spelt out in the Kenya Information and Communications Act, 1998 and associated regulations. The Authority heavily relies on this legal anchor to empower, protect and create a confident ICT consumer.

The Authority undertook various initiatives to ensure that all licensed ICT service providers: establish appropriate customer care and complaints handling mechanisms; provide safe and secure communication services encompassing child online protection; provide information on their products and services, charges, terms and conditions; safeguard of all consumer information and confidentiality; enabled consumers to have access to emergency services.

During the year, various regulatory interventions were undertaken with a view to empower and protect consumers as well as create an enabling environment.

**(iv) Consumer Research, Education and Empowerment**

In line with our mandate on consumer protection, we safeguard the welfare of ICT consumers by empowering and protecting them, guaranteeing their right to access quality and affordable products and services, as well as the freedom to choose from a variety of goods and services available. In light of this, the Authority has implemented mechanisms aimed at providing consumers with information regarding the quality of ICT products and services, effective customer care and complaints management, as well as ensuring the provision of safe and secure communication services for children.

**Consumer empowerment**

The Authority's consumer education and empowerment programme seeks to enable consumers to actively participate and exercise their rights and freedom. This programme acknowledges the shift to outcome-based regulation and is more cognizant of consumer experiences.

We distributed informative consumer advisory materials during consumer education outreach activities, corporate events, licensees' forums and school events. Advisory information was also shared through the Authority's website and social media platforms. These advisories contained information on the rights and regulations pertaining to the access, usage and safety of communication services.

**The Authority's Child Online Protection Programme**

ICTs offer open access to information which presents threats that come due to anonymity, inadequate age verification mechanisms, among others that may expose children to inappropriate content, cyberbullying and predatory behaviour. In this regard, the Authority continued implementing the second phase of the Child Online Protection and Safety Programme dubbed "Huwezi Tucheza, Tuko CyberSmart ". This was achieved through partnership that entailed sponsorships, exhibitions and sensitization during various fora that included Kenya Music Festivals, Kenya Primary Schools Headteachers Association (KEPSHA) Annual Delegates Congress, Kenya Secondary Schools Headteachers Association (KESSHA) Annual National Conference for Principals, and Kenya National Drama & Film Festivals.

Participation in these fora provided a platform for discussing how children can protect themselves while using ICTs. Some of the themes highlighted during the year included, cyberbullying, screen time limitations, productive use of the internet, sexual exploitation and parental guidance.

**(v) Corporate Social Responsibility/Community engagements**

In our annual corporate social responsibility (CSR) initiatives, we've extended our commitment to social responsibility through various activities that align with our CSR policy. In this regard, we supported the Cerebral Palsy Society of Kenya during the Annual Cerebral Palsy awareness month, construction of two classrooms at St. Joseph Chepukat Mixed Secondary School in West Pokot County and a library block at Chebonet Mixed Secondary School in Elgeyo Marakwet County.

The Authority continued with the sponsorship of FC Talanta, a youth-focused football club excelling in Kenya's Premier League, reflects our commitment to nurturing young talent. In addition, we sponsored various sports events such as Sports Personality of The Year Awards (SOYA). Through these comprehensive efforts, we continue to create a positive societal impact while upholding our CSR values.

## 11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the *Fund's* affairs.

### (i) Principal activities

The principal activities of the Fund are Universal Access to ICT services

### (ii) Results

The results of the Fund for the year ended June 30, 2023, are set out on page 38 to page 62.

### (iii) Directors

The members of the Board of Directors who served during the year are shown on page (vi) to page (xiii). During the year 2023, **Capt. Gilbert Kibe** resigned on 2<sup>nd</sup> December 2022 and **Ms. Mary W. Mungai** was appointed with effect from 2<sup>nd</sup> December 2022.

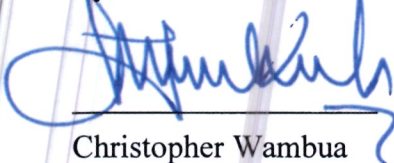
### (iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the draft financial statements after the end of each financial year. The Fund is not required to make any remittance to the Consolidated Fund.

