



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

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Anna Musandu

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**INFORMATION AND COMMUNICATION
TECHNOLOGY AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2020**

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THE INFORMATION AND COMMUNICATION TECHNOLOGY AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2020**

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

The Information and Communication Technology Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020



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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The information and communications Technology Authority was established in August 2013 by merging the Government Information Technology Service (GITS), The Kenya ICT Board, and E-Government services in line with the Executive Order No.2 of 2013 on the Reorganization of Government, under Legal Notice No. 183 of 2013. At Cabinet level, the ICT Authority is represented by the Cabinet Secretary for Information, Communications and Technology who is responsible for the general policy and strategic direction of the ICT Authority.

(b) Principal Activities

The principal activity of the ICT Authority is to rationalize and streamline the management of all Government of Kenya ICT functions. Its broad mandate entails enforcing ICT standards in Government and enhancing the supervision of its electronic communication. The Authority also promotes ICT literacy, capacity, innovation and enterprise in line with the Kenya National ICT Masterplan 2017.

ICTA Vision

Be the leader in transforming Kenya into a regional ICT hub and a globally competitive digital economy

ICTA Mission

To champion and harness ICT for efficient and effective public service delivery, wealth creation and well-being of Kenyans

ICTA Mandate

- Set and enforce ICT standards and guidelines for the human resource, infrastructure, processes and system and technology for the public office and public service; and
- Deploy and manage all ICT staff in the public service;
- Facilitate and regulate the design, implementation and use of ICTs in the public service;
- Promote ICT literacy and capacity;
- Promote e-Government services;
- Facilitate optimal electronic, electronic form, electronic record and equipment use in public service;
- Promote ICT Innovation and enterprise;
- Establish, develop and maintain secure ICT infrastructure and systems
- Supervise the design, development and implementation of critical ICT projects across the public service.
- Implement and manage the Kenya National Spatial Data Initiative

(c) Key Management

The ICT Authority management is under the following key organs:

- Board of Directors
- Chief Executive Officer
- Senior Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	- Dr. Katherine Getao, EBS
2.	Director Partnerships, Innovation and Capacity Development	- Eunice Kariuki
3.	Director Programmes and Standards	- Paul Ronoh
4.	Director Corporate Services	- Rosemary Ndiritu

(e) Fiduciary Oversight Arrangements

(i) Finance Committee

The Finance Committee of Board ensures effective financial management of the ICT Authority. They therefore review and monitor the budget of the institution. The committee also ensures that the tendering, procurement and disposal of assets are administered as per Government and Donor regulations. On a quarterly basis, the management presents a financial report to the committee.

(ii) Human Resource Committee

The objective of the Human Resources Committee is to assist the Board in discharging its duty to oversee the establishment of appropriate Human Resource policies and strategies that provides the Authority with the capability to achieve its short- and long-term objectives. The committee reviews, monitors and makes recommendations to the Board on human resources strategy and policies that pertain to staffing, compensation, benefits, and related issues of strategic importance that directly affect ICT Authority ability to recruit, develop and retain the highly-qualified staff needed for it to achieve its mandate.

(iii) Audit Committee

The Board has constituted an Audit Committee which meets four times a year or as necessary. Its responsibilities include review of the integrity of the financial statements and formal announcements relating to the organizations financial performance, accounting standards and maintaining oversight on internal control systems.

(iv) E-Government Projects and Standards Committee

The Projects and Standards Committee serves as the governing committee for the work done by the Project Management team at the Authority. The purpose of the committee is to provide approvals, guidance, resolutions and to review the project implementation throughout the lifecycle of each project. The committee ensures good governance which sets the stage for success of the Project.

(f) Entity Headquarters

P.O Box 27150-00100
Telposta Towers
12th Floor, Kenyatta Avenue
Nairobi, Kenya

(g) Entity Contacts

Telephone: +254-20-2089061
E-mail: info@ict.go.ke
Website: www.icta.go.ke

(h) Entity Bankers

Citibank NA, Citibank House, Upper Hill Road,
P.O Box 30711-00100
Tel: +254-20-2711221
Nairobi, Kenya

Kenya Commercial Bank
Kencom House, Moi Avenue,
P.O. Box 48400-00100,
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

THE BOARD OF DIRECTORS



Mr. Njoroge Nani Mungai

Mr. Njoroge Nani Mungai is the Chairman of the ICT Authority with effect from the 14th December 2018 to 6th August 2020. Mr. Mungai is a lawyer and a founding partner of MMC Africa Law, a corporate commercial law firm.

He has over 28 years' experience advising both public and private sector clients in commercial transactions including telecommunications, compliance and regulatory, mergers and acquisitions, capital markets, project finance, energy and infrastructure projects. He has advised on some the region's largest IPOs in Kenya and Rwanda.

He has advised local and international clients on significant Public, Private Partnership transactions, the structuring of mixed-use developments and has also represented the owners and developers of wind, solar and geothermal projects in all aspects of conceptualization and development of their energy projects.



Mr. Jerome Ochieng

Mr. Jerome Ochieng is the Principal Secretary for ICT and Innovation. Until his appointment, he was the Director of the Integrated Financial Management Information System (IFMIS) at the National Treasury.

He has 17 years' work experience in the field of information and communication technology in the Public Service at an Administrative level, he has served as a Manager ICT with Public Procurement Oversight Authority for 6 years. At operational level, he has a stint of 8 years' experience rising within the ranks to the position of Asst. Director ICT in the Department of Government Information Technology Services.

He holds a master's degree in Information Engineering from the University of the Ryukyus, Okinawa, Japan and is undertaking a Master's in Business Administration from (ESAMI). He is a registered fellow of the Computer Society of Kenya and a Licentiate Member of the Institute of Management Information Systems (IMIS), UK.



Dr. Katherine Getao, EBS, is the Chief Executive Officer for ICT Authority. Until her appointment, served as the ICT Secretary at the Ministry of ICT. She has also held other senior appointments in government such as ICT Secretary, e-Government at the Presidency and served in the United Nations as a member of the Group of Governmental Experts on Security in the context of ICT.

Among the key contributions Dr. Getao has brought to the government is spearheading the Huduma Kenya Initiative that has brought a raft of government services close to the citizens and has made public service delivery accessible and efficient.

Other strategic initiative that Dr. Getao drove was DLP business model that led to the provision of devices and capacity building through a consortium approach that combined a local university and assembly plant with an international technology provider.

She is also a popular international keynote speaker on topics such as cyber diplomacy, internet freedom and digital economy. Dr. Getao played a critical role during the formation of the ICT Authority in 2013 where she provided expert advice on the strategic planning, a role which saw three entities merge into one Authority in a seamless transition process.

Dr. Getao brings to this office immense experience as a researcher, policy maker, expertise in ICT for education, project management in an ICT environment, among others. She holds a B.SC (Hons) in Combined Sciences (Chemistry & Computer Studies) from the University of Brighton, U.K; an M.SC in Intelligent Knowledge-based Systems from the University of Essex and a Ph.D. in Computing from Lancaster University, U.K.

Alternate Members



Abraham Ondeng

Abraham Ondeng is the alternate to the PS Ministry of Information, Communications and Technology. He is the Deputy Secretary in the State Department of ICT and Innovations, Ministry of ICT. He has over 15 years' experience in the field of administration and project management in the ministry.

He has been involved in the conceptualization and implementation of various ICT projects. He has also been involved in the preparation of various policy documents. He served in Konza Technopolis Development Authority as Director of Management services and in the Ministry as Assistant Secretary, Undersecretary before rising to the position of Deputy Secretary.

He holds a Master's in Business Administration from ESAMI/MAASTRICT School of Management and currently pursuing a Master's in Project Planning and Management from University of Nairobi. He is a Member of KIM as well as a Member for African Association for Public Administration and Management.

