

REPUBLIC OF KENYA



*Paper laid by  
LOM on 28/7/20  
Ghumbi:*

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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
MINISTRY OF INFORMATION,  
COMMUNICATIONS AND  
TECHNOLOGY

FOR THE YEAR ENDED  
30 JUNE 2014





## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON THE MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY (VOTE 132) FOR THE YEAR ENDED 30 JUNE 2014

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Ministry of Information, Communications and Technology (Vote 132) set out on pages 32 to 50, which comprise the statement of financial assets and liabilities as at 30 June 2014, statement of receipts and payments, statement of cash flows, summary statement of appropriation for recurrent and development combined, and summary statement of provisionings for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provision of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003. 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.

#### Management's Responsibility for the Financial Statements

The Accounting Officer - Ministry of Information, Communications and Technology is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The Accounting Officer is also responsible for the submission of these financial statements to the Auditor-General in accordance with the provisions of Sections 7 of the Public Audit Act, 2003.

#### Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance that the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the Ministry's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

## Basis for Qualified Opinion

### 1. Double Payment for Goods and Services

Included under Note 7 on use of goods and services balance of Kshs.805,929,232 are payments totalling Kshs.84,702,053 to six (6) suppliers for various goods and services. Scrutiny of the payment vouchers revealed that the same goods and services had been paid for by Office of the President, Cabinet Office. This amounts to double payment. It is not clear and the Ministry has not explained why it did not consult Office of the President before making the payments. The details of Kshs.84,702,053 are as shown below.

PVNO	DATE	DETAILS	AMOUNT KSHS
026	20.01.14	Installation of LAN in Isiolo, Marsabit and Moyale counties	40,420,919
041	31.12.13	Provision of consultancy services on ICT training policy and ICT training strategy	4,211,380
066	27.11.13	Providing training on Inform. Technology Infrastructure Library (ITL)	5,280,227
067	27.11.14	Providing training on computer Forensic analysis Investigation and incident response	2,285,548
020	23.12.14	Being Payment for Installation of LAN in Trans-Nzoia, west Pokot, Turkana counties	30,768,979
032	24.02.14	Clearance of goods for the E-Government	1,735,000
		<b>TOTAL</b>	<b>84,702,053</b>

The payment of Kshs.84,702,053 is therefore irregular.

### 2. Referred to Drawer Cheques

The statement of assets as at 30 June 2014 as disclosed in note 12C reflects a balance of Kshs.22,739,209 under cash equivalents (short term deposit). Included in this amount is Kshs.5,931,500 being Referred to Drawer Cheques whose analysis was not availed for audit review. In the circumstances, it has not been possible to confirm the accuracy and correctness of the cash and cash equivalent balance of Kshs.22,739,209 as at 30 June 2014.

### **3. Salary Advance**

The statement of assets as at 30 June 2014 as disclosed in note 12D reflects a balance of Kshs.370,467 which excludes advances totalling Kshs.279,872 issued to various officers. No satisfactory explanations were provided for the above omission. In the circumstances, it has not been possible to confirm the accuracy of the salary advance figure of Kshs.370,467 as at 30 June 2014.

### **4. Imprests**

The statement of assets as at 30 June 2014 reflected outstanding imprest as Kshs.69,730,362. However records availed for audit review reflected an amount of Kshs.69,938,612 resulting to unexplained balance of Kshs.208,250. In the circumstances it has not been possible to confirm the accuracy of the outstanding imprest figure of Kshs.69,730,362 for the year ended 30 June 2014.

### **5. General Account of Vote – Long Outstanding Balance**

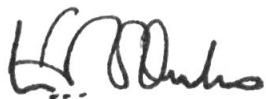
The statement of provisions as at 30 June 2014 reflects a balance of Kshs.722,956,922 which relates to 2012/2013 and earlier years, no explanation has been provided for non-clearance of the outstanding balance of Kshs.722,956,922 as required by Treasury Circular AG.17/011/Vol 5/153 dated 16 June 2009.

### **6. Exchequer Account**

The statement of provisionings reflect a balance of Kshs.560,084,117 in respect of Exchequer Account which relates to 2012/2013 and earlier years. No explanation has been given for non-clearance of these balances, as per Treasury Circular Ag.17/011/Vol 5/153 dated 16 June 2009.

### **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Ministry of Information, Communications and Technology as at 30 June 2014 and of its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.



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

**Nairobi**

**29 April 2015**

REPUBLIC OF KENYA



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MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
30 JUNE 2014

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

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## KEY MINISTRY'S INFORMATION AND MANAGEMENT

### a. Background Information

The Ministry was formed on May 2013 through the Executive Order No. 2/2013 of May 2013, to undertake the following functions: -

- Information Communications Technology (ICT),
- Broadcasting
- Language management policies
- Public communications
- Promotion of e-government
- ICT training and standards development and administration
- Development of national communications capacity and infrastructure
- Provision of public relations services
- Promotion of software development industry
- Fibre optics infrastructure development and management
- Policy on software licensing regime
- ICT Agency (E-Government, Kenya ICT Board, and Government Information Technology Services)
- Provision of ICT consulting to other government departments
- Provision of advisory services on acquisition of ICT and telecommunication services and equipment to
- Government ministries and departments
- Telecommunication services
- Development of national communication capacity
- Infrastructure and Dissemination of public information through Kenya Broadcasting Corporation (KBC)
- Mass media capacity building at Kenya Institute of Mass Communications (KIMC)
- Regulatory services through the Communications Authority of Kenya (CA)
- Postal Corporation of Kenya (PCK)
- National Communications Secretariat (NCS)
- Multimedia Appeals Tribunal
- Kenya Year Book Editorial Board (KYEB)

- Konza Technopolis Development Authority (KOTDA)
- Infrastructure development through the ICT Authority

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

**Vision:** Kenya as a globally competitive knowledge-based economy.

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

#### **b. Key Management**

The Ministry is composed of two major sub-sectors, namely information and broadcasting, and communications.

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

The information and broadcasting sub-sector is made up of two main departments:

- a) The Department of Information
- b) The Department of Public Communications

Specialised activities under the sub-sector are performed by Semi-Autonomous Government Agencies (SAGAs), which include the Kenya Broadcasting Corporation (KBC), the Kenya Yearbook Editorial Board, Kenya Institute of Mass Communications and the Media Council of Kenya. The communications sub-sector comprises the telecommunications, ICTs and the postal services. The main departments are:

- a) The Department of Telephone services; and
- b) Directorate of Communications

Specialised services under this sub-sector are performed by the Communication Authority of Kenya, the National Communications Secretariat, the Communications Multimedia Appeal

Tribunal, the Postal Corporation of Kenya, the Kenya ICT Authority, The East African Marine System (TEAMS) and the proposed Fibre Optic National Network (FONN). The ministry also has support sections and units which includes

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

The Key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were;

<b>S/N</b>	<b>Designation</b>	<b>Name</b>
1.	Cabinet Secretary	Dr. Fred Matiang'i
2.	Accounting Officer	Joseph Tiampati Ole Musuni
3.	Director of Administration	Henry Mung'asia
4.	Director of Information	Joseph Olewe Awiti
5.	Director of Public Communications	Mary Ombara
6.	Director Department of Film Services	Ernest Kerich
7.	Deputy Secretary of Administration	Onesmus Mutua
8.	Director KIMC	Hirram Mucheke
9.	Chief Finance Officer	Mugambi Kimathi
10.	Chief Economist	Guantai Kirimi
11.	Principal Accountant	Catherine Shiroko
12.	Director HRM	Wilfred Amolo
13.	Director HRMD	Winnie Macharia

### **c. Fiduciary Oversight Arrangement**

The following Ministerial committee provided the fiduciary oversight arrangements;

#### **1. Ministerial Budget Implementation Committee**

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

#### **2. Ministerial Audit Committee**

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

#### **3. Ministerial Parliamentary Liaison Office**

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

### **d. Ministry Headquarters**

P. O. Box 30025  
G.P.O 00100  
Nairobi, Kenya  
Telephone: (254) 4920000/100  
E-mail: mailinformation.go.ke  
Website: www.Information.go.ke

### **e. Ministry's Bankers**

#### **1. Central Bank of Kenya**

Haile Selassia Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya

#### **2. Kenya Commercial Bank ( Districts Bank Accounts)**

### **f. Auditors**

Auditor-General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP, 00100  
Nairobi, Kenya



**g. Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O.Box 40112  
City Square, 00200  
Nairobi, Kenya

## FORWARD BY THE CABINET SECRETARY

During the 2013/14 financial year the ministry implemented a total of four (4) programmes and eleven (11) sub-programmes. The Ministry was allocated a total of **11,488.60 Million** for both recurrent and development expenditure.

The table below summarizes the budget performance against actual amounts for current year based on economic classification and programmes.