### (v) Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Fund for the year/period ended June 30, 2023.

By Order of the Board



Christopher Wambua

**Ag. Director General/CEO**

11/12/2023  
Date

## 12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, - (entities should quote the applicable legislation under which they are regulated)*) require the Directors to prepare financial statements in respect of that *Fund*, which give a true and fair view of the state of affairs of the *Fund* at the end of the financial year/period and the operating results of the *Fund* for that year/period. The Directors are also required to ensure that the *Fund* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Fund*. The Directors are also responsible for safeguarding the assets of the *Fund*.

The Directors are responsible for the preparation and presentation of the *Fund's* financial statements, which give a true and fair view of the state of affairs of the *Fund* for and as at the end of the financial year (period) ended on June 30, 2023. 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 *Fund*; (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 *Fund*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

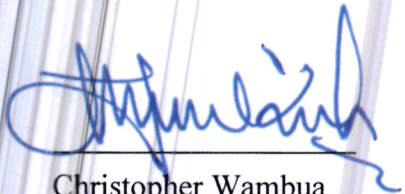
The Directors accept responsibility for the *Fund's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act) – entities should quote applicable legislation as indicated under which they are regulated*). The Directors are of the opinion that the *Fund's* financial statements give a true and fair view of the state of *Fund's* transactions during the financial year ended June 30, 2023, and of the *Fund's* financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the *Fund*, which have been relied upon in the preparation of the *Fund's* financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern (*disclose, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

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

#### **Approval of the financial statements**

The *Fund's* financial statements were approved by the Board on 11<sup>th</sup> December 2023 and signed on its behalf by:



Christopher Wambua  
**Ag. Director General/CEO**

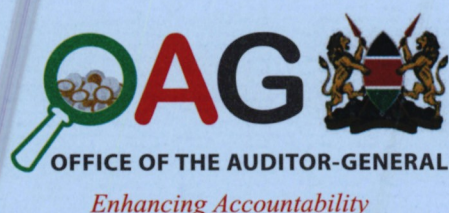


Ms. Mary W. Mungai  
**Chairperson of the Board of Directors**

**13. Report of the Auditor General for the Financial Statements of Communications  
Authority of Kenya - Universal Service Fund**

# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON COMMUNICATION AUTHORITY OF KENYA - UNIVERSAL SERVICE FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Communication Authority of Kenya - Universal Service Fund set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Communication Authority of Kenya - Universal Service Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Information and Communications Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unsupported Provision for Bad and Doubtful Debts**

The statement of financial performance reflects an amount of Kshs.42,165,000 in respect of provision for specific bad and doubtful debts due from Telkom Kenya Limited and as disclosed in Note 11 to the financial statements. However, correspondences between the Authority and The National Treasury revealed that The National Treasury has acknowledged and committed to Telkom Kenya Limited debt amounting to Kshs.101,635,000 while the outstanding debts for financial years 2021/2022 and 2022/2023 amounting to Kshs.107,925,000 out of total receivables of Kshs.473,137,000 had not received commitment from the National Treasury.

In the circumstances, the accuracy, completeness and adequacy of the specific provision for bad and doubtful debts amounting to Kshs.42,165,000 could not be confirmed.

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

### **Key Audit Matters**

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

## **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.2,664,838,000 and Kshs.3,308,209,000 respectively resulting to an over-collection of Kshs.643,371,000 or 24% of the approved budget. Similarly, the Fund expended an amount of Kshs.179,762,000 against an approved budget of Kshs.836,459,000 resulting to an under-expenditure of Kshs.656,697,000 or 79% of the approved budget.