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Mr. Stanley Kamanguya

Mr. Stanley Kamanguya is the alternate to the Principal Secretary, Treasury. He is currently an Acting Director of Integrated Financial Management Information System (IFMIS) at the National Treasury. He has over 10 years of experience in Information Technology, Project Management and Business Development. His previous roles include Consultancy Services in both the Public and Private Sectors.

He holds a Bachelor's Degree in Computer Science from Maseno University. He also holds a Master of Business Administration from the United States International University. He is also a registered Project Management Professional (PMP) with the Project Management Institute.

Mr. Kamanguya has a strong business acumen with great leadership skills and work



Mr. Tom Abuta

Mr. Tom Abuta is the alternate to the Principal Secretary State Department of Lands. He is currently a Senior State Counsel at the Ministry of Lands and Physical Planning. He also previously worked as the Head of Legal Services at the Ministry of Industry, Trade and Cooperatives.

He holds a Bachelor of Commerce from Punjab University, India and a Bachelor in Law and Legislation from South Gujarat University, India. He is also an Advocate of the High Court of Kenya.

Mr. Abuta was played a key role in the digitization taskforce that collaborated with the ICT Authority that oversaw the digitization of land records of the Ministry of Lands.

Independent Members



Ms Jerotich Sirma

Ms Jerotich Sirma is the Finance Committee Chair. She is a lecturer of Information Systems at Egerton University, Nakuru Town Campus College.

Ms Sirma has enormous experience spanning over 20 years in the field of information systems. She has worked for IBM Corporation and other private and public sectors in the United States of America by managing, deploying and performing systems integration as well as implementation and infrastructure analysis of large scale systems.

She is currently pursuing a PhD in Business Information Systems in the School of Informatics and Innovative Systems at Jaramogi Oginga Odinga University of Science & Technology.

She holds an MBA from Howard University, Washington D.C. and BS in Computer Information Systems from South-eastern University, Washington D.C. Ms Sirma has also published in different journals in the area of Cyber Security/Information Security. She is a member of Institute of Electrical and Electronics Engineers (IEEE).



Eng. John Kipchumba

Eng. John Kipchumba is the Projects and Standards Committee Chair. He is currently the Co-founder and Chief Executive Officer of INFONET Group (Africa and International.) He brings over 11 years of experience working in the Non-Profit Sector and Government in shaping the Information and Communications Technology Policies. For the last 6 years he has been actively preparing and presenting sectoral policy briefs to both the government and international agencies in Kenya.

He holds a Bachelor's Degree in Computer Science from the University of Nairobi. He also studied Cyber Security, Innovations and Driving Government Performance at Harvard Kennedy School of Government.



CPA Mwabu Dominic Muriungi

CPA Mwabu Dominic Muriungi is the Audit Committee Chair. He is currently a senior Accountant and Systems Support at Jubilee Insurance Company. He has over 20 years' experience in accounting and economics after working with both AON Minet Insurance and Agha Khan University Hospital.

He holds a Bachelor of Economics and Sociology from the University of Nairobi. He is also a certified accountant by the Institute of Certified Public Accountants of Kenya (ICPAK)

He possesses strong leadership skills, and problem-solving skills.



Ms. Veronica Thiga

Ms. Veronica Thiga is the Human Resources Committee Chair. She has an expansive work experience in consulting and management of Information Systems both locally and internationally. She has also worked in commercial banking, microfinance, higher education and the non-profit sectors.

She holds a BSc. degree in Mathematics from Kenyatta University and a MSc. Degree in Computer Science from University of Victoria, Canada. Her thesis was based on project research focusing on Technology Transfer issues in Sub-Saharan covering Kenya, Uganda, Rwanda and Ethiopia. Veronica is currently working as an Independent Consultant

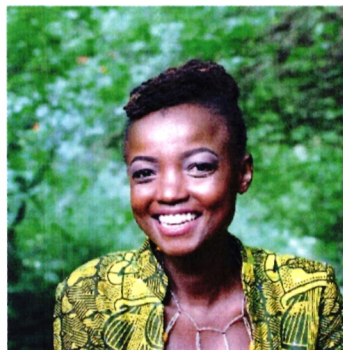


Ms Beatrice Akoth Okoth

Ms Akoth has experience in communication and linguistics scholar who has taught communication skills and other communication related courses at the university. She is an online instructional designer and content developer at the e-Campus of Maseno University. She hold a Bachelor of Education and a Masters in Applied Linguistics (communication). Akoth is presently undertaking a PhD in Linguistics at Maseno University.

She has wealth of experience spanning over 10 years in development, designing and implementing programmes and courses for Open and Distance Learning (ODL) in developing countries and knowledge in web design. The University Scholar is has experience in leadership, negotiation skills and conflict resolution. She has been the Coordinator, Online learner Support Services and Capacity Building, Maseno University.

She has immense experience in editing newsletters, and experience in teaching crisis communication, a consultant in research projects and a widely published academician in renowned journals like *Silencing the Voices of the Worlds Languages. Implications of Kenya Language Policy on Biodiversity Conservation*. Paper Presented at the Humbolt Kolleg Conference, 9-12 April 2013, Nairobi among others



Ms. Pauline Kimotho

Ms. Pauline W. Kimotho is the Company Secretary. She has been an advocate of the High Court of Kenya for the last 14 years. She is a commercial lawyer with sector experience in retail, oil and gas, telecommunications and most recently the ICT Sector.

She is a specialist in Telecommunication Law, Contract Law, Commercial Law, Employment and Labor relations Law, Public Sector Law, Compliance and general corporate governance practices.

She holds a Master's Degree in Commercial Law from the University of Cape Town South Africa, a Bachelor's degree in Law from the University of Nairobi Kenya and a Diploma in Law from the Kenya School of Law. She is also a Certified Public Accountant and a Certified Public Secretary

Incoming Chairman of the BOD



Prof. Fredrick Owino

Professor Fredrick Owino is the Chairman of the ICT Authority with effect from the 7th August 2020. Prof. Owino is a scholar, research professional and a senior consultant. He holds a Ph.D. in forestry from North Carolina State University (USA), a Hons degree in Biology from the University of Nairobi, and a Doctor of Science (Honoris Causa) from the University of Helsinki (Finland) in recognition of pioneering professional forestry education in Kenya. He has over 40 years of global work experience and thrives at steering board oversight, driving implementation monitoring, spearheading policy development and project planning, and driving organizations' strategic direction.

Professor Owino is both a Fellow of the African Academy of Sciences, an Honorary Fellow of the Society of American Foresters and patron of the Kenya Forestry Society.

Immediate Former Members



Ms Mercy Pendo

Ms Mercy Pendo is an Accountant at the Malindi Water and Sewerage Company Sacco. She previously worked as an Assistant in the Internal Audit Department of the same organisation. She holds a bachelor's degree in Economics and Finance from Kenyatta University. She ceased being a Director on 20th October 2019 as her contract came to an end.

MANAGEMENT TEAM



Dr. Katherine Getao, EBS, is the Chief Executive Officer for ICT Authority. Until her appointment, served as the ICT Secretary at the Ministry of ICT. She has also held other senior appointments in government such as ICT Secretary, e-Government at the Presidency and served in the United Nations as a member of the Group of Governmental Experts on Security in the context of ICT.

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Dr. Katherine Getao, EBS

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Dr. Getao brings to this office immense experience as a researcher, policy maker, expertise in ICT for education, project management in an ICT environment, among others. She holds a B.SC (Hons) in Combined Sciences (Chemistry & Computer Studies) from the University of Brighton, U.K; an M.SC in Intelligent Knowledge-based Systems from the University of Essex and a Ph.D. in Computing from Lancaster University, U.K.



Kipronoh Ronoh Paul- Director Programmes and Standards

Paul has held key senior positions as Head of ICT and Quality Management system at Kenya Urban Roads Authority and Head of ICT at Civil Aviation Authority.