### SUMMARY OF EXPENDITURE BY PROGRAMME, SUB-PROGRAMME AND ECONOMIC CLASSIFICATION (KSHS MILLION)

Expenditure Classification	Approved Estimates (Net) 2013/14	Actual Expenditure 2013/14
<b>Programme 1: General Administrative Services</b>	<b>749,180,570</b>	<b>609,631,351</b>
<b>Recurrent Expenditure</b>	<b>481,610,570</b>	<b>334,303,777</b>
Compensation of Employees	123,229,680	121,738,912
Use of goods and Services	214,924,890	212,564,865
Current Transfers Govt. Agencies	143,456,000	143,456,000
<b>Capital Expenditure</b>	<b>267,570,000</b>	<b>275,327,574</b>
Acquisition of Non Financial Assets	40,400,000	49,719,594
Capital Transfers Govt. Agencies		
Other development	<b>227,170,000</b>	<b>225,607,980</b>
<b>PROGRAMME 2: INFORMATION AND COMMUNICATION SERVICES</b>	<b>1,061,248,018</b>	<b>966,546,427</b>
<b>Sub – Programme 1 News and Information Services</b>	<b>681,689,908</b>	<b>594,206,160</b>
<b>Recurrent Expenditure</b>	<b>570,035,000</b>	<b>523,489,010</b>
Compensation of Employees	200,984,041	195,132,840
Use of goods and Services	369,050,959	328,356,170
<b>Development Expenditure</b>	<b>111,654,908</b>	<b>70,717,150</b>
Other Development	111,654,908	70,717,150

<b>Expenditure Classification</b>	<b>Approved Estimates (Net) 2013/14</b>	<b>Actual Expenditure 2013/14</b>
<b>Sub – Programme 2 Public Relations and Communication Services</b>	<b>88,655,960</b>	<b>81,438,117</b>
Recurrent Expenditure	<b>88,655,960</b>	<b>81,438,117</b>
Compensation of Employees	36,148,344	28,059,791
Use of goods and Services	52,507,616	53,378,326
<b>Sub-Programme 4. Brand Kenya Initiative and Kenya Yearbook Initiative</b>	<b>215,947,000</b>	<b>215,947,000</b>
<b>Recurrent Expenditure</b>	<b>166,123,000</b>	<b>166,123,000</b>
Current Transfers to Govt Agencies	166,123,000	166,123,000
<b>Development Expenditure</b>	<b>49,824,000</b>	<b>49,824,000</b>
Capital Transfers Govt. to Agencies	49,824,000	49,824,000
<b>Sub-Programme 5 Media regulation Services</b>	<b>74,955,150</b>	<b>74,955,150</b>
<b>Recurrent Expenditure</b>	55,455,150	55,455,150
Current Transfers to Government Agencies	55,455,150	55,455,150
<b>Development Expenditure</b>	<b>19,500,000</b>	<b>19,500,000</b>
Capital Transfers Govt. to Agencies	<b>19,500,000</b>	<b>19,500,000</b>
<b>PROGRAMME 3: ICT AND MASS MEDIA SKILLS DEVELOPMENT</b>	<b>268,468,251</b>	<b>263,835,595</b>
<b>Recurrent Expenditure</b>	<b>167,440,251</b>	<b>164,346,864</b>
Compensation of Employees	91,712,488	92,062,764
Use of goods and Services	75,727,763	72,284,100
<b>Development Expenditure</b>	<b>101,028,000</b>	<b>99,488,731</b>
Acquisition of Non Financial Assets	101,028,000	99,488,731
<b>Programme 4: ICT Infrastructure Development</b>	<b>7,279,320,774</b>	<b>5,850,791,327</b>
<b>Recurrent Expenditure</b>	<b>823,526,328</b>	<b>869,235,499</b>
Compensation of Employees	56,914,421	101,133,095
Use of goods and Services	-	
Current Transfers to Govt Agencies	635,250,000	635,250,000
Other recurrent		
<b>Capital Expenditure</b>	<b>6,455,794,446</b>	<b>4,981,555,828</b>
Acquisition of Non Financial Assets		
Capital Transfers Govt. to Agencies	3,553,373,072	3,553,373,072
Other development	2,882,620,000	1,209,391,134
<b>Sub-Program 1: ICT Park Establishment (KONZA)</b>	<b>601,550,000</b>	<b>601,550,000</b>
<b>Recurrent Expenditure</b>	<b>42,750,000</b>	<b>42,750,000</b>

<b>Expenditure Classification</b>	<b>Approved Estimates (Net) 2013/14</b>	<b>Actual Expenditure 2013/14</b>
Current Transfers to Govt Agencies	42,750,000	42,750,000
<b>Development Expenditure</b>	<b>558,800,000</b>	<b>558,800,000</b>
Capital Transfers Govt. to Agencies	558,800,000	558,800,000
Other development		
<b>Sub-Programme 2: Information Communications Technology Services</b>	<b>430,896,328</b>	<b>585,630,275</b>
<b>Recurrent Expenditure</b>	<b>188,276,328</b>	<b>233,985,499</b>
Compensation of Employees	56,914,421	101,133,095
Other recurrent	131,361,907	132,852,404
<b>Development Expenditure</b>		
Other development	242,620,000	351,644,776
<b>Sub-Program 3: Kenya Broadcasting Services</b>	<b>842,875,000</b>	<b>842,874,250</b>
<b>Recurrent Expenditure</b>	<b>592,500,000</b>	<b>592,500,000</b>
Current Transfers to Govt Agencies	592,500,000	592,500,000
<b>Development Expenditure</b>	<b>250,375,000</b>	<b>250,374,250</b>
Capital Transfers Govt. to Agencies	<b>250,375,000</b>	<b>250,374,250</b>
<b>Sub-Program 4: NOFBI Phase 2</b>	<b>2,640,000,000</b>	<b>1,076,538,730</b>
<b>Development Expenditure</b>	<b>2,640,000,000</b>	<b>1,076,538,730</b>
Other Development	2,640,000,000	1,076,538,730
<b>Sub-Program 5: Kenya Transparency Communication Infrastructure Project (KTCIP)</b>	<b>2,763,999,446</b>	<b>2,744,198,072</b>
<b>Development Expenditure</b>	<b>2,744,198,072</b>	<b>2,744,198,072</b>
Capital Transfers Govt. to Agencies	2,744,198,072	2,744,198,072
<b>TOTAL EXPENDITURE</b>	<b>6,662,233,572</b>	<b>6,567,667,494</b>

The resources allocated to the Ministry during the 2013/14 Financial Year were spent in implementing various programmes and projects that enabled the Ministry to register the following **Key** achievements.

## KEY ACHIEVEMENTS

### 1.0 INCREASED UNIVERSAL ACCESS TO ICT SERVICES

The Government has continuously implemented the National ICT infrastructure to improve connectivity and availability of broadband in all the 47 counties in the country.

#### 1.1 National Optic Fibre Backbone Infrastructure (NOFBI)

Implementation of the National Optic Fibre Backbone Infrastructure (NOFBI) has impacted positively on the living standards of Kenyan citizens. The NOFBI project has reduced the cost and increased the speed of internet access allowing businesses all over the country to cut operational costs. Currently **28** counties have been connected while the remaining **19** counties will be connected through the ongoing NOFBI II project. Completion of Phase II will increase the length of terrestrial fibre optic from the current **4300KM to 5500 KM**

#### 1.2 Roll Out of Digital TV Broadcast Infrastructure

The public broadcaster has rolled out Digital Broadcast infrastructure in **16** sites covering approximately **80%** of the total population. In preparation for the analogue switch off, the Government has zero rated and type approved set top boxes making them affordable to Kenyans. In addition, the

Government prepared the necessary legal and regulatory framework and has carried out Consumer awareness campaigns. The Government has secured funding to build digital infrastructure in **10** remote sites by June 2015 thus achieving **100% digital broadcast** penetration in the country.

The number of **television channels** licensed rose from **33 to 54** channels where only **13 TV channels** have migrated from analogue to digital broadcast platform. The number of licensed **FM Radio** rose from **109 to 119 stations**.

The ongoing roll-out of **Digital TV Broadcast infrastructure** has enabled Kenyans to enjoy quality Television broadcast services. Moreover, the digital platform has enabled more Television Channels that have opened more job opportunities for Kenyans to supply local broadcast products. A significant number of Kenyans are currently employed in this

Broadcasting Sector which is expected to grow exponentially. Kenyans have also enjoyed a variety of TV programmes where options have grown due to increased number of TV stations. Consumers are also benefiting from higher Video and Sound quality, no multiple TV aerials while the economy benefits through higher utilization of scarce resources

## 2.0. ENHANCED EASE OF DOING BUSINESS AND GOVERNANCE.

### 2.1 Institutional Reforms within the ICT Sector

The Government enacted the **Kenya Information Communication Amendment Act (KICA) 2013** that actualized a framework for the realization of the right to **freedom of information and the media** as provided for under **article 34 of the Constitution 2010**.

The Act created **Communications Authority of Kenya (CA)** an independent body that is free of Government, political or any other commercial interests' controls to regulate the ICT sector. The Act also provides a framework for dealing with issues relating to competition and consumer protection in the ICT sector. This has ensured that every person has a right to freedom of expression.

The creation of **Information Communication Authority (ICTA)** brought the administration and development of ICT services under one roof leading to improved service delivery for Kenyans. The merging of the **three institutions** (ICT Board, Directorate of E-government and the Government IT Services) will reduce duplications of functions thereby saving Government spent both human and capital resources. The Authority has a mandate to **authenticate e-signatures** in Kenya. This will improve the **ease of doing business** in the country thereby improving the livelihood of Kenyans.