The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal

controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, the Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of intention to terminate the Fund or to cease operations.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit

report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

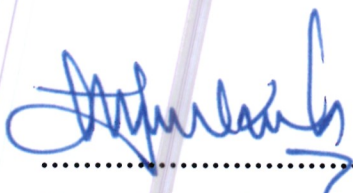
Nairobi

20 December, 2023

**14. Statement of Financial Performance for the year ended 30 June 2023**

		FY 2022/2023	FY 2021/2022
	NOTE	Kshs ('000)	Kshs ('000)
<b>Revenue from Non-exchange transactions</b>			
USF Levy	6	1,955,809	1,683,445
<b>Revenue from Exchange transactions</b>			
Finance Income	7	1,352,400	972,451
<b>Total Revenue</b>		<b>3,308,209</b>	<b>2,655,896</b>
<b>Operating Expenses</b>			
Project Costs	8	112,441	620,512
Other Expenses	9	7,351	34,502
Audit Fees	10	464	464
Provision for Bad & Doubtful Debts	11	42,165	38,771
<b>Total Expenses</b>		<b>162,421</b>	<b>694,249</b>
<b>Surplus for the Period</b>		<b>3,145,788</b>	<b>1,961,647</b>

The notes set out on pages 6 to 27 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



Name: Christopher Wambua  
 Ag. Director General/CEO

Date 11/12/2023



Name: CPA Joseph Kimanga  
 Head of Finance

ICPAK M/Nq:4341  
 Date 11/12/2023



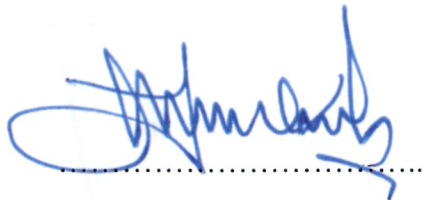
Name: Ms. Mary W. Mungai  
 Chairperson of the Board

Date 11/12/2023

15. Statement of Financial Position as at 30 June 2023

		FY 2022/2023	FY 2021/2022
	NOTE	Kshs ('000)	Kshs ('000)
<b>Assets</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	12	18,119,714	15,105,838
Receivables from Non-Exchange transactions	13	63,758	38,441
Receivables from Exchange transactions	14	-	37,421
<b>Total Current Assets</b>		<b>18,183,472</b>	<b>15,181,701</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	15(a)	3,856	5,868
Intangible Assets	15(b)	25,276	13,227
<b>Total Non-Current Assets</b>		<b>29,132</b>	<b>19,095</b>
<b>Total Assets</b>		<b>18,212,604</b>	<b>15,200,795</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	16	494	273,806
Advance Income	17	3,015	7,111
<b>Total Liabilities</b>		<b>3,509</b>	<b>280,917</b>
<b>Net Assets</b>		<b>18,209,095</b>	<b>14,919,878</b>
<b>Accumulated Fund</b>	18	<b>18,209,095</b>	<b>14,919,878</b>

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



Name: Christopher Wambua  
Ag. Director General/CEO

Date 11/12/2023



Name: CPA Joseph Kimanga  
Head of Finance

ICPAK M/No:4341  
Date 11/12/2023



Name: Ms. Mary W. Wambui  
Chairperson of the Board

Date 11/12/2023

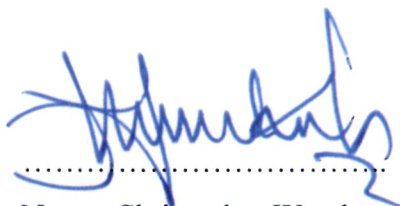
**16. Statement of Changes in Net Assets for the year ended 30 June 2023**

	NOTE	Retained Earnings Kshs ('000)	Total Kshs ('000)
	-----	-----	-----
<b>As at July 1, 2022</b>		14,919,878	14,919,878
Surplus/ Deficit for the year	18	3,145,788	3,145,788
Prior year Adjustments	26	143,429	143,429
<b>As at June 30, 2023</b>		<b>18,209,095</b>	<b>18,209,095</b>
<b>As at July 1, 2021</b>		12,850,400	12,850,400
Surplus/ Deficit for the year	18	1,961,647	1,961,647
Prior year Adjustments	26	107,831	107,831
<b>As at June 30, 2022</b>		<b>14,919,878</b>	<b>14,919,878</b>