He holds an MBA and B.Sc. in Computer Science from the University of Nairobi. He also holds professional qualifications in Microsoft certified Systems Engineer (MCSE) and Cisco Certified Network Associate (CCNA).



Eunice Kariuki-Director Partnerships, Innovation and Capacity Development

Eunice was the Marketing Director at Kenya ICT Board and doubled up as a Deputy CEO for 7 years. She has worked for Microsoft as a Public Sector Account Manager. She also worked for Records & Archives Management Systems Company, Eastman Kodak Avro International Aerospace, and UK.

Eunice holds an MBA in Strategic Management, B.Sc. in Business Studies, a Higher National Diploma in Business Information Technology and Chartered Institute of Marketing (CIM) Diploma. She is a member of the CIM and institute of Directors

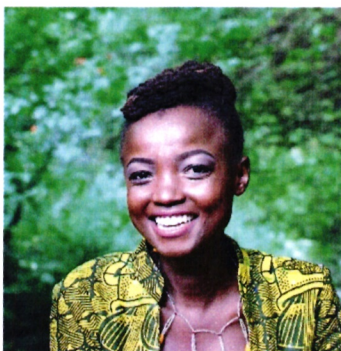


Rosemary Ndiritu-Director Corporate Services

Rosemary is a holder of Corporate Finance (CF), MBA, CPA (K) and BCom. (Accounting) professional qualifications. She has, in her extensive career, held a number of Senior Leadership positions within the private and public sectors at both Executive Management and Board Levels, in multiple roles as Corporate Leader, Executive and Corporate Finance Practitioner.

The Director has significant hands-on solid experience in the formulation, development and implementation of organization, business and financial strategies and in managing operations (Administration, Finance, Audit, Tax, HR, Risk & Compliance and Performance-related activities). She has been involved in key milestone corporate finance transactions in the region, with

Specialization in M&A transactions, capital raising, transaction advisory, corporate restructuring, financial and investment advisory. Rosemary is also a Certified Retirement Benefits Fund Trustee and a member of the Institute of Directors (IOD) Kenya, the Faculty of Corporate Finance at the Institute of Chartered Accountants in England and Wales (ICAEW) and of the Institute of Certified Public Accountants of Kenya (ICPAK) professional bodies.



Ms. Pauline W. Kimotho- The Company Secretary

Ms. Pauline has been an advocate of the High Court of Kenya for the last 14 years. She is a commercial lawyer with sector experience in retail, oil and gas, telecommunications and most recently the ICT Sector.

She is a specialist in Telecommunication Law, Contract Law, Commercial Law, Employment and Labor relations Law, Public Sector Law, Compliance and general corporate governance practices.

She holds a Master's Degree in Commercial Law from the University of Cape Town South Africa, a Bachelor's degree in Law from the University of Nairobi Kenya and a Diploma in Law from the Kenya School of Law. She is also a Certified Public Accountant and a Certified Public Secretary

CHAIRMAN'S STATEMENT

The ICT Authority is now on its seventh Financial Year cycle since August 2013, we were given an expanded mandate of overseeing and managing all ICT Projects across government. Another major function is that of growing the local ICT skills development and capacity needed to manage these ICT projects.

Other functions of the Authority include implementing and managing the efficient and secure use of infrastructure, systems and data in the public sector through integration and sharing. In addition, the Authority promotes business value through ICT innovation and enterprise as well as delivers trusted e-government services. These objectives are enshrined in the Constitution of Kenya, other laws and policies such as Vision 2030, the National ICT Masterplan 2017, the Broadband and National Cyber Security Strategy 2014.

To achieve what I have outlined above, we are guided by the Strategic Plan (2020-24) and other documents such as the National ICT Infrastructure Master Plan (2020-29). These documents define the foundations and pillars that will guide the Authority to achieve the provision of digital services to the citizens, the development of skilled ICT Human Capital & workforce needed to offer those services and ICT supporting every sector of the economy.

In the financial year 2019/2020, the Authority has continued to implement the Strategic Programmes & Projects. This has been done through the themes of; Shared services; ICT Innovation and Enterprise; Information Security; ICT Human Capital and ICT governance.

The board has continued to make decisions to support management in the day to day execution of the main projects during this period include; Digital Literacy Programme (DLP), Presidential Digitalent Programme (PDTP), County Connectivity project, Government Enterprise Architecture Framework, National Optic Fibre Backbone (NOFBI), Network Operation Centre help desk, Data Centers, Transport Integrated Management System (TIMS), Capacity building projects and Automations in various Ministries, Departments & Agencies.

To achieve our goals, we continue to work with our development partners like World Bank through the Eastern Africa Regional Transport, Trade and Development Facilitation (EARTTDF) as well as numerous other private sector stakeholders and the academia.

As we look to the next fiscal year, we are committed to continue delivering on our mandate and guided by the Strategic Plan. We will continue to work on many of the projects from the previous year, while building momentum on new ones.

We also plan to ensure that the Authority work is communicated to the various stakeholders so that our mandate is understood and support. The Authority will also undertake quarterly monitoring and evaluation of these priority projects in order to ensure that the completion rate and cost efficiency of each project is 100%. Our main challenge still lies in inadequate funding of our operations and projects as well as low staffing levels. As per our delivery model, we plan to work closely with all partners and especially the ICT businesses and academia.

The ICT Authority will continue to play its strategic role as the country's agency that enforces ICT Standards and creating an enabling environment for a robust digital economy to take root.



Prof. Fredrick Owino

CHAIRMAN

REPORT OF THE CHIEF EXECUTIVE OFFICER

For the past year, we have been working on operationalizing the structures and enhance good governance practices in the organization. We also reviewed our Strategic Plan in line with emerging issues and to align with the country's ICT needs. The Plan is focused into five key pillars namely Digital Infrastructure, Digital Services, Digital skills, values and culture as well as applied research, innovation and enterprise.

To fund the activities listed in the Strategic Plan, the Authority will rely on income largely from the Government of Kenya and World Bank through the Eastern Africa Regional Transport, Trade and Development Facilitation (EARTTDF). In the period under review we dedicated more resources towards project implementation with focus on those with the greatest impact to the county's development. This includes projects, country transforming projects like the Digital Literacy Programme (DLP), the National Optic Fiber Project (NOFBI) and ICT capacity building initiatives like the Presidential Digital Talent Programme. We looked into initiatives that will improve efficiency, accountability and transparency in government like government communication through the GUC and providing connectivity countrywide.

Going forward we plan to concentrate on projects that meet the immediate needs of Mwananchi and make Kenya a top regional ICT hub and a globally competitive digital economy. These include projects like DLP to support E-learning, promoting a culture of innovation so that there are ICT solutions being developed for the different sectors of the economy and engaging the ICT literary skills for all levels of citizens. We will also cultivate partnerships with entities whose support is critical in realizing all our goals and improve our stakeholder engagement processes

On information Security, we have developed and now implementing a framework to guide the management and security of government as well as citizen data and information

There are two main Programmes that continue to impact the country's development namely the Digital Literacy Programme (DLP) and the Presidential Digital Talent

Programme (PDTP). The process of recruiting for PDTP Cohort V is ongoing and already 900 interns have graduated and are either employed or in self-employment.

We continue good governance practices in project management through both the M & E Department as well as the Audit Office. We have faced various challenges in our implementation of our mandate. This includes, limited funding which interferes with our ability to deliver on our promises and expectations, limited capacity and expert skill as well as change management hurdles from within the organization and the whole of government. However, we remain optimistic that we will tackle the challenges and achieve some milestones.

As I conclude, I would like to express deep appreciation to the Government of Kenya for their support and commitment in support of ICT growth in the country. I would also like to recognize our development and strategic partners as well as public and private organizations who are important in our achieving our objectives. We are thankful to all county governments who have collaborated with us in our various projects and events. We remain grateful to all the citizens of Kenya for giving us the opportunity to serve them.