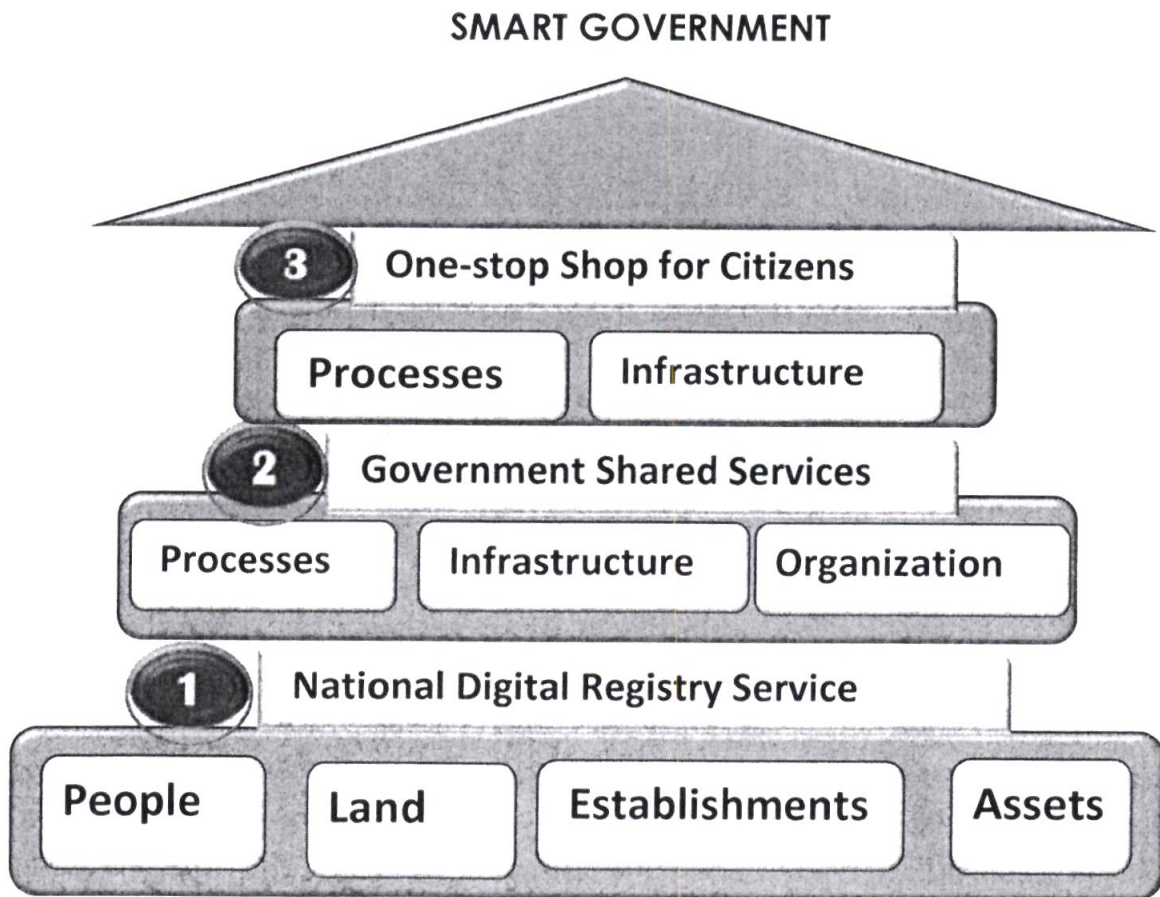
**The Media Council Act 2013** gave effect to article 34 (5) of the Constitution 2010 that established the Media Council and the Complaints Commission. This gave Kenyans a platform for arbitration of cases and complaints against the media. In addition, enforcement of the Act will promote professional standards in media training and practice of journalism.

The Government contracted a **consultant** to advice on the best way to restructure **Kenya Broadcasting Corporation**. The consultant is expected to complete the report in the next

three months. KBC has also modernized its facilities including studios, equipments and field stations that have improved the quality of its broadcast programmes. As a public broadcaster, KBC provides broadcast services to marginalized communities where other commercial broadcasters may not reach thus empowering them to participate in national development.

## 2.2 Policy, Legal and Regulatory Frameworks

The Government developed and launched the **National Broadband Strategy**, developed the **Smart Kenya Master Plan**, developed the ICT Guidelines and Standards, developed the National Cyber Security **Master Plan and Strategy**, and **launched the Kenya Computer Incident Response Team Coordination Centre (KE-CIRT/CC)** Implementation of the Smart Kenya Master Plan will lay the foundation for the Kenyan knowledge based economy as demonstrated below.

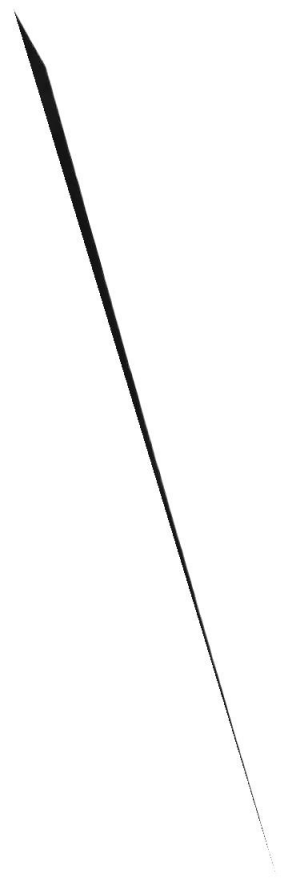


The presence of conducive policy and legal environment has enabled growth in all ICT market segments.

1. **Mobile phone subscriptions** grew by **3.14%** from **29,459,207** to **31,222,434** with penetration ratio rising from **75.06%** to **78.02%** indicating that more Kenyans are able to communicate and access information to transact business and other social events.
2. **Internet subscriptions** rose from **9,589,851** to **13,257,309** making the **penetration** ratio to rise from **48.3%** to **53.3%** thereby registering a growth rate of **5%**. This enabled more Kenyans to access data and information to improve their knowledge and transact more businesses.
3. **Broadband** penetration grew from **2.5%** to **3.6%** thereby registering a **1.1%** growth. Increased in availability of Broadband in the country has facilitated growth and innovation in the ICT Sector and increased productivity throughout the economy. Kenyans now can easily acquire knowledge and technical skills, improve efficiency and productivity of enterprises, enhance business competitiveness and sparked new and innovative technologies services and applications.



*The Launch of Broadband*



4. **Mobile money transfer** experienced an upward trend with the number of subscriptions growing by **10.1%** from **23.3M** in March 2013 to **26.2M** in March 2014. The number of **Mobile Money Transfer Agents** grew from **93,689** to **103,660** in March 2013 to March 2014 registering **19.1%** growth.
5. The number of **licensed Courier Services** providers rose from **184** to **215** registering an annual increase of **15.7%**.

### 2.3 SIM Card Registration Framework

The Government streamlined **SIM Card registration framework** which is currently being harmonized with other regimes in the East Africa Cooperation (EAC) partner states. This has assisted network operators to know their customers as well as helping to **curb negative impacts** like loss of phones by thefts, unsolicited text messages, fraud and threats among others. Operators are required to reveal the identity of subscribers while aggrieved persons are able to sue operators for any crimes committed using unregistered SIM cards. This has **reduced kidnapping and hate speeches** and has enabled police to nab criminals using mobile phone devices.

### 2.4 Automation of Government Services

The Government digitized **60 Million Births** and **Deaths Records** at the Civil Registration Department in the Ministry of Interior and Coordination of National Government. The ministry facilitated the **automation** of services at **13 Huduma centres** hosted at Postal Corporation of Kenya (**PCK**) countrywide. This has improved the delivery of services to the Kenyan citizens. To promote **e-commerce** in the economy the government through PCK piloted **e-payment platform** in **five** commercial banks.

### 2.5 Enhanced Regional Integration

Kenya is in the forefront in championing the harmonization of ICTs policy, legal and regulatory frameworks in the EAC region. In the last six months Kenya has participated fully in the **establishment** of **one network area** in the East African States which will see the **roaming rates** reduced drastically. The region is also pushing for cross boarder broadband connectivity to enhance cross boarder trade. During the year, ICT was included in the Northern Corridor key integration infrastructure projects.