**17. Statement of Cash Flows for the year ended 30 June 2023**

	NOTE	2022/2023 Kshs ('000)	2021/2022 Kshs ('000)
<b>Operating Activities</b>			
Cash generated from/(used in) Operations	18	3,031,216	2,110,162
<b>Net Cash generated from/(used in) Operations</b>		<b>3,031,216</b>	<b>2,110,162</b>
<b>Investing Activities</b>			
Acquisition of Assets	21	(17,341)	(19,486)
<b>Net increase in Cash and Cash Equivalents</b>		<b>3,013,876</b>	<b>2,090,676</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>		<b>15,105,838</b>	<b>13,015,162</b>
<b>Cash and Cash Equivalents at End of the Year</b>		<b>18,119,714</b>	<b>15,105,838</b>

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



Name: Christopher Wambua

Ag. Director General/CEO

Date 11/12/2023

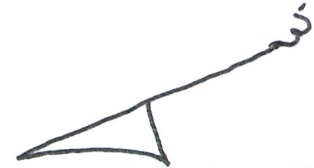
for 

Name: CPA Joseph Kimanga

Head of Finance

ICPAK M/No:4341

Date 11/12/2023



Name: Ms. Mary W. Wambui

Chairperson of the Board

Date 11/12/2023

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

Description	Original Budget	Adjustment	Final Budget	Actual	Performance Variance	% Utilization
	Kshs ('000)	Kshs ('000)	Kshs ('000)	Kshs ('000)	Kshs ('000)	
<b>Revenue</b>						
Interest Income	972,367	0	972,367	1,352,400	380,033	139.1%
USF Levy	1,692,471	0	1,692,471	1,955,809	263,337	115.6%
<b>Total Revenue</b>	<b>2,664,838</b>	<b>0</b>	<b>2,664,838</b>	<b>3,308,209</b>	<b>643,370</b>	<b>124.1%</b>
<b>Expenses</b>						
Non-Project Expenses	27,524	(26,265)	1,259	52,380	51,120	4158.9%
Capital Expenses	0	0	0	17,341	17,341	0%
Universal Service Fund Projects	4,020,309	(3,185,109)	835,199	110,041	(725,158)	13.2%
<b>Total Expenses</b>	<b>4,047,833</b>	<b>(3,211,374)</b>	<b>836,459</b>	<b>179,762</b>	<b>(656,697)</b>	<b>21.5%</b>

**Budget Notes**

1. Actual Revenue from broadcasting, Telecommunications services and Postal and Courier all exceeded budget mostly due to newly onboarded customers and increase in compliance levels of existing licensees.
2. Positive performance of interest income was due to increase in interest rates and longer investing periods.
3. Expenses include project costs, capital expenditure & prov. of bad debts. Overall expenditure including capital expenditure reduced to Kshs 179.08 million from Kshs. 713.73 million. The budget absorption of the year was 21% of the year budget of Kshs. 836.45 million. The low expenditure was due to delay in completion of the voice projects and request for changes in scope of government services automation projects.

## **19. Notes to the Financial Statements**

### **1. General Information**

Communications Authority of Kenya – Universal Service Fund is established by and derives its authority and accountability from *Kenya Information and Communications Act, 1998 (Cap 411A)*. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya.

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

The Universal Service Fund - financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, and financial instruments at fair value, impaired assets at their estimated recoverable amounts and liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund.

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Fund’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Fund’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Fund provides in its financial statements about social</p>

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Standard	Effective date and impact:
	<p>benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Fund.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Fund’s financial performance, financial position and cash flows.</p> <p>The CA-Universal Service Fund was established to provide affordable and accessible ICT services to all citizens, regardless of their income or location.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> </ul>

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Fund.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

- iii. *Early adoption of standards*

The CA-USF did not early – adopt any new or amended standards in the financial year.