Dr. Katherine W. Getao, EBS
CHIEF EXECUTIVE OFFICER

**REVIEW OF THE INFORMATION AND COMMUNICATION TECHNOLOGY
 AUTHORITY PERFORMANCE FOR FY 2019/2020**

The ICT Authority has *four* strategic pillars and objectives within its Strategic Plan for the FY 2019/20- 2023/2024. These strategic pillars are as follows:

- Pillar 1: Digital Infrastructure
- Pillar 2: Digital Services
- Pillar 3: Digital skills, values and culture as well as
- Pillar 4: Applied research, innovation and enterprise.

The ICT Authority develops its annual work plans based on the above four pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2019/2020, as indicated in the diagram below:

Programme / Project	Project Objective/ Outcome	Key Performance Indicator	Activities.	Achievements
Digital Literacy Programme.	To enhance the provision of quality education through use of ICT for fostering 21st century skills.	1. Primary schools installed. 2. No. of Devices installed.	Support the realization of the Big Four Agenda under the manufacturing cluster by acquiring and distributing seventy-five thousand (75,000) locally assembled digital learning devices and deploy 50 devices to each of the 1,500 schools out of the 24,000. The schools will be identified and provided by the Ministry of Education.	The Authority procured and installed 25,089 LDDs under the JKUAT/POSITIVO BGH Consortium and 65,425 LDDs under the MOI/JP SA COUTO Consortium.
East Africa Regional	1. Creation of an efficient	No. of Km laid.	Rehabilitate existing 24-core	Rehabilitation from Eldoret to

<p>Transport Trade and Development Facilitation Project implemented (Backbone-Installation)</p>	<p>trade & Development Corridor.</p> <ol style="list-style-type: none"> 2. Enhanced use of ICT for internet connectivity and road management 3. Improving the access to Market for Pastoralist communities 4. Increased access to economic opportunities and basic services. 		<p>fiber from Eldoret to Nadapal. Target of 630KM.</p>	<p>Lodwar (535KM) completed. Pending Wireless solution from Lodwar to Nadapal</p>
<p>(NOFBI Phase II Expansion)</p>	<ol style="list-style-type: none"> 1. To provide affordable and quality broadband infrastructure. 2. Promote and facilitate open access to underserved areas for Education delivery, public safety, and healthcare delivery through enhanced Broadband Connectivity. 3. Reduce costs for ISPs to provide rural 	<p>-No of sub-Counties installed.</p> <p>-Operational NOC.</p>	<p>-Installation of internet access points to 290 sub-county sites (Refer to Annex III).</p> <p>- Establish a centralized Network Operation Centre (NOC).</p> <p>-Installation of network equipment in 122 sites in sub county offices and commissioning (Refer to Annex V).</p>	<ol style="list-style-type: none"> 1. Installation of internet access points to 290 sub-county sites. 2. Establish a centralized Network Operation Centre (NOC). 3. Installation of network equipment in 122 sites in sub county offices <p>Complete installation of 58.24 KM of Optic fiber.</p>

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	broadband coverage.			
Presidential Digital Talent Programme (PDTP)	To enhances ICT skills within public sector through a 1 year training programme.	No. of interns recruited and deployed.	Recruit, induct and deploy 400 Cohort 4 interns for the FY 2019/2020.	400 Cohort IV PDTPs interns recruited, inducted and deployed to MCDAs for the Financial year 2018/19-2019/20
Shared Services	-Provision of Government-wide common services aligned to the needs of all customers through common platforms that support the sharing of data, systems, applications, storage and computing. These shared services includes networks, data centers, systems and applications that provide service throughout government.	- No. of National Security firewall implemented. -No. of Enterprise security management solutions developed. - Information security risk assessment report. -No. of secure broadband internet links established.	i. Implemented national security firewalls for the two GOK internet gateways (at Treasury & Ardhi House). - Implemented enterprise security management solution to ensure security for GOK ICT resources & infrastructure that include hosted sites, mail services, applications and infrastructure. iv. Conducted information security risk assessment, structured patch management and periodic status assessment for GoK ICT resources and infrastructure.	- Implemented national security firewalls for the two GOK internet gateways (at Treasury & Ardhi House). - Implemented enterprise security management solution to ensure security for GOK ICT resources & infrastructure that include hosted sites, mail services, applications and infrastructure - Conducted information security risk assessment, structured patch management and periodic status assessment

			<p>v. Establish two secure broadband internet links to undersea fibre cables for public entities.</p> <p>vi. Provide internet services to 22 Government Ministries and forty seven (47) county headquarters.</p> <ul style="list-style-type: none"> - Develop contract management mechanism for GDC maintenance and support. - Redesign the GCCN Network. - Migrate 150 Government websites to a more flexible Enterprise Content Management System. 	<p>for GoK ICT resources and infrastructure .</p> <ul style="list-style-type: none"> - Established two secure broadband internet links to undersea fibre cables for public entities. - Provided and operationalized internet services to 22 Government Ministries and forty seven (47) county headquarters. - Developed contract management mechanism for GDC maintenance and support. - Redesigned the GCCN Network. - Migrated 150 Government websites to a more flexible Enterprise Content Management System.
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CORPORATE GOVERNANCE STATEMENT

a. Board meetings:

In the year under review the Board meetings held and attendance of the same is as summarised below:

Board/ Board Committee	Number of meetings	Percentage attendance (%)
Full Board	8	98.75
Audit Committee	6	100
E-Government Projects and Standards Committee	5	95
Finance Committee	5	90
Human Resources Committee	4	93.75

b. Board and Board Committee Charters:

In the year under review the Board reviewed, approved and over saw the implementation of the Board and Board Committee charters.

c. Appointment and removal of directors:

The process of appointment and removal of Directors is as outlined in the State Corporations Act and Legal Notice No 183 of 2013 which establishes the Authority.

In the year under review, Director Beatrice Akoth was appointed to the Board for a term of three (3) years effective 21st October 20219 following the expiration of the term of Director Mercy Pendo. Director Jerotich Sirma was reappointed for a second term of three (3) years effective 21st October 2019.

d. Roles and functions of the Board:

The Functions of the Board are set out in Legal Notice 183 of 2013, the State Corporations Act and the Mwongozo Code of Corporate Governance for State Corporations include interalia;

- I. Administer the property and funds of the Authority in a manner and for the purposes which shall promote the interest of the Authority; but the Board shall not charge

- or dispose of immovable property of the Authority except in accordance with the procedures laid down by the Government of Kenya;
- II. Receive, on behalf of the Authority, donations, endowments, gifts, grants or other moneys and make disbursements there from to the Authority or other bodies or persons;
 - III. Approve the appointment criteria and the terms and conditions of service of staff;
 - IV. Provide for the welfare of the staff of the Authority;
 - V. On behalf of the Authority enter into association with other agencies, institutions or bodies, whether within Kenya or otherwise, as the Board may deem necessary and appropriate; and
 - VI. Make regulations governing the conduct and discipline of the staff of the Authority;
 - VII. Ensure that a proper management structure is in place and make sure that the structure functions to maintain corporate integrity, reputation and responsibility;
 - VIII. Monitor and evaluate the implementation of strategies, policies, and management criteria and plans of the Authority;
 - IX. Regularly review the viability and financial sustainability of the Authority;
 - X. Ensure that the Authority complies with all the relevant laws, regulations, governance practices, accounting procedures and auditing standards;
 - XI. Consider and approve the Authority's budget;
 - XII. Undertake any other activities as may be necessary for the performance of its functions and the attainment of the purposes of the Authority.

e. Board training:

In the year under review the Board was trained in Corporate Governance. The Board was also trained in general administration and management of State Corporations.

f. Board Performance:

In the year under review board evaluation was conducted under the guidance of the State Corporation's Advisory Committee on 08 October 2019.

g. Board remuneration:

The Board sitting allowances were paid in line with government guidelines. A total of KShs 4,940,000 was paid to the Board as sitting allowances and KShs 4,448,152 as other allowances (telephone, travelling & accommodation).

h. General governance:

In the year under review the Board maintained a register of attendance of all meetings as well as a register of interest.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Financial Performance

For the year ending 30 June 2020, the total income was KShs 1,872,733,562 which comprised of grants of KShs 1,865,736,871 from the Parent Ministry (MoICT), other incomes include; KShs. 1,543,081 public contributions and donations for the past Connected summit, interest income of KShs 3,290,110 from the Escrow Account, exchange transactions of KShs 2,109,000 and accreditation fees of KShs. 54,500. Other gains include KShs. 14,753,095 foreign exchange gain and assets sale of KShs 78,300.