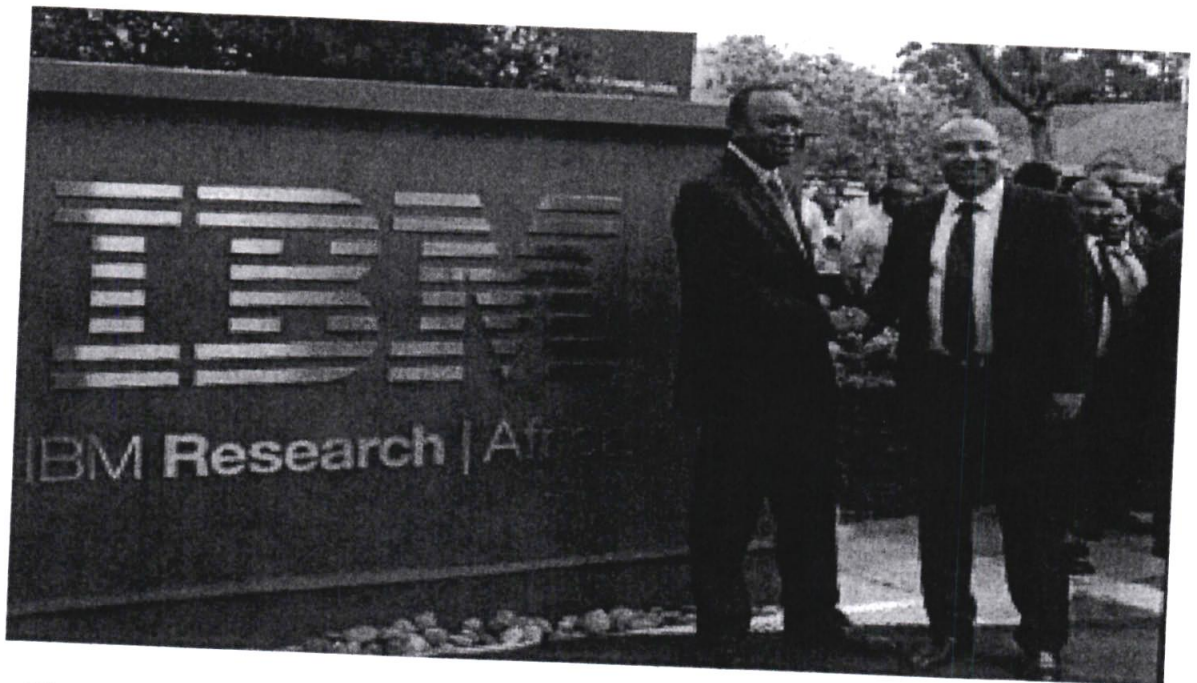
### 3.0 IMPROVED COMPETITIVENESS FOR KENYA AS AN ITES/BPO HUB

The Government has promoted Kenya as the preferred Information Technology Enabled Services (ITES) and Business Process Outsourcing (BPO) hub making Kenya to be one of the Africa's fastest growing ICT markets.

#### 3.1 Innovation and Incubation Centres

Currently, Kenya has become a home of innovators in the Ministry of Information, Communications and Technology where a growing number of scalable solutions have been developed. Interests in ICT innovations have made the academia, industry and the Government to pool together and establish innovation incubation hubs in the country. During the year the country attracted **IBM Research Lab** which is one of the premier ICT research laboratories in the world in addition to **I-Hub, M-Lab, the Fablab,**

**Chandaria Innovation and Incubation Centre and Nailab.** The lab has given Kenyan researchers the opportunity to develop home grown solutions to solve local socio-economic challenges in the **Health, Transport Education, Water and Sanitation** among others.



*His Excellency, Hon. Uhuru Kenyatta, President of Kenya with Dr. Kamal Bhattacharya, IBM Research – Africa Lab Director*

The lab will also ensure **knowledge transfer** thereby raising the **competitiveness** of the country to attract Foreign Direct Investments (FDI).

### 3.2 **Software and Hardware Development**

The Government is promoting **locally produced software and hardware** in order to help build skills and capacity in the assembly of the various hardware components into complete IT equipments. Because of the favorable fiscal policy environment on ICT hardware and the relatively low cost of domestic labor, per unit price of locally assembled IT equipments are relatively much lower than imported ones. Investment in hardware and software development has continued to increase year after year.

### 3.3 **Konza Techno City**

The government is spearheading the implementation of **Konza Techno City** to position Kenya as a BPO Hub. During the year Konza Techno City Strategic Environmental Assessment (SEA) was approved by the National Environment Management Authority (NEMA) in February 2014. **The KOTDA Bill** was prepared and forwarded to Attorney General for approval; Cadastral Survey was completed while a comprehensive work Plan was prepared to guide the development of phase 1 covering Roads, Water and Sewerage Systems, Telecommunication Infrastructure and Construction of the Sales Pavilion. This has improved Kenya's international competitiveness where more than **200 local and international firms** have expressed interest to invest in Konza Techno City. The Authority also signed a contract with Master Delivery Partner II to guide the development of Phase I.

In anticipation of the establishment of Konza City the ICT industry created **2,300 additional BPO jobs** during the year under review.

## 4.0 **IMPROVED PUBLIC INFORMATION MANAGEMENT**

The Government is currently **restructuring** the public information management to ensure that Kenyans access accurate, effective and efficient information on government policy and programmes in order for them to make informed decisions. This involves refurbishment of **government websites**, digitization of key government registries, development of Public Communication Policy, production of Kenya Yearbook, **Modernization of Kenya Broadcasting Corporation** and the Kenya News Agency. These activities have made Kenyans **more informed** as well as marketed Kenya as investment and tourism destination abroad.

## 5.0 INCREASED ICT TALENT POOL

In line with Kenya Vision 2030 objective of increasing ICT talent pool, Kenya Institute of Mass Communication (KIMC) empowered **500 Youths** through hands on skills which enabled them to self employ in the ICT sector. The institute offers media related courses cutting across certificate, Diploma, degree and postgraduate. The ministry has restructured the institute through modernization of facilities and equipments, reorganization and re-engineering of training curriculum in line with the market needs. The restructuring programme will enable the institute **increase the student intake by 30%**.

## 6.0 INCREASED CONTRIBUTION TO GOVERNMENT REVENUE

The Communication Authority of Kenya paid dividend to the treasury amounting to **KShs.4.1 Billion** and license fee amounting to **KShs.2.3 Billion**. The Postal Corporation of Kenya paid dividend of **KShs.17.5 Million** to treasury for the year ending June 2013.

## EMPOWERMENT TO YOUTH WOMEN AND PEOPLE WITH DISABILITY

The ministry awarded tenders worth over **KShs.220 Million** to Youth, Women and People with Disability thereby empowering them economically and thus breaking the vicious cycle of poverty in line with the jubilee manifesto. The ministry contributed in the improvement of the well-being and protection of Orphans and Vulnerable Children (OVC) in Kenya by facilitating payments of grants to **358,000** families and communities through Postal Corporation of Kenya. The ministry also offered internship to over **500 Youths** enabling them to gain practical experience in various departments.

The table below summarizes the **programme output, performance indicators, targets and achievements** for the 2013/14 financial year. It is noted that the ministry **achieved and surpassed** majority of the 2013/14 targets.

PROGRAMME	Delivery Unit	Key outputs	Key Performance Indicators	Target 2013/14 Baseline	Achievement
Name of Programme: Information and Communication Services.					
Outcome: Well informed citizenry.					
News and Information Services	Department of Information	Stories	No. KNA stories disseminated	45,000	41,365
		News Features	No. of news features produced	1,700	3,847
		Still Photographs	No. of photographs (still)	3,500	3560
		News gathering Vehicles	No. of news gathering vehicles acquired	10	10
		Rural Press Magazines	No. of rural press magazines produced & circulated	88,000	48,700
		Cinema Shows	No. mobile cinema shows shown	200	356
		Digital Photographs	No. of Photographs digitized	3,200	7000
		TV News articles	No. of television news articles	3,000	3560
		News Collection Equipment	No. of modernized news collection equipment for dissemination and transmission	20	10
		Mass media personnel	No. of new mass media personnel trained on new technologies	100	450
		Rehabilitated field offices	No. of rehabilitated field offices	10	10
		Re-branded radio services	No. of re-branded radio services	3	10

		Re-branded TV services	No. of re-branded TV services	1	2
	Department of Public Communication	County Editions	% of completion of County Edition online	90	100
		Mawasiliano copies	No. of Mawasiliano copies	24,000	24,000
		Media monitoring software	% of implementing use of media monitoring software	60	100
		Digitization software	No. of digitization software	2	2
		Online editing software	No. of online editing software	1	1
		Reading and catalogue materials	No. of titles, reading and catalogue materials	5,000	10,000
		Directory on GOK activities	% of developed directory on GOK activities	50	100
<b>SUB-PROGRAMME 2: BRAND KENYA AND KENYA YEARBOOK INITIATIVE</b>					
Brand Kenya Initiative	Brand Kenya Board	Brand Master plan	Percentage of the National Brand Master Plan implemented	40	100
		Branded MDAs	No. of MDAs Branded	50	10
		Vision 2030 flagship projects	No. of Kenya Vision 2030 flagship projects branded	10	10
		Branded goods and services.	No. of goods and services branded.	120	200
		Youth attitude change programme	No. of youth attitude change Workshops	8	12
		County, towns and cities Branding facilitation workshops	No. of towns, cities and counties branding facilitation workshops	7	10
		Diaspora & Investor	No. of Diaspora & Investor	2	3