**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange**

**transactions Levy**

The Fund recognizes revenues at the rate of 0.5% of licensable revenue. The income is recognized upon issuance of an operating license.

**ii) Revenue from exchange**

**transactions Interest income**

The Net Interest income includes interest realized on government securities, placements, and bank balances.

**b) Budget information**

The budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Fund as well as the revenue to be generated. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

**c) Taxes**

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Fund operates and generates taxable income. The Fund is tax-exempt as per the Public Financial Management Act 2012 Regulations 2015 (219) (3). Management periodically evaluates positions taken in the tax legislations with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**d) Property, plant and equipment**

The Fund's property plant and equipment are presented and their carrying amounts reported. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over the estimated useful life as follows:

- Computers 3 years.

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

**e) Financial instruments**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through statement of performance. financial performance, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Fund determines the classification of its financial assets at initial recognition.

**f) Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are stated at original invoiced amounts, less an estimate made of losses arising from impairment and recognized in the statement of financial performance. The fund has a defined adding system for monitoring its receivables. The expected loss rate for receivables is The General Bad Debts Provision is as per the Policy (1 Year - 25%, 1-2 Years - 50% & 2-3 Year - 100%) and the Specific provision.

**g) Impairment of financial assets**

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or an Fund of financial assets is impaired. A financial asset or an Fund of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition.

**h) Financial liabilities**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through statement of financial performance or loans and borrowings, as appropriate. The Fund determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

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

**i) Provisions**

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits, or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Fund expects some or all of a provision to be reimbursed, reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**j) Contingent liabilities**

The Fund did not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**k) Contingent assets**

The Fund did not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**l) Nature and purpose of reserves**

The Fund creates and maintains reserves in terms of specific requirements. All reserves are stated and outlined as per IPSAS 17 and IPSAS 1.

**m) Changes in accounting policies and estimates**

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

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

**n) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the prevailing rate of exchange on the date of the transaction. Bank balances denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from this running balance in the cashbook and the bank balance, are recognized in the statement of financial performance in the period in which they arise.

**o) Related parties**

The Fund regards a related party as a person or an Authority with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. The Government of Kenya is the principal shareholder of the Fund, holding 100% of the Fund's equity interest.

**p) Cash and cash equivalents**

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

**q) Comparative figures**

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

**r) Subsequent events**

There have been no events subsequent to the financial year-end with a significant impact on the financial statements for the year ended June 30, 2023

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

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

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

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Fund based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual value**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Fund.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset
  - Computers 3 years
  - Software 5 years

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

- The Bad Debts Provision is as per the Policy (1Year - 25%, 1-2 Years - 50% & 2-3 Year - 100%). The specific provision

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**Notes to the Financial Statements**

**6. REVENUE FROM NON-EXCHANGE TRANSACTIONS**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
USF Levy - Broadcasting Sector	80,962	75,297
USF Levy - Telecommunications Sector	1,849,499	1,563,556
USF Levy - Postal & Courier Sector	<u>25,348</u>	<u>44,592</u>
	<u><b>1,955,809</b></u>	<u><b>1,683,445</b></u>

The USF Levy is derived from Licensable services at the rate of 0.5% in the broadcasting, multimedia, telecommunications, electronic commerce, postal and courier services

**7. REVENUE FROM EXCHANGE TRANSACTIONS**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Cash Investments and fixed deposits	1,591,058	1,144,060
Withholding Tax 15% Deducted at Source	<u>(238,658)</u>	<u>(171,609)</u>
	<u><b>1,352,400</b></u>	<u><b>972,451</b></u>

The Fund earned interest income is derived from investments in short term deposits and Withholding income Tax deducted at source