Total expenditure for the year was KShs. 3,346,666,316 compared to the previous year which was KShs 1,788,612,775. This was an increase of 87% from the previous year's total expenditure. This can be attributed to the continuing of the DLP Devices Variation contract.

2. Operational Performance

The Authority is tasked with the responsibility of rationalising and streamlining the management of all Government of Kenya ICT functions. Our broad mandate entails enforcing ICT standards in Government and enhancing the supervision of its electronic communication. We also promote ICT literacy, capacity, innovation and enterprise in line with the Kenya National ICT Masterplan 2017.

Some of the core functions and from which the performance indicators are derived from include:

- Set and enforce ICT standards and guidelines for the human resource, infrastructure, processes and system and technology for the public office and public service including deployment and management of all ICT staff in the public service;
- Facilitate and regulate the design, implementation and use of ICTs in the public service;
- Promote ICT literacy and capacity;
- Promote e-Government services;
- Facilitate optimal electronic, electronic form, electronic record and equipment use in public service
- Promote ICT Innovation and enterprise;
- Establish, develop and maintain secure ICT infrastructure and systems
- Supervise the design, development and implementation of critical ICT projects across the public service.
- Implement and manage the Kenya National Spatial Data Initiative

3. Key projects

The key Projects that are currently being implementing is East Africa Regional Transport, Trade and Development Facilitation Project (EARTTDFP) is a regional initiative agreed and jointly financed by the Government of Kenya and the International Development Association for the component to be implemented by the Kenya Government agencies, Digital Literacy Project (DLP) and National Optic Fiber Backbone Infrastructure Project (NoFBI) project.

a) NOFBI -National Optic Fiber Backbone Infrastructure Project

Project Background

Project Background

NOFBI - has been implemented in three phases to date

- NOFBI Phase 1- From 2005 to 2008, the government has laid 4,300 KMs of 24 core fiber across the country and passing through 56 major towns in Kenya. This phase of the project was expected to supplement the existing telecommunications infrastructure while complementing other forms of infrastructure such as roads, railways, and power lines in national development.
- NOFBI Phase 2 - From 2014- 2017 and its scope includes 2,100KM fiber links and IP equipment to all the 47-county headquarters, the building of metropolitan area networks in all 47 county Headquarters and making them access the national backbone.
- NOFBI Phase II Expansion- 2017 - to date, the government is building NOFBI 2E network with a scope of 2500KM fiber links and IP equipment majorly covering sub-counties and creating many sub-rings to further increase redundancy. Installation of Access points in 290 sub-counties

Project undertaking

To ensure connectivity to all government buildings in the country ensuring timely and enhanced service delivery to the citizens, efficiency, and productivity of GOK employees.

Achievements

- 9000kms of fiber optic cable laid countrywide
- Use of NOFBI Internet services in all 47-county headquarters
- Use of NOFBI internet services in 280 /290 sub-county headquarters
- Transmission equipment installed in all 290 sub-counties according to the NOFBI Phase 2 Expansion project scope

Impact on society

- I. Kenya has since achieved a more reliable, stable, and efficient national backbone network that is being used by the Government at the National and County levels resulting in improved service delivery.
- II. Besides meeting the government's own needs, it is also available for use by other operators for the delivery of connectivity services and provides alternative failover routes.
- III. As a neutral shared government infrastructure, NOFBI has great potential to address the market demands from Telco's and ISPs to extend broadband connectivity across the country.

b) Digital Literacy Programme (DLP)

The Government of Kenya (GoK) has undertaken integration of ICT across all levels of education through the Digital Literacy Programme (DLP) in order to prepare learners for the digital and competitive knowledge economy. The objective of the Programme is to impart required skills and attitudes that include critical thinking, creativity, communication, collaboration, and innovation aimed at preparing learners to competitively participate in a knowledge-based economy.

In order to achieve above, GoK initiated ongoing DLP in 2015 where it is being implemented through multi-government agencies (Ministry of Education, Ministry of ICT, MOEP, MOITC, The National Treasury, OAG, KISE, KICD, KP, REA and TSC) in phased out approach till learners in basic education are covered. It is important that as learners' transit from one stage to another, they have access to requisite skills and tools to be able to participate effectively in the current digital world.

i. Project Implementation Status

S/NO	Consortium	No of Schools Installed	No Of Devices	% of Schools Installed
	Total	21,638	1,193,202	99.6%

ii. Local Assembly

Local Assembly of Devices	Actual No. of LDDs Assembled
Total number of devices assembled locally	201,811

iii. Teacher Training

No of teachers trained on CBC	218,253
Number of teachers trained on ICT integration	93,009
Total	311,262

iv. Digital Content Development

Class 1 & 2 - 5 subjects installed on the LDDs, 137 readers for Kiswahili & English Language activities shared with ICT officers for installation

v. Power Status in Schools: Source: Kenya Power

ELECTRIFICATION OF PUBLIC PRI SCHOOLS	
ITEM	As at 06/08/2019
No of Schools on Grid Supply	19,022
No of Schools on Solar Supply	3,236
Total No of Schools	22,927

DLP Phase I New Schools.

The Authority received an additional list of 1,937 new public primary schools from the Ministry of Education which have been established since 2016. The authority has initiated the process of procuring Phase I devices for these new schools.

DLP PHASE II STATUS

The Government has started the implementation of DLP Phase II, (2019 - 2023), which targets providing advanced learner digital devices for upper primary, grades 4 to 6 in line with competency-based curriculum roll out in middle school. This phase emphasizes the need for learners “using to learn” the technology.

Phase II of the Digital literacy Programme is already on course.

The tender was advertised on Tuesday 26th November 2019 and targets 24,000 public primary schools spread across the country. There was a pre-bid meeting on 4th December 2019 at the ICT Authority’s offices on 12th Floor, Telposta Towers, along Kenyatta Avenue.

The tender closed on 20th December 2019 and thereafter tender opening process was done on 8th January 2020.

All Advance Learners Digital Devices and Advance Teacher Digital Devices will be locally assembled.

The packaging materials will be 70% locally manufactured.

Exclusive preference shall be given to goods assembled in Kenya in accordance with the Public Procurement and Asset Disposal Act 2015.

Special Needs Education Learner Digital Device will also be supplied and installed in the special need’s schools.

Device shall have pre-installed digital content.

The device should have applications such as screen magnifiers, screen readers and note takers and configured to support pupils with special needs.

The selected tenderer, per LOT, shall undertake a Proof of Concept in ten (10) schools per county using the proposed solution to ascertain the functionality and integration of the solution for a period of 3 months. Upon completion of the POC, the procuring entity will carry out an evaluation to ascertain the functionality and conformity of the solution to the programme and make recommendations.