		Engagement Forums.	engagement Forums conducted.		
<b>Kenya Yearbook Initiative</b>	Documented historical and social economic events of Kenya	Kenya Year Book Editions	No. of copies of Kenya Year Book 2013, 2014 and 2015 Edition including abridged version.	2,000	4,000
		Monthly magazines and profiles	No. of copies of public sector monthly magazines and profiles	12,000	12,000
		Cabinet publications	No. copies of Kenyatta, Kibaki, Moi and Uhuru Cabinets publications	1,000	1,000
		Investment opportunities publications	No. of copies of Investment Opportunities publications	2,000	2,000
		County specific publications	No. of copies of county specific editions	1,000	1,000
		Microscopic yearbooks	No. of copies of microscopic yearbooks	1,000	1,000
<b>Media Regulation Services</b>	Professionalized the media	Media personnel	No. of media personnel trained.	500	150
		Accredited journalist and media enterprises	No. Accredited journalist and media enterprises	2,500	2,800
		Journalism code of conduct and practices	Reviewed Journalism code of conduct and practices	1	1
		East African media convention and awards	Host Eastern Africa Media Convention and Awards	1	1
		Media dispute arbitration	100% Media dispute arbitration.	100%	100%
		Curriculum for journalism- Middle level	No. of curriculum developed for middle level	1	1
<b>PROGRAMME 2: ICT AND MASS MEDIA SKILLS DEVELOPMENT</b>					
<b>ICT and Mass Media Skills</b>	Improved ICT, film and mass	Completion of phase (II) 405 capacity student's	% of completion of Phase II 405 capacity students'	75	100

	media training	hostel	hostel (2)		
		Ultra modern multipurpose lecture hall	% of completion of ultramodern Multipurpose lecture Halls	20	100
		Catering unit	catering unit and cyber	40	100
		Automation of KIMC library	Modernization and Automation of KIMC Library	50	100
		Emergency back up	Installation of Emergency backup	100	100
		%of training facilities rehabilitated and modernized	%of training facilities rehabilitated and modernized	50	100
		Fleet	Modernization of transport fleet at KIMC- No of Vehicles procured	3	3

**PROGRAMME 3: ICT INFRASTRUCTURE DEVELOPMENT-**

- a) Improved ICT Network services
- b) Enhance TV and Radio broadcast signal and product quality
- c) Secure and reliable data and information infrastructure
- d) Efficient utility and Emergency service delivery Enhanced connectivity

NOFBI Phase II	ICT Authority	Fibre cable	Kilometers of Fibre cable layed across the land	500	0
Konza Technology City	KOTDA	Smart City	% of completion	20	5
Analogue to Digital Television Broadcast Migration	KBC	Digital signal coverage	Percentage of Kenya land mass covered by digital signal	85	99
Modernization of		FM Stations	No. of radio stations	3	3

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Radio Medium waves to FM waves equipments			modernized to FM		
IBM laboratory	ICT Authority	Science and research Centre	% of completion	50	100
LANs and WANs	Administration and Department of Information	Internet Connectivity	No. of government offices LANs & WANs installed	80	100
ICT and BPO development services	Administration	BPO jobs	No. of BPO jobs created	17,000	18,000
		Local Content	No. of applications developed	5	6
		IT supported institutions	No. of institutions supported with IT applications	3	3
IFMIS rollout	ICT Authority	IFMIS system	No. of counties connected to IFMIS system	10	47
Digitization of birth and death registry		E-registry	No. Of records digitized at CRD	10 Million records	14 Million
Facilitate the MDAs to publish data sets online on the Open data system		No. Of MDAs with data sets online	No. Of MDAs with data sets online 5	5	14
Cyber security, policy development and implementation		Security system for e-services	% of implementation	40	100
Upgrade of LAN network in Nyayo, Kilimo and					



		Student Enrolment	media awarded No of students admitted in Mass Media Disciplines	630	700
		Trained film makers	No. of film makers trained	200	150
		Revised curriculum	No. of curriculums revised	8	8
		Degrees awarded	No. of students graduating with degree certificates production	23	50
<b>PROGRAMME 4: GENERAL ADMINISTRATION SERVICES</b>					
ICT and Media Policy	Administration	Policies developed	No. of policies developed or reviewed	2	7
		Staff trained in core or critical common skills	No. of Ministry staff trained in core or common skills	200	115

## LIST OF EMERGING ISSUES

- i. The cost of communication may have come down considerably but there still remains a wide digital divide between urban and rural areas. The cost of ICT delivery, utilization and maintenance in the rural areas also tend to be higher than in the urban areas.
- ii. Reforms in trade and industry are key in enabling e-business to flourish. However, these reforms are yet to be fully realized and can only be achieved if there is political stability and peace among citizens. In the years of relative peace, the country experiences growth and development due to increased investments, calm and focus among citizens.
- iii. Delay in the implementation of some initiatives was experienced due to lengthy tendering and negotiation processes.
- iv. Competition has been observed to be a good element for development, especially in the growth of Foreign Direct Investment (FDI) and Diaspora Direct Investment (DDI). In telecommunication, for instance, the cellular market has grown and spread all over the country, allowing Kenyans to communicate easily and carry out economic activities. Competition has also lowered the cost of communication.
- v. For Kenya to have a fully ICT induced economy, the ICT users must be literate enough rather than only having ICT systems and content alone. Education and training curricular reviews have not been carried out to ensure this is done. Population awareness of ICT should be championed countrywide to spread the use and importance of ICT, and also educate the illiterate on some basic facts of ICT.
- vi. For Kenya to fully utilise ICT as an economic driver, there is need to address other support sectors such as energy whose cost and availability of energy has hindered the development of ICT.
- vii. Kenya has a population with different talents as far as an innovation in ICT application in mobile technologies is concerned. This, therefore, calls for the country to start programmes that recognise talents and start growing them.

- viii. The current state of ICT infrastructure is still a major hindrance to the country's full exploitation of the economic and commercial potential of the sector. To develop this infrastructure, private sector participation will be needed.
- ix. Public sector communications must be well managed and coordinated by State entities to project a positive image of the Government. Managing communications is essential in meeting the high expectations of the citizenry for quality public service delivery. Poor management of public communications reduce Government visibility, accessibility and acceptability. This subsequently results in reduced public trust and confidence in the integrity, reliability and impartiality in the Public Service.
- x. The ongoing modernisation of equipment has improved the information gathering and delivery to the citizenry.
- xi. Budgetary constraints delayed the implementation and extension of information resource centres. Freezing of recruitment and blocking of staff promotions affected effective delivery of services to the public.
- xii. Expansion of the media space saw the growth of social media, which has improved uptake of information.
- xiii. The successful implementation of TEAMS as a PPP indicates that the Government can effectively collaborate with the private sector to implement key programmes which require huge capital investment through a structured PPP framework.

#### **4 CHALLENGES**

The ministry experienced various court cases instituted by a section of Media Owners on digital migration that made the postponement of switch off dates. This has delayed the process and has led to loss to suppliers idle capacity of installed facilities and loss of investment opportunities.

## 5 RECOMMENDATIONS

- i. Appropriately position ICTs as a 21<sup>st</sup> Century infrastructure.
- ii. Embrace coordinated and harmonized ICT deployment.
- iii. Leverage on Shared Infrastructure Frameworks for Information sharing and management.
- iv. Review and adopt a progressive and effective spectrum strategy.



**FRED MATIANG'I, PhD**  
**CABINET SECRETARY**

**MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY**  
**REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF MOICT MANAGEMENT RESPONSIBILITIES**

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

The Accounting Officer in charge of the Ministry of Information, Communications and Technology is responsible for the preparation and presentation of the Ministry of Information, Communications and Technology's financial statements, which give a true and fair view of the state of affairs of the Ministry of Information Communications and Technology for and as at the end of the financial year ended on 30 June, 2014.

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 Ministry of Information Communications and Technology
- (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 Ministry of Information Communications and Technology selecting and applying appropriate accounting policies; and
- (v) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Ministry accepts responsibility for the financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Ministry of Information Communications and Technology financial statements give a true and fair view of the state of

Ministry of Information Communications and Technology transactions during the financial year ended June 30, 2014, and of the Ministry of Information Communications and Technology financial position as at that date. The Accounting Officer charge of the Ministry of Information Communications and Technology further confirms the completeness of the accounting records maintained for the Ministry of Information Communications and Technology, which have been relied upon in the preparation of the Ministry of Information Communications and Technology financial statements as well as the adequacy of the systems of internal financial control.

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

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

The Ministry of Information, Communications and Technology's financial statements were approved and signed by the Accounting Officer on 29 September 2014.

  
**JOSEPH TIAMPATI OLE MUSUNI**  
**PRINCIPAL SECRETARY**

  
**CATHERINE M. SHIROKO (MRS)**  
**PRINCIPAL ACCOUNTS CONTROLLER**

**MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY**  
**REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**  
**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2013-2014	2012-2013
		Kshs	Kshs
<b>RECEIPTS</b>			
Tax Receipts	2	96,000,000	17,000,000
Exchequer releases	3	6,631,661,671	6,003,272,940
Domestic Currency and Domestic Deposits	4	9,229,077	447,984
Proceeds from Foreign Borrowings	5	<u>1,447,328,584</u>	<u>0</u>
<b>TOTAL RECEIPTS</b>		<b><u>8,184,219,332</u></b>	<b><u>6,020,720,924</u></b>
<b>PAYMENTS</b>			
Compensation of Employees	6	541,328,303	466,976,585
Use of goods and services	7	805,929,232	585,243,055
Transfers to Other Government Units	8	1,053,357,114	1,127,861,360
Other grants and transfers	9	859,795,000	619,558,296
Social Security Benefits	10	35,447,837	30,851,384
Acquisition of Assets	11	4,815,138,592	3,026,909,456
<b>TOTAL PAYMENTS</b>		<b><u>8,110,996,073</u></b>	<b><u>5,857,400,135</u></b>
<b>SURPLUS/DEFICIT</b>		<b><u>73,223,254</u></b>	<b><u>163,320,789</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ministry of Information, Communications and Technology financial statements were approved on 29 September 2014 and signed by:

  
**JOSEPH TIAMPATI OLE MUSUNI**  
PRINCIPAL SECRETARY

  
**CATHERINE M. SHIROKO (MRS)**  
PRINCIPAL ACCOUNTS CONTROLLER

**MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY**  
**REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF ASSETS AS AT 30 JUNE 2014**

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	12A	10,589,465	13,560,254
Cash Balances	12B	515,316	999,245
Cash Equivalents	12C	22,739,209	-
Outstanding Imprests/advance/districts	12D	<u>69,730,362</u>	<u>18,869,590</u>
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>103,574,353</u></b>	<b><u>33,429,089</u></b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>	13	33,429,089	(129,891,700)
<b>Surplus/Deficit for the year</b>		73,223,254	163,320,789
<b>Prior year adjustments</b>	14	(3,077,990)	-
<b>NET FINANCIAL POSITION</b>		<b><u>103,574,353</u></b>	<b><u>33,429,089</u></b>

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**MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY**  
**REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

**STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2014**

	NOTES	2013-14 KSH	2012-13 KSH
<b>Receipts for operating income</b>			
Tax Receipts	2	96,000,000	17,000,000
Exchequer Releases	3	6,631,661,671	6,003,272,940
Domestic Currency and Domestic Deposits	4	9,229,077	447,984
<b>Payments for operating expenses</b>			
Compensation of Employees	6	(541,328,303)	(466,976,585)
Use of goods and services	7	(805,929,232)	(585,243,055)
Transfers to Other Government Units	8	(1,053,357,114)	(1,127,861,360)
Other grants and transfers	9	(859,795,000)	(619,558,296)
Social Security Benefits	10	(35,447,837)	(30,851,384)
<b>Adjusted for:</b>			
Adjustments during the year		(3,077,990)	-
Net cash flow from operating activities		<b>3,427,508,298</b>	<b>3,189,782,261</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	11	(4,815,138,592)	(3,026,909,456)
Net cash flows from Investing Activities		<b>(4,815,138,592)</b>	<b>(3,026,909,456)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	5	1,447,328,584	-
Net cash flow from financing activities		<b>1,447,328,584</b>	-
NET INCREASE IN CASH AND CASH EQUIVALENT		<b>70,145,264</b>	<b>163,320,789</b>
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR		<b>33,429,089</b>	<b>129,891,700</b>
CASH AND CASH EQUIVALENT AT END OF THE YEAR		<b>103,574,353</b>	<b>33,429,089</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ministry of Information, Communications and Technology financial statements were approved on 29 September, 2014 and signed by:

  
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**PRINCIPAL ACCOUNTS CONTROLLER**

**MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY**  
**REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

**SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT (COMBINED)**

Receipt/Expense Item	Original Budget	Final Budget C=a=b	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>					
Tax Receipts	4,000,000	96,000,000	96,000,000	-	100
Proceeds from Domestic and Foreign Grants	800,000,000	400,000,000		(400,000,000)	-
Exchequer releases	6,631,661,671	6,631,661,671	6,631,661,671	-	100
Proceeds from Domestic Borrowings	3,132,712,282	3,429,693,629	1,447,328,584	(1,982,365,045)	42
<b>Totals</b>	<b>10,568,373,953</b>	<b>10,557,335,300</b>	<b>8,174,990,255</b>	<b>(2,382,365,045)</b>	<b>77</b>
<b>PAYMENTS</b>					
Compensation of Employees	658,480,124	512,283,940	541,328,303	29,044,363	106
Use of goods and services	1,262,971,106	1,006,469,657	805,929,232	(200,540,425)	80
Transfers to Other Government Units	1,318,407,450	1,914,045,650	1,913,152,114	(893,536)	100
Social Security Benefits	33,352,152	37,000,000	35,447,837	(1,552,163)	96
Acquisition of Assets	5,496,161,029	4,478,127,954	3,738,599,862	(739,528,092)	83
Finance Costs, including Loan Interest	2,700,000,000	2,640,000,000	1,076,538,730	(1,563,461,270)	41
<b>TOTALS</b>	<b>11,489,371,861</b>	<b>10,587,927,201</b>	<b>8,110,996,078</b>	<b>(2,476,931,123)</b>	<b>77%</b>

- a) Use of Goods and services – Kshs.200,540,425. The reason for Under Expenditure was that additional funds were provided in Supplementary II budget that was released late (30 June, 2014) and there was no time to spend.
- b) Acquisition of Assets – Ksh.739,828,092. The reason for under expenditure was on Loan Credit from Belgium Government occasioned by late submission of invoices by the contractor on County Connectivity Project. Also delay in getting VAT exemption from Kenya Revenue Authority (KRA) for the Project.

The Ministry of Information, Communications and Technology financial statements were approved on 29 September, 2014 and signed by:



**JOSEPH TIAMPATI OLE MUSUNI**  
**PRINCIPAL SECRETARY**



**CATHERINE M. SHIROKO (MRS)**  
**PRINCIPAL ACCOUNTS CONTROLLER**

**MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY**

**REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

**SUMMARY STATEMENT OF APPROPRIATION: RECURRENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Tax Receipts	4,000,000	92,000,000	96,000,000	96,000,000	-	100
Exchequer releases	2,156,862,218		2,156,862,218	2,156,862,218	-	
<b>TOTALS</b>	<b>2,160,862,218</b>	<b>92,000,000</b>	<b>2,252,862,218</b>	<b>2,252,862,218</b>	-	100
<b>PAYMENTS</b>						
Compensation of Employees	678,480,124	(166,196,184)	512,283,940	541,328,303	29,044,363	106
Use of goods and services	640,358,526	(41,414,499)	598,944,077	508,449,929	(90,494,148)	85
Transfers to Other Government Units	962,708,450	92,838,200	1,055,546,650	1,054,609,864	(936,786)	100
Social Security Benefits	33,352,1152	3,647,848	37,000,000	35,447,837	(1,552,163)	96
Acquisition of Assets	40,747,551	8,340,000	49,087,551	39,080,049	(10,007,502)	80
<b>TOTALS</b>	<b>2,355,646,803</b>	<b>102,784,585</b>	<b>2,252,862,218</b>	<b>2,178,915,982</b>	<b>(73,946,236)</b>	<b>97</b>

Compensation of employees. The over expenditure of Kshs.29,044,363. The reason for over expenditure was that the Budget for Personal Emoluments for Government Information Technology Systems (GITS) was transferred to Treasury because the payroll for the former Employees of GITS were still in Treasury's Payroll though the budget was under this Ministry. The Transfer was done during Supplementary II on 30 June, 2014.

The Ministry of Information, Communications and Technology Financial Statement were approved on 29 September, 2014 and signed by:

  
**JOSEPH TIAMPATI OLE MUSUNI**  
PRINCIPAL SECRETARY

  
**CATHERINE M. SHIROKO (MRS)**  
RINCIPAL ACCOUNTS CONTROLLER

**MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY**  
**REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

**SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Proceeds from Domestic and Foreign Grants	800,000,000	400,000,000	400,000,000	0	400,000,000	0
Exchequer releases	4,474,799,453		4,474,799,453	4,474,799,453	-	100%
Proceeds from Domestic Borrowings	3,132,712,282	296,981,347	3,429,693,629	1,447,328,584	1,982,365,045	42%
<b>Other Receipts</b>						
<b>TOTAL</b>	<b>8,407,511,735</b>	<b>103,018,653</b>	<b>8,304,493,082</b>	<b>5,922,128,037</b>	<b>2,382,365,045</b>	<b>71%</b>
<b>PAYMENTS</b>						
Use of goods and services	622,612,580	215,087,000	407,525,580	297,479,303	110,046,277	73%
Transfers to Other Government Units	355,699,000	502,800,000	858,499,000	858,542,250	43,250	100%
Acquisition of Assets	5,455,413,478	1,026,373,075	4,429,040,403	3,699,519,813	729,520,590	84%
Finance Costs, including Loan Interest	2,700,000,000	60,000,000	2,640,000,000	1,076,538,730	1,563,461,270	41%
<b>TOTALS</b>	<b>9,133,725,058</b>	<b>798,660,075</b>	<b>8,335,064,983</b>	<b>5,932,080,096</b>	<b>2,402,984,887</b>	<b>71%</b>

The Government of Kenya through this Ministry is implementing National Optic Fibre Backbone Infrastructure Phase 2 (NOFBI). The Project is being funded through a loan from EXIM Bank of China. In the 2013/14 financial year the project had an allocation of **Kshs.12,640,000,000** comprising of **Kshs.140m** and **Kshs.2.5b** from GoK and EXIM Bank respectively. The project has 100% absorption level for GoK funds and 37.4% for donor component. The low absorption level for donor funds was caused by delays in getting approvals for way leaves from Roads' authorities: KURA, KERA and KENHA and county Government.