**8. PROJECT COSTS**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Education Broadband Connectivity Program	0	27,941
Voice Infrastructure Projects	108,733	543,087
Government Services Automation Projects	0	37,621
E-Resource Centers & Projects Monitoring	<u>3,708</u>	<u>11,863</u>
	<u><b>112,441</b></u>	<u><b>620,512</b></u>

**9. OTHER EXPENSES**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Bank Charges	48	47
Universal Access Gap Studies	0	34,063
Depreciation Charges	2,012	168
Amortization Charges	<u>5,291</u>	<u>224</u>
	<u><b>7,351</b></u>	<u><b>34,502</b></u>

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**Notes to the Financial Statements**

**10. AUDIT FEES**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Audit Fees	<u>464</u>	<u>464</u>

**11. PROVISIONS ON BAD & DOUBTFUL DEBTS**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Bad & Doubtful debts Provision	<u>42,165</u>	<u>38,771</u>

The General Bad Debts Provision is as per the Policy (1Year - 25%, 1-2 Years - 50% & 2-3 Year - 100%) and the Specific provision relates to a Licensee's outstanding fees that Management is pursuing.

**12(a). CASH & CASH EQUIVALENTS**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Current Accounts	18,119,714	14,546,450
Call Deposits	(0)	<u>559,388</u>
	<u>18,119,714</u>	<u>15,105,838</u>

**12(b). CURRENT ACCOUNTS**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Cooperative Bank of Kenya A/c No. 01136154597800	11,504,951	11,064,595
NCBA Bank PLC A/c No. 7910850017	2,210,303	3,481,855
Equity Bank A/c No.0010283899523	4,122,959	0
KCB A/c No. 1316224023	<u>281,501</u>	<u>0</u>
	<u>18,119,714</u>	<u>14,546,450</u>

**12(c). ON CALL DEPOSITS**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Cooperative Bank-CALL	<u>(0)</u>	<u>559,388</u>

**13. (a) RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
USF Levy Receivables	473,137	404,547
Accum. Provisions for Bad & Doubtful Debts	(415,640)	(373,476)
Related Party - Assets & Prepayments	6,261	<u>7,370</u>
	<u>63,758</u>	<u>38,441</u>

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Related Party - Assets are refer to Licensee's inadvertently depositing Levy in the Authority's bank accounts instead of the Fund's bank accounts; this position is regularly reconciled and settled.

**Notes to the Financial Statements**

**14. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Accrued Interest	<u>0</u>	<u>37,421</u>

**15.(a) PROPERTY, PLANT & EQUIPMENT**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Property, Plant & Equipment - Cost	6,036	6,036
Accumulated Depreciation	(2,179)	(168)
	<u>3,856</u>	<u>5,868</u>

**15.(b) INTANGIBLE ASSETS**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Intangible Assets - Cost	30,791	13,451
Accumulated Amortization	(5,515)	(224)
	<u>25,276</u>	<u>13,227</u>

**16. TRADE AND OTHER PAYABLES**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Accounts Payables	464	273,806
Related Party - Liability	<u>30</u>	<u>(0)</u>
	<u>494</u>	<u>273,806</u>

Related Party - Liability refer to Licensee's inadvertently depositing License Fees in the Fund's bank accounts instead of the Authority's bank accounts; this position is regularly reconciled and settled.

**17. ADVANCE INCOME**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Payments Received in Advance	<u>3,015</u>	<u>7,111</u>

Payments received in advance refer to License fees paid in advance and are retained in the Licensee account until utilized in subsequent period billing

**18. ACCUMULATED FUND**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
Accumulated Fund B/fwd	15,063,307	12,958,231
Surplus for the Period	<u>3,145,788</u>	<u>1,961,647</u>
	<u>18,209,095</u>	<u>14,919,878</u>