The devices for Phase II are:

- Advanced Learner Digital Device (ALDD)
- Digital Output Device (DOD)
- Wireless Access Point (WAP)
- Advanced Teacher Digital Device (ATDD)
- The accessories to be supplied are:-
 - a) Multi-socket power strips with surge protection to support all the devices installed in a school

Special Needs Education learner digital device

- a) Special Needs Education Advanced Learner Digital Device (SNE ALDD - VI)
- b) Special Needs Education Advanced Learner Digital Device (SNE ALDD - HI)
- c) Special Needs Education Advanced Digital Device I.D & Autism (Learners with Intellectual Disability and Autism)
- d) Special Needs Education Advanced Digital Device P.I (Learners with Physical Impairment)
- e) Special Needs Education Advanced Digital Device D.B (Learners who are Deaf Blind)
- f) Special Needs Education Advanced Teacher Digital Device (SNE ATDD - HI)
- g) Special Needs Education Advanced Teacher Digital Device P.I (Teacher device for Learners with Physical Impairment)
- h) Special Needs Education Advanced Teacher Digital Device I.D & Autism (Teacher device for Learners with Intellectual Disability and Autism)

The tender for DLP Phase two has been awarded to Moi and JKUAT and their respective consortium partners for lots I & III and lot II respectively to undertake the Proof of Concept (PoC).

The PoC amount for Moi consortium (LOT I is Kes 211,924,405.52 and LOT III Kes 188,163,316.05).

The PoC amount for the JKUAT consortium (Lot II is Kes 333,079,702.43).

Both consortia have submitted their acceptance letters.

Achievements

- 21,638 public primary schools representing 99.6 % of the contracted 21,729 schools under DLP Phase I have been supplied with 1,193,202 devices. Installations for the remaining 100 schools is ongoing.
- 218,253 teachers have been trained on CBC and 93,009 teachers have been trained on ICT integration and device utilization.
- 19,022 public primary schools have been connected to power by national grid and 3,236 public primary schools have been connected to power by solar.
- An improved enrolment of pupils enrolment in public primary schools has been realized, including improved attendance.
- Two local device assembly plants have been established, one at JKUAT and another one at Moi University.
- The average production capacity for the Moi University device assembly plant is 1200 LDDs per day operating in two shifts of 8 hours each.
- The production capacity for the JKUAT has two assembly lines with daily production capacity of 600 LDDs each per shift.
- A mechanism for DLP technical support has been established across the country. The ICT Authority has established 8 regional offices, 47 county offices and sub-county offices and officers posted at these levels to support the Programme.
- A number of students both at master's and PhD levels have shown interest in studying various aspects of the DLP for research purposes in Universities.
- Several countries have sought to benchmark with Kenya on how to implement various aspects of ICT integration in education (e.g. Zambia, Zimbabwe, and Mozambique).
- Lessons have been learnt on how to collaboratively implement government programmes.

C). East Africa Regional Transport, Trade and Development Facilitation Project (EARTTDFP)

The Government of Kenya aims at achieving the following development objectives:

1. Contribute to extend the geographic reach of broadband networks including enhanced international connectivity for both South Sudan and Kenya; and
2. Contribute to improved delivery of public services.

Overall Project

The South Sudan - Eastern Africa Regional Transport, Trade and Development Facilitation Program (EARTTDFP) is a regional initiative agreed and jointly financed by the Government of Kenya and the International Development Association for the component to be implemented by the Kenya Government agencies. The proposed program will support Kenya's economic development strategy and address the mounting pressures to enhance connectivity of the northern parts of the country and South Sudan to the rest of the Country and more so to the Port of Mombasa.

ICT Component

To enhance internet connectivity through construction of approximately 600 kilometres of high capacity fiber optic cable and associated connections alongside the Eldoret to Nadapal - Nakodok road with provision for fiber spurs and rings to connect schools, hospitals, other strategic locations including pastoralist road side markets, export processing zones, rest stops, community centers and service centers along the Nadapal-Nakodok road.

Project Activities

1. Provide capacity building along the Eldoret to Nadapal - Nakodok route for communities to appreciate and understand the importance of information and communication infrastructure;
 2. Construction of a redundancy link between Eldoret - Lokichogio to ensure service continuity in case the Eldoret to Nadapal - Nakodok optic fiber cable is cut;
 3. Construction of approximately 600 kilometres of high capacity fiber optic cable along the Eldoret to Nadapal - Nakodok road;
 4. Provide various spurs and rings to facilitate the ability of other implementing agencies to position their infrastructure as part of the development of a smart roads network.
- Rehabilitate the existing 24 core fibre from Eldoret to Nadapal.

The Scope of this project involves rehabilitation of existing fiber link between Eldoret and Lodwar, and deployment of wireless solution from Lodwar to Nadapal.

Project Achievements:

- 1) Fiber link from Eldoret to Lodwar has been completed and accepted. The current link is serving government offices and leased out to Internet Service providers in the region.
- 2) Completion of the link has seen internet speed increase by over 300%. Previous Huduma center at Lodwar was served by a 5MBPS link, and is currently connected to 1GBPS link.
- 3) Planned work to complete microwave link between Lodwar and Nadapal in H1 2020.

4. Compliance with statutory requirements

Authority is fully compliant with the statutory laws and regulations. There are no major non-compliance concerns that may expose the entity to potential contingent liabilities.

In addition, The Authority has fully complied with all statutory requirements. This includes timely submission of PAYE June 30, 2019.

5. Major risks facing the entity,

- i. **Credit Risk-** the risk of financial loss to the Authority if counter parties fail to meet their contractual obligations when they fall due. The authority's credit risk is primarily attributable to its bank balances. The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings
- ii. **Liquidity risk-**the risk of the Authority not being able to meet its obligations as they fall due. The Authority's approach to managing liquidity risk is to ensure that there is sufficient cash and cash equivalents are available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation. Prudent liquidity risk management strategies that the Authority has put in place includes (i) prospectively assessing the need for funds to meet obligations and (ii) ensure the availability of cash to fulfil those needs at the appropriate time by coordinating the various sources of funds available to the Authority under normal and stressed conditions
- iii. **Operational risks** from the execution of the Authority's day to day functions towards achieving its objectives. Examples of such risks include cyber risk, data security, IT Failure, insufficient internal controls etc. The following measures have been put in place to mitigate such risks: (i) enhanced organizational capability in ensuring safety of staff (ii) staff sensitization on adherence to internal policies under various departments such as Finance, Human Resources and Procurement(iii)continuous upgrade of current infrastructure to prevent and minimize IT related risks such as computer hacking.
- iv. Reputational risk due to the high public interest in the national projects implemented by ICTA and our involvement in government cybersecurity and strategic systems.
- v. Unclosed historical projects with procurement process challenges.
- vi. Failure to achieve mandate due to competing demands from multiple stakeholders.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

This is about how ICTA takes account of its economic, social and environmental impact in the way it operates as a public organization. By demonstrating our commitment to corporate social responsibility (CSR), we aim to align our values, purpose and strategy with the needs of our employees, Local community and society at large, while embedding such responsible and ethical principles into everything we do.

Though the Authority does not have a CSR policy in place, we endeavour to have one in place in the near future. Nevertheless, as a parastatal, our dealing with our clients, suppliers and the local community principles in an effort to support reducing our energy, procurement, transport, water use and other business usage to reduce our carbon footprint and environmental impact.

We endeavour to reduce the environmental impact by reducing all our transportation requirements whether possible and use such facilities as web-ex and conference call facilities. We use vehicles that are regularly services and checked with regards to their emission levels and economically use their fuel. We also source and buy our requirements locally to promote the local industries. We have also sensitized staff to ensure that all lights and equipment is switched off when not required and ensuring that water is used efficiently. Other measures include printing in double sided and recycling waste.

On local community, the authority ensures that our work with the local community involves working and supporting local and national charities and encouraging volunteer work in community activities. The Authority will also ensure that we deal responsibly, openly and fairly with suppliers by ensuring that we use local suppliers as much as possible and that we will endeavour to pay them on time. The Authority will continue to forge public private partnership when undertaking the activities in order to ensure we make a significant positive difference in the society.