The Ministry of Information Communications and Technology Financial Statements were approved on 29 September 2014 and signed by;

  
**JOSEPH TIAMPATI OLE MUSUNI**  
**PRINCIPAL SECRETARY**

  
**CATHERINE M. SHIROKO (MRS)**  
**PRINCIPAL ACCOUNTS CONTROLLER**

**MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY**  
**REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

**SUMMARY STATEMENT OF PROVISIONINGS**

- Details of General Accounts On Vote

	2013 - 2014 Kshs	2012 - 2013 Kshs
GAV Provisioning account balance	60,518,586	722,956,922
<b>Total</b>	<b>60,518,586</b>	<b>722,956,922</b>

- Details of Exchequer Account

	2013 - 2014 Kshs	2012 - 2013 Kshs
Exchequer Provisioning account balance	30,571,901	560,084,117
<b>Total</b>	<b>30,571,901</b>	<b>560,084,117</b>

  
**JOSEPH TIAMPATI OLE MUSUNI**  
**PRINCIPAL SECRETARY**

  
**CATHERINE M. SHIROKO (MRS)**  
**PRINCIPAL ACCOUNTS CONTROLLER**

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Significant Accounting Policies

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

#### a) **Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Ministry of Information Communications and Technology and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Ministry of Information Communications and Technology.

#### b) **Recognition of revenue and expenses**

The Ministry of Information Communications and Technology recognises all revenues from various sources when the event occurs and the related cash has actually been received. In addition, the Ministry recognises all expenses when the event occurs and the related cash has actually been paid out.

#### c) **In-kind contributions**

In-kind contributions are donations that are made to the Ministry of Information Communications and Technology in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Ministry of Information Communications and Technology includes such value in the statement of receipts and

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

### d) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

### e) **Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Ministry of Information Communications and Technology at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

### f) **Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Ministry of Information Communications and Technology budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Ministry of Information Communications and Technology actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### g) Comparative figures

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

### h) 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, 2014.

#### 2. TAX RECEIPTS

	<b>2013 - 2014</b>	<b>2012 -2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Appropriation-In-Aid	96,000,000	17,000,000
<b>Total</b>	<b><u>96,000,000</u></b>	<b><u>17,000,000</u></b>

#### 3. EXCHQUER RELEASES

	<b>Kshs</b>	<b>Kshs</b>
Total Exchequer Releases for quarter 1	1,362,265,540	1,265,991,650
Total Exchequer Releases for quarter 2	1,739,016,903	1,783,792,505
Total Exchequer Releases for quarter 3	940,000,000	646,000,000
Total Exchequer Releases for quarter 4	<u>2,590,379,228</u>	<u>2,307,488,785</u>
<b>Total</b>	<b><u>6,631,661,671</u></b>	<b><u>6,003,272,940</u></b>

#### 4. DOMESTIC CURRENCY AND DOMESTIC DEPOSITS

Deposits held in trust	<u>9,229,077</u>	<u>447,984</u>
<b>Total</b>	<b><u>9,229,077</u></b>	<b><u>447,984</u></b>

#### 5. PROCEEDS FROM FOREIGN BORROWINGS

Foreign Borrowing - Direct Payments	<u>1,447,328,584</u>	0
<b>Total</b>	<b><u>1,447,328,584</u></b>	<b>0</b>

#### 6. COMPENSATION OF EMPLOYEES

Basic salaries of permanent employees	366,914,192	199,166,678
Basic wages of temporary employees	2,419,285	2,021,019
Personal allowances paid as part of salary	171,994,826	264,188,035
Pension and other social security Contributions	<u>0</u>	<u>1,600,854</u>
<b>Total</b>	<b><u>541,328,303</u></b>	<b><u>466,976,585</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 7. USE OF GOODS AND SERVICES

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Utilities, supplies and services	46,423,675	36,352,064
Communication, supplies and services	36,911,098	40,307,877
Domestic travel and subsistence	26,940,178	39,637,094
Foreign travel and subsistence	22,016,804	12,984,508
Printing, advertising and information supplies & services	16,914,337	37,340,794
Rentals of produced assets	90,186,645	71,431,144
Training expenses	36,373,183	30,739,824
Hospitality supplies and services	41,675,886	29,212,791
Specialized materials and services	69,813,232	87,682,317
Office and general supplies and services	21,939,840	32,465,613
Other operating expenses	206,409,063	56,209,952
Routine maintenance – vehicles and other transport equipment	36,094,847	47,943,669
Routine maintenance – other assets	<u>154,230,445</u>	<u>62,935,409</u>
<b>Total</b>	<b><u>805,929,232</u></b>	<b><u>585,243,055</u></b>
<b>8. TRANSFER TO OTHER GOVERNMENT ENTITIES</b>		
Transfers to National Government entities		
See attached list	<u>1,053,357,114</u>	<u>1,127,861,360</u>
	<b><u>1,053,357,114</u></b>	<b><u>1,127,861,360</u></b>
<b>9. OTHER GRANTS AND OTHER PAYMENTS</b>		
Other current transfers, grants	1,252,750	1,262,296
Other capital grants and transfers	<u>858,542,250</u>	<u>618,296,000</u>
	<b><u>859,795,000</u></b>	<b><u>619,558,296</u></b>
<b>10. SOCIAL SECURITY BENEFITS</b>		
Government pension and retirement benefits	<u>35,447,837</u>	<u>30,851,384</u>
<b>Total</b>	<b><u>35,447,837</u></b>	<b><u>30,851,384</u></b>

## NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

### 11. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2013 - 2014	2012 - 2013
	Kshs	Kshs
Construction of Buildings	69,264,271	97,183,993
Refurbishment of Buildings	13,535,561	12,639,183
Construction and Civil Works	158,772,407	104,000
Overhaul of Vehicles and Other Transport Equipment	2,582,139	4,524,901
Purchase of Vehicles and Other Transport Equipment	25,978,314	18,079,477
Purchase of Household Furniture and Institutional Equipment	4,173,190	4,849,414
Purchase of Office Furniture and General Equipment	31,849,063	8,639,851
Purchase of ICT Equipment, Software and Other ICT Assets	736,281,512	108,384,432
Purchase of Specialized Plant, Equipment and Machinery	23,060,527	20,446,739
Rehabilitation and Renovation of Plant, Machinery and Equip.	33,456,925	63,487,843
Research, Studies, Project Preparation, Design & Supervision	2,639,645,954	2,178,826,301
Rehabilitation of Civil works	0	509,743,322
<u>Financial Assets</u>		
Domestic Public Non-Financial Enterprises	1,076,538,730	-
<b>Total</b>	<b><u>4,815,138,592</u></b>	<b><u>3,026,909,456</u></b>

## NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

### 12A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Exc rate	2013 - 2014 Kshs	2012 - 2013 Kshs
Central Bank -NBI, NO.1000125098 -Recurrent		-		244,678
Central Bank -NBI, NO.0000003154 -Development		-		13,280,286
Central Bank -NBI, NO.1000003669 -Deposit	KSH	-		35,290
Central Bank -NBI, NO.1000181575- Recurrent		-	227,604	
Central Bank -NBI, NO.1000181788- Development		-	1,263,472	
Central Bank -NBI, NO.1000182253- Deposit		-	9,098,390	
<b>Total</b>			<b><u>10,589,465</u></b>	<b><u>13,560,254</u></b>

### 12B: CASH IN HAND

Ministry Headquarters				
Headquarters			<u>515,316</u>	<u>999,245</u>
<b>Total</b>			<b><u>515,316</u></b>	<b><u>999,245</u></b>

### 12C: CASH EQUIVALENTS (SHORTTERM DEPOSIT)

Name of Bank amount and Account No			
Un-cleared(ETR) due to incorrect bank accounts details		7,238,970	-
General Suspense		15,000,000	-
IPPD Reservations		<u>500,239</u>	-
<b>Total</b>		<b><u>22,739,209</u></b>	-

## NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

### 12D OUTSTANDING BALANCES

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Standing Imprest	7,500	-
Temporary Imprest	292,500	-
Salary Advance	370,467	337,719
District Suspense Account	69,059,895.75	18,531,871
General Suspense Account	-	-
<b>Total</b>	<b><u>69,730,362</u></b>	<b><u>18,869,590</u></b>

### 13. BALANCES BROUGHT FORWARD

Bank accounts	13,560,254	245,218,121
Cash in hand	999,245	730,362
Outstanding balances	<u>18,869,590</u>	<u>(375,840,183)</u>
<b>TOTAL</b>	<b><u>33,429,089</u></b>	<b><u>(129,891,700)</u></b>

*The fund balance b/f for 20112/2103 in the Statement of Assets is different from this note. This is due to:*

- a) The Accounts for the F/Y 2011/12 and 2012/13 were prepared a difference format.
- b) Prior year adjustments that could not be effected because the period relating to these figures is closed in the IFMIS system.