**Notes to the Financial Statements**

**19. CASH GENERATED FROM OPERATIONS**

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
<b>a) Cash generated from/(used in) operations</b>		
Surplus before remittances	3,145,788	1,961,647
<b>Non-Cash adjustments:</b>		
Depreciation and Amortization	7,303	392
Retained Earnings	<u>143,429</u>	<u>107,831</u>
	<b><u>3,296,520</u></b>	<b><u>2,069,869</u></b>
<b>b) Changes in Working Capital adjustments</b>		
Increase/Decrease in Receivables from Non-Exchange Transactions	(25,317)	52,223
Increase/Decrease in Receivables from Exchange Transactions	37,421	(9,410)
Increase/Decrease in Receivables Trade & Other Payables	(273,312)	(9,407)
Increase/Decrease in Receivables Advance Income	<u>(4,095)</u>	<u>6,887</u>
<b>Net Working Capital Changes</b>	<b><u>(265,304)</u></b>	<b><u>40,293</u></b>
<b>Net cash flows from operating activities</b>	<b><u>3,031,216</u></b>	<b><u>2,110,162</u></b>

**Notes to the Financial Statements**

	FY 2022-2023 Kshs ('000)	FY 2021-2022 Kshs ('000)
<b>20. PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>Description</b>	<b>Computers</b>	<b>Computers</b>
<b>Cost</b>	<b>Kshs('000)</b>	<b>Kshs('000)</b>
As at 1st July	6,036	-
Additions	-	6,036
<b>Cost as at 30th June</b>	<b>6,036</b>	<b>6,036</b>
<b>Depreciation and Impairment</b>		
As at 1st July	168	-
Depreciation of the year @ 33.33%	2,012	168
<b>Acc. Dep as At 30<sup>th</sup> June</b>	<b>2,179</b>	<b>168</b>
<b>Net Book Values</b>		
<b>NBV As At 30<sup>th</sup> June</b>	<b>3,856</b>	<b>5,868</b>
<b>21. INTANGIBLE ASSETS</b>		
<b>Description</b>	<b>Software</b>	<b>Software</b>
<b>Cost</b>	<b>Kshs('000)</b>	<b>Kshs('000)</b>
At beginning of the year	13,451	-
Additions	17,341	13,451
<b>Cost as at 30th June</b>	<b>30,791</b>	<b>13,451</b>
<b>Amortization and impairment</b>		
At beginning of the year	224	-
Amortization of the year @ 20%	5,291	224
<b>Amort. as at 30<sup>th</sup> June 2023</b>	<b>5,515</b>	<b>224</b>
<b>Net Book Values</b>		
<b>NBV as at 30<sup>th</sup> June</b>	<b>25,276</b>	<b>13,227</b>

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**Notes to the Financial Statements**

**22. Financial Risk Management**

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Fund's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund's management based on prior experience and their assessment of the current economic environment.

<b>Description</b>	<b>Total Amount</b>	<b>Total Amount</b>	<b>Fully Performing</b>	<b>Past Due</b>	<b>Impaired</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
<b>At 30 June 2023</b>					
Receivables from Non-exchange transactions	63,758	38,441	30,753	7,688	-
Receivables from exchange transactions	-	37,421	37,421	-	-
Bank Balances	18,119,714	15,105,838	15,105,838	-	-
<b>Total</b>	<b>18,183,472</b>	<b>15,181,701</b>	<b>15,174,012</b>	<b>7,688</b>	<b>=</b>
	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>	<b>Kshs ('000)</b>
<b>At 30 June 2022</b>					
Receivables from Non-exchange transactions	38,441	90,665	72,532	18,133	-
Receivables from exchange transactions	37,421	28,010	28,010	-	-
Bank Balances	15,105,838	13,015,162	13,015,162	-	-
<b>Total</b>	<b>15,181,701</b>	<b>13,133,837</b>	<b>13,115,704</b>	<b>18,133</b>	<b>=</b>

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Fund has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due. The board of directors sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