The Authority project team was involved in food distribution to vulnerable households. This was after it was announced that Turkana residents were faced with acute hunger due to delay in rainfall. Besides, one of the Turkana residents was trained in how to operate the trencher machine. This was to increase the capacity of the persons involved in our project.



LAT	TUESDAY	04.23.2019
LONG	LOCAL TIME	08:41:43



LAT	2°4'53" N	TUESDAY	04.23.2019
LONG	35°29'7" E	LOCAL TIME	09:25:35

Picture: Project team distributing food to Turkana Residents

REPORT OF THE DIRECTORS

The Public Finance Management Act, 2012 and the State Corporations Act Cap 446, require the Directors to prepare financial statements in respect of the ICT Authority, which give a true and fair view of the state of affairs of the authority for period ended June 30, 2020. The Directors also ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are responsible for safeguarding the assets of the Authority.

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the *Authority's* affairs.

Principal activities

The principal activity of the ICT Authority is to rationalize and streamline the management of all Government of Kenya ICT functions. Its broad mandate entails enforcing ICT standards in Government and enhancing the supervision of its electronic communication. The Authority also promotes ICT literacy, capacity, innovation and enterprise in line with the Kenya National ICT Masterplan 2017.

Results

The results of the entity for the year ended June 30, 2020 are set out on page 1 to 45.

Directors

The members of the Board of Directors who served during the year are shown on page v. During the year one director term ended and one director was appointed to replace her with effect from October 21, 2019 to date.

Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year (FY 2019/20 Nil) and hence no remittance to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

*The Information and Communication Technology Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020*

By Order of the Board



Pauline Kimotho
Corporate Secretary
Nairobi
Date:.....

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the State Corporations Act Cap 446 require the Directors to prepare financial statements in respect of ICT Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year, and the operating results for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Authority*. The Directors are also responsible for safeguarding the assets of ICT Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority's for and as at the end of the financial year which ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority's; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

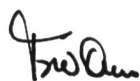
The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and State Corporations Act Cap 446. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of the *Authority's* transactions during the financial year ended June 30, 2019, and of the financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

*The Information and Communication Technology Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020*

Approval of the financial statements

The Authority's financial statements were approved by the Board on September 30, 2020 and signed on its behalf by:



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Chairperson of the Board

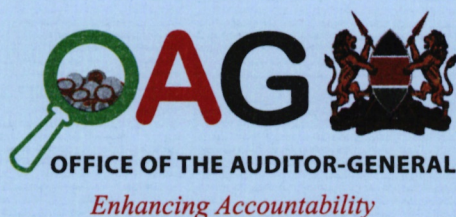


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Chief Executive Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON INFORMATION AND COMMUNICATION TECHNOLOGY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Information and Communications Technology Authority set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 the Information and Communication Technology Authority as at 30 June, 2020, 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 Legal Notice No.183 of 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported - Special Grant expenses

As disclosed under Note 17 to the financial statements, the statement of financial performance reflects special grants expenses of Kshs.2,786,316,723. Included in the balance of shared services of Kshs.345,735,317 is an expenditure of Kshs. 2,093,585 in respect of travel, accommodation and other subsistence allowances which has not been supported.

Further, the balance includes National Optic Fibre Backbone Infrastructure (NOFBI) Project expenses of Kshs.21,053,189 which includes misclassified training and capacity building expenses of Kshs.376,649 and Kshs.2,105,991 under the East Africa Regional Transport Trade and Development Facilitation Project. The balance also includes daily

and subsistence allowances claims of Kshs.958,220 for an officer. Management did not explain why the officers had not been issued with imprest and whether there was prior authority as per the financial regulations. Further, approved workplan for the activities were not provided for audit review.

In addition, the balance includes Digital Literacy Programme for operations amount of Kshs.274,273,284 which includes unsupported misclassified training and capacity building expenses of Kshs.10,922,730, contracted and utility supplies of Kshs. 485,707 and office and general supplies of Kshs.263,727 all totalling to Kshs.11,672,164. The balance constitutes daily and subsistence allowance claims of Kshs.2,874,880 for an officer. However, the Management did not explain why the officer had not been issued with imprest and whether there was prior authority as per the financial regulations. Further, the balance includes unsupported legal services, arbitration fees and legal deposits costs amounting to Kshs.1,115,204.

In the foregoing, the accuracy, completeness and validity of the expenditure of Kshs.2,786,316,723 in respect of special grant expenses reflected in the statement of financial performance for the year ended 30 June, 2020 could not be confirmed.

2. Inaccuracy of Escrow Account

As disclosed under Note 28 to the financial statements, the statement of financial position reflects NOFBI II Expansion Escrow Account balance of Kshs.366,309,916. However, the USD3,607,722 (at 106.522 rate) translated to Kshs.384,303,207 resulting into an unreconciled variance of Kshs 17,993,291.

Further, Sections 5.2.1.2(1) and (2) of the escrow agreement states that minimum amounts of Rem 22,200,000 and Rem 57,600,000 is held in the debts service account during the period upto March, 2020 and after March, 2020 respectively. However, the Management has retained the balance at Rem 22,200,000.

In the foregoing, the accuracy, completeness and validity of the reported escrow balance of Kshs.366,309,916 reflected in the statement of financial position as at 30 June, 2020 could not be ascertained

3. Unsupported Deposits

As disclosed under Note 23(a) to the financial statements, the statement of financial position reflects receivables from exchange transactions of Kshs.8,596,558, which includes deposits amounts of Kshs.3,054,350. However, Kshs.1,463,000 of the deposits balances were not supported with relevant documentation.

Consequently, the accuracy, completeness and validity of deposits of Kshs.1,463,000 as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Information and Communications Technology Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in

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

Emphasis of Matter

Project Special Account Reconciliation

As disclosed under Note 10.3 to the financial statements, the statement of financial performance reflects proceeds from domestic and foreign grants of Kshs.123,676,921. However, this excludes amounts withdrawn but unclaimed of USD 30,573.03 equivalent to Kshs.3,196,275 as at 30 June, 2020 reflected in the project special account statement. The amount represents cumulative funds transfers to the project bank account whose expenditure returns had not been submitted to The National Treasury by the close of the financial year.

My opinion is not modified in respect of the effects of this matter.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.3,300,066,431 and Kshs.1,887,564,957 respectively, resulting to an under-funding of Kshs.1,412,501,474 or 43% of the budget. The under-funding mainly occurred under the donor funded programmes. Similarly, the Project expended Kshs.3,399,850,010 against an approved budget of Kshs.3,300,066,431 resulting to an over-expenditure of Kshs.99,783,579 or 3% of the budget. The over-expenditure occurred under the programs and purchase of fixed assets.

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

2. Unresolved Prior Year Matters

In the previous years' audit reports, several issues were raised under the Report on financial statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/12/1/44 of 25 June, 2019.

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, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Contract for Data Centre

As disclosed under Note 17 to the financial statements, the statement of financial performance reflects special grants expenses of Kshs.2,786,316,723. The shared services balance includes payments on maintenance of Government Data Centre contract totalling to Kshs.5,962,667. As reported in the previous year, review of records availed revealed that the maintenance contract which commenced on 28 September, 2015 and expired on 27 September, 2016 had been extended on two occasions thereby extending it to 31 March, 2018 and a subsequent renewal of contract on 18 June, 2018 for a period of one year. However, the documentation in support of the procurement process for the contract extension and renewal were not provided for audit verification.

Further, there were no contracts for the period between 19 June, 2019 to 27 October, 2019. Subsequently, the contract was awarded to the same supplier without subjecting it to competitive procurement as outlined in the Public Procurement and Asset Disposal Act, 2015.

Consequently, Management is therefore in breach of the law.