### 14. PRIOR YEAR ADJUSTMENTS

Bank accounts	(13,524,964)
District Suspense Account	9,499,431
Imprest	496,729
General Suspense Account	450,814
<b>Total</b>	<b><u>(3,077,990)</u></b>

*Bank Balance at the end of 2013 that was recovered from the Ministry by the Treasury. This money were not carried forward.*

## PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
927	Personal Emoluments	Due to payments made to officers outside the IPPD system	DDHRM	Resolved	
928	General Account on vote-Long outstanding balances	Long outstanding balances can only be cleared upon being granted authority by the National Treasury	PAC	Not resolved	Treasury to guide upon the receipt of Parliamentary Accounts Committee Report
929	Unanalyzed balances	Balances have been analysed	PAC	Resolved	
930	Pay master General Account	Paymaster General Account has been reconciled	PAC	Resolved	
931	Accuracy of the development Appropriation Account	Pending bills were as a result of late delivery of goods and services and non receipt of exchequer	PAC	Resolved	
932	Under collection of Appropriation –in – Aid	Payments made to international organisations by the National Treasury but confirmation of receipts had not been communicated to Ministry by the time accounts were prepared. Donor not approving and signing the work programme	PAC	Resolved	
933	Under expenditure	This was due to various reasons ➤ non remittance of funds by United Nation International children Emergency Fund (UNICEF)	PAC	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<ul style="list-style-type: none"> <li>➤ District Expenditure Returns</li> <li>➤ Lack of approval of work plan by UNDP</li> <li>➤ Late submission of certified works certificate by contractors</li> <li>➤ Delay of commencement of procurement process</li> <li>➤ Late submission of invoiced by suppliers</li> </ul>			
934	Unrecognized paymaster General account	The paymaster General account was reconciled	PAC	Resolved	
935	Long outstanding balances	Long outstanding balances can only be cleared upon being granted authority by the National Treasury	PAC	unresolved	Treasury to guide upon the receipt of Parliamentary Accounts Committee Report
936	Unsupported balances	Balances have been analysed and supported	PAC	Resolved	
937	Un-reconciled paymaster General balances	The paymaster General account was reconciled	PAC	Resolved	
938	Unsupported revenue balances	Balances have been analysed and supported	PAC	Resolved	
939	Unsupported loan balances	Details of outstanding loan are maintained by the National Treasury which were availed	PAC	Resolved	
931	Accuracy of the development Appropriation Account	Pending bills were as a result of late delivery of goods and services and non receipt of exchequer	PAC	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
932	Under collection of Appropriation –in – Aid	Payments made to international organisations by the National Treasury but confirmation of receipts had not been communicated to Ministry by the time accounts were prepared. Donor not approving and signing the work programme	PAC	Resolved	
933	Under expenditure	<p>This was due to various reasons</p> <ul style="list-style-type: none"> <li>➤ non remittance of funds by United Nation International children Emergency Fund (UNICEF)</li> <li>➤ District Expenditure Returns</li> <li>➤ Lack of approval of work plan by UNDP</li> <li>➤ Late submission of certified works Certificate by contractors</li> <li>➤ Delay of commencement of procurement process</li> <li>➤ Late submission of invoiced by suppliers</li> </ul>	PAC	Resolved	
934	Un-reconciled paymaster General account	The paymaster General account was reconciled	PAC	Resolved	
935	Long outstanding balances	Long outstanding balances can only be cleared upon being granted authority by the National Treasury	PAC	unresolved	Treasury to guide upon the receipt of Parliamentary Accounts Committee Report
936	Unsupported balances	Balances have been analysed and supported	PAC	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
937	Un-reconciled paymaster general balances	The paymaster General account was reconciled	PAC	Resolved	
938	Unsupported revenue balances	Balances have been analysed and supported	PAC	Resolved	

**GUIDANCE NOTES:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your MoICT responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

  
**JOSEPH TIAMPATI OLE MUSUNI**  
**PRINCIPAL SECRETARY**

  
**CATHERINE M. SHIROKO (MRS)**  
**PRINCIPAL ACCOUNTS CONTROLLER**

**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2013	Outstanding Balance 2012	Comments
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
4.						
5.						
6.						
<b>Sub-Total</b>				59,057,376.85		
<b>Supply of goods</b>						
7.						
8.						
9.						
<b>Sub-Total</b>				28,038,385.95		
<b>Supply of services</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>				87,095,762.8		

**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost (Kshs) 2013/14</b>	<b>Historical Cost (Kshs) 2012/13</b>
Land		
Buildings and structures		
Transport equipment		
Office equipment, furniture and fittings	<b>21,571,258.00</b>	
ICT Equipment, Software and Other ICT Assets	<b>22,912,424.00</b>	
Other Machinery and Equipment	<b>35,550,111.00</b>	
Heritage and cultural assets		
Intangible assets		
<b>Total</b>	<b>80,033,793.00</b>	

REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**REVENUE STATEMENT – MINISTRY OF  
INFORMATION, COMMUNICATIONS  
AND TECHNOLOGY**

**FOR THE YEAR ENDED  
30 JUNE 2014**



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NAIROBI

## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON REVENUE STATEMENT- MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE 2014

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#### REPORT ON THE FINANCIAL STATEMENT

I have audited the accompanying revenue statement of the Ministry of Information, Communications and Technology set out on pages 2 to 4, which comprise the statement revenue and transfers for the year ended 30 June 2014, 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 8 of the Public Audit Act, 2003. 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.

#### **Management's Responsibility for the Statement of Revenue**

The Accounting Officer-Ministry of Information, Communications and Technology is responsible for the preparation and fair presentation of this statement of revenue in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statement that is free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the statement to the Auditor-General in accordance with the provisions of Section 4 of the Public Audit Act, 2003.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on the statement based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

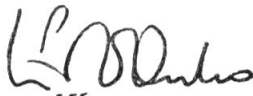
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those

risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the statement.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statement present fairly, in all material respects, the revenue operations of the Ministry of Information, Communications and Technology for the year ended 30 June 2014, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012.



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

**Nairobi**

**30 April 2015**



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**MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY**  
**REVENUE STATEMENT**

**FOR THE FINANCIAL YEAR ENDED**  
**30 JUNE 2014**

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

MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY  
REVENUE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2014

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**MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY  
REVENUE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2014**

**I. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES**

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue for the national government shall prepare an account in respect of the revenue received and collected by the receiver during that financial year.

The Principal Secretary in charge of the Ministry of Information, Communications and Technology is responsible for the preparation and presentation of the receiver of revenue statement, which gives a true and fair view of the state of affairs of the Ministry of Information, Communications and Technology for the year ended 30 June 2014. 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 status of the revenue collected by the Ministry; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the revenue report, and ensuring that they are free from material misstatements, whether due to error or fraud.

The Principal Secretary in charge of the Ministry Of Information Communication and Technology accepts responsibility for the Ministry's revenue statement, which has been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that this revenue statement gives a true and fair view of the Ministry's revenue performance during the financial year ended 30 June 2014. The Principal Secretary in charge of the Ministry of Information, Communications and Technology further confirms the completeness of the accounting records maintained by the Ministry, which have been relied upon in the preparation of this statement as well as the adequacy of the systems of internal financial control.

The Principal Secretary in charge of the Ministry of Information, Communications and Technology confirms that the Ministry has complied fully with applicable Government Regulations and that the funds collected during the year were transferred to the Exchequer Account. Further the Principal Secretary confirms that this report has been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the Revenue Statement**

The revenue statement was approved and signed by the Principal Secretary on 29 September 2014.



**JOSEPH TIAMPATI OLE MUSUNI  
PRINCIPAL SECRETARY**

MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY  
 REVENUE STATEMENT  
 FOR THE YEAR ENDED 30 JUNE 2014

II. STATEMENT OF REVENUES AND TRANSFERS

	Note	2013-2014	2012-2013
		Kshs	Kshs
<b>NON TAX REVENUES</b>			
Classified Revenue	1	96,014,995	99,674,557
Other Revenue	2	6,684,455	-
<b>TOTAL NON TAX REVENUE</b>		<b>102,699,450</b>	<b>99,674,557</b>
<b>TOTAL REVENUE COLLECTED</b>		<b>102,699,450</b>	<b>99,674,557</b>
<b>APPROPRIATIONS IN AID</b>		96,000,000	99,674,557
<b>TRANSFERS TO EXCHEQUER ACCOUNT</b>		6,484,455	
<b>BALANCE BROUGHT FORWARD</b>		-	
<b>BALANCE CARRIED FORWARD</b>		<b>214,995</b>	-

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 29 September 2014 and signed by:



**JOSEPH TIAMPATI OLE MUSUNI**  
PRINCIPAL SECRETARY

MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY  
REVENUE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2014

III. NOTES TO THE REVENUE STATEMENT

SIGNIFICANT ACCOUNTING POLICIES

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

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

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

The revenue statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Ministry.

**2. Recognition of Revenue**

The Ministry recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the Ministry.

**3. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the revenue statements. The revenue budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the revenue's actual performance against the comparable budget for the financial year under review has been included in these revenue statements.

**4. Comparative Figures**

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

**5. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2014.

MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY  
 REVENUE STATEMENT  
 FOR THE YEAR ENDED 30 JUNE 2014

IV. NOTES TO THE REVENUE STATEMENT (CONTINUED)

1. CLASSIFIED REVENUE

	Original Estimates	Revised Estimates	Actual	% Realized
Licenses Under the Communications Act	4,000,000		4,000,000	
Sale of Goods and Fees for Services	-	80,000,000	80,000,000	
Examination and Tuition Fees	-	12,000,000	12,014,995	
<b>Total Revenue</b>	<b>4,000,000</b>	<b>92,000,000</b>	<b>96,014,995</b>	
Appropriations in Aid	4,000,000	92,000,000	96,000,000	
<b>Balance carried forward</b>			<b>14,995</b>	

2. OTHER REVENUE NOT CLASSIFIED ELSEWHERE

	Original Estimates	Revised Estimates	Actual	% Realized
Miscellaneous Revenue			6,68,4455	
<b>Total Revenue</b>			<b>6,684,455</b>	
Balance brought forward			-	
Transfers to the Exchequer account			6,484,455	
<b>Balance carried forward</b>			<b>200,000</b>	