#### ii) Liquidity risk management

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

Description	Less Than (1) Month Kshs ('000)	Less Than (1-3) Month Kshs ('000)	Between (3-6) Months Kshs ('000)	Over (6) Months Kshs ('000)	Total Kshs ('000)
<b>At 30 June 2023</b>					
Trade & Other Payables	464	-	-	129,795	130,259
Advance Income & Prepayments	-	-	-	3,628	3,628
<b>Total</b>	<b>464</b>	<b>-</b>	<b>-</b>	<b>133,424</b>	<b>133,887</b>
<b>At 30 June 2022</b>					
Trade & Other Payables	464	-	-	273,342	273,806
Advance Income	-	-	-	7,111	7,111
<b>Total</b>	<b>464</b>	<b>-</b>	<b>-</b>	<b>280,453</b>	<b>280,917</b>

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

**Financial Risk Management**

**iii) Market risk**

The *CA-USF* has put in place an internal audit function to assist it in assessing the risk faced by the Fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Fund's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

The *CA-USF* has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Fund* manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**b) Interest rate risk**

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

**iv) Capital Risk Management**

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

Description	FY 2022-2023	FY 2021-2022
	Kshs ('000)	Kshs ('000)
Accumulated Fund	18,080,002	14,919,878
<b>Total Funds</b>		
Cash & Bank balances	18,119,714	15,105,838
Net debt/(excess cash and cash equivalents)		
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**23. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the *Fund* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

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

**Other related parties include:**

1. The Parent Ministry.
2. County Governments
3. Other SCs and SAGAs
4. Key management.
5. Board of directors.

Description	FY 2022-2023	FY 2021-2022
	Kshs ('000)	Kshs ('000)
Amount Receivable from CA	6,261	561
Amount Payable to CA	30	- 0

**24. Capital Commitments**

Description	FY 2022-2023	FY 2021-2022
	Kshs ('000)	Kshs ('000)
Authorized for	0	0
<b>Authorized and contracted for</b>		

**25. Events after the Reporting Period**

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

**26. Prior Year Adjustments**

Prior year adjustments amounting to Kshs. 143.42 million was made to correct payables recognized in past financial periods.

**27. Ultimate and Holding Fund**

The Authority is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Information Communications and the Digital Economy. Its ultimate parent is the Government of Kenya.

**28. Currency**

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

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**29. Appendices**

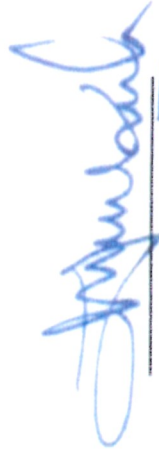
**Appendix 1: Implementation Status of Auditor-General’s Recommendations**


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

Reference No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Time frame:
01/USF	<b>Unsupported specific provision for bad and doubtful debts</b> As previously reported, the statement of financial performance reflects a specific provision for bad and doubtful debts of Kshs. 38,771,000 as disclosed in Note 11 to the financial statements. This is an amount owed by Telkom Kenya Limited. Telkom Kenya limited via letter dated 21 December 2020 confirmed Nil amount being owed to the Authority. Further The National Treasury committed to provide Telkom Kenya Limited the money owed for FY 2019/2020 and 2021. However no amounts to cover the debt have been received by the Authority	The Fund is following up the matter with Ministry of Information & Youth Affairs as well as The National Treasury.	Director General/CEO	Pending	30 <sup>th</sup> June 2023
02/USF	Long outstanding receivables from non-exchange transactions The statement of financial position reflects receivables from non-exchange transactions balance of Kshs. 38,441,000 as disclosed in Note 13(a) to the financial statements. Included in this balance is USF Levy receivables of Kshs. 404,547,000 that includes an amount of Kshs. 206,566,095 that has been outstanding for a period of more than	The Fund has consistently issued demand letters to licencees with outstanding debts for full payment of the outstanding fees.	Director General/CEO	Pending	30 <sup>th</sup> June 2023

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Reference No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Time frame:
	two (2) years. No effort appears to have been put in place by Management to recover the debts				

  
 Director General/CEO  
 Date: 11/12/2023

  
 Chairperson of the Board  
 Date: 11/12/2023