2. Slow Project Funds Absorption

The East Africa Regional Transport Trade and Development Facilitation Project commenced in November, 2015 with an estimated completion date of 31 December, 2021. However, as reflected under the funding summary, out of the total commitment of Kshs.2,979,795,000 by IDA and the Government of Kenya, only Kshs.325,831,189 or 11% had been released to the project as at 30 June, 2020. As previously reported, there is slow absorption of the project funds.

In the circumstances, I am unable to confirm whether value for money has been achieved through the project.

The audit was conducted in accordance with 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 Board of Directors

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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Authority 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 overall 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 control 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 control would not necessarily disclose all matters in the internal control 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 control 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 control 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 Authority'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 Authority 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 Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

21 July, 2021

*The Information and Communication Technology Authority
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For the year ended June 30, 2020*

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2020**

Revenue from non-exchange transactions	Note	2019-2020 KShs	2018-2019 KShs
Public Contributions & Donations	6	1,543,081	37,489,278
Grants income	7	1,865,736,871	6,598,813,196
Revenue from exchange transactions			
Other income	8	5,453,610	264,126
Total revenue		1,872,733,562	6,636,566,600
Expenses			
Employee costs	10	211,320,247	167,540,197
Directors costs	11	12,538,051	20,985,515
Depreciation expense	12	33,537,993	26,957,200
Routine maintenance	13	2,818,095	2,430,928
General expenses	14	32,503,239	62,527,743
Finance costs	15	1,032,587	1,378,880
Presidential Digital Talent program	16	119,791,302	117,814,011
Other Expenses			
Special Grant Expenses	17	2,786,316,723	1,162,405,194
TCIP Project Expenses	18	7,527,774	55,962,008
EARTTDF IDA Grants Expenses	19	131,421,321	124,499,336
Connected Summit expenses	20	74,790	46,032,526
Total expenses		3,338,882,123	1,788,533,539
Other Gains(Losses)			
PPE Sales	9	78,300	-
Exchange Gain/(Loss)	9	14,753,095	4,690,612
Surplus/(deficit) before tax		(1,451,317,166)	4,852,723,673
Taxes	21	7,784,193	79,236
Surplus/(deficit) for the year		(1,459,101,359)	4,852,644,437

The notes set out on pages 7 to 39 form an integral part of these Financial Statements.


STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

Assets	Note	2019/2020 KShs	2018/2019 KShs
Current assets			
Cash and cash equivalents	22	2,160,149,306	4,868,186,440
Receivables from exchange transactions	23	8,596,558	3,478,754
Pasha Fund	24	45,193,389	45,193,389
Prepayments	25	192,719,380	1,575,180,301
		<u>2,406,658,633</u>	<u>6,492,038,884</u>
Non-current assets			
Property, plant and equipment	26	86,914,712	67,269,010
Total assets		<u><u>2,493,573,345</u></u>	<u><u>6,559,307,895</u></u>
Liabilities			
Current liabilities			
Payables from exchange transactions	27	483,326,342	941,194,344
Non-Current Liabilities			
NOFBI II Expansion Escrow Account	28	366,309,916	366,309,916
Total liabilities		<u><u>849,636,258</u></u>	<u><u>1,307,504,260</u></u>
Net assets			
Accumulated (Deficit)/Surplus	29	1,643,937,086	5,251,803,635
Total net assets and liabilities		<u><u>2,493,573,345</u></u>	<u><u>6,559,307,895</u></u>

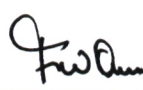
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


.....
C.E.O
Dr. Katherine Getao, EBS

Date:


.....
Head of Finance
CPA Oliver Pyoko
ICPAK M.No.12558

Date:


.....
Chairman of the Board
Prof. Fredrick Owino

Date:

STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED 30 JUNE 2020

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
At July 1, 2018	-	-	-	(567,078,713)	-	-	(567,078,713)
Prior year Adjustments**				966,237,911			966,237,911
Total comprehensive income				4,852,644,437			4,852,644,437
At June 30, 2019	-	-	-	5,251,803,635	-	-	5,251,803,635
At July 1, 2019	-	-	-	5,251,803,635	-	-	5,251,803,635
Prior year Adjustments				(2,148,765,190)			(2,148,765,190)
Total comprehensive income				(1,459,101,359)			(1,459,101,359)
At June 30, 2020	-	-	-	1,643,937,086	-	-	1,643,937,086

Note:

**Prior year adjustment: Note 29-Surplus funds returned to National Treasury, payables write off.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

		2019-2020	2018-2019
	Note	KShs	KShs
Cash flows from operating activities			
Surplus for the year before tax		(1,459,101,359)	4,852,644,437
Adjusted for:			
Depreciation		33,537,993	26,957,200
Derecognition of Payables		351,160,487	966,237,912
Prior year adjustments-Income		(2,499,925,677)	
		(3,574,328,555)	5,845,839,549
Working capital adjustments:			
Decrease/ (Increase) in receivables		1,377,343,117	(702,508,088)
Increase/ (Decrease) in payables		(457,868,003)	(1,071,863,607)
Net cash flows from operating activities		(2,654,853,440)	4,071,467,854
Cash flows from investing activities			
Purchase of property, plant and equipment		(53,183,695)	(42,198,243)
Net cash flows used in investing activities		(53,183,695)	(42,198,243)
Net increase/ (decrease) in cash and cash equivalents		(2,708,037,135)	4,029,269,611
Cash and cash equivalents at 1 July	22	4,868,186,440	838,916,829
Cash and cash equivalents at 30 June	22	2,160,149,305	4,868,186,440

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget	Supplementary I & II	Final budget	Actual on comparable basis	Committed funds	Performance difference	Performance difference %	
	2019-2020	2019-2020	2019-2020	2019-2020		2019-2020	2019-2020	
Revenue	KShs	KShs	KShs	KShs		KShs	%	
GOK Recurrent	264,185,400	-	264,185,400	242,169,950		22,015,450	8%	
PDTP	136,681,031	-	136,681,031	125,290,000		11,391,031	8%	
Shared Services	654,000,000	-	654,000,000	327,000,000		327,000,000	50%	a
NOFBI	84,000,000	-	84,000,000	42,000,000		42,000,000	50%	a
Digital Literacy Programme	2,000,000,000	-	2,000,000,000	1,000,000,000		1,000,000,000	50%	a
TCIP IDA Funds	11,200,000	-	11,200,000	5,600,000		5,600,000	50%	a
EARTTDF IDA Funds	200,000,000	(50,000,000)	150,000,000	123,676,921		26,323,079	18%	b
Contributions & Donations			-	1,543,081		(1,543,081)	0%	
Other incomes, Gains/ (Losses)			-	20,285,005		(20,285,005)	0%	
Total income	3,350,066,431	(50,000,000)	3,300,066,431	1,887,564,957		1,412,501,474		
Expenses								
Employee costs	215,084,068		215,084,068	211,320,247		3,763,821	2%	
Directors costs	20,544,000		20,544,000	12,538,051		8,005,949	39%	c
Depreciation expense	-		-	33,537,993		(33,537,993)	0%	
Repairs and maintenance	3,500,000	(1,000,000)	2,500,000	2,818,095	149,130	(467,225)	-19%	d
General expenses	23,500,000	1,000,000	24,500,000	32,503,239	44,175	(8,047,414)	-33%	e
Finance costs	1,057,332	-	1,057,332	1,032,587		24,745	2%	
PDTP	136,681,031	-	136,681,031	119,791,302		16,889,729	12%	f
Taxation paid			-	7,784,193		(7,784,193)	0%	
Other Expenses								
Shared Services	654,000,000		654,000,000	345,735,317	224,748,914	83,515,770	13%	g
NOFBI	84,000,000		84,000,000	21,053,189	38,872,700	24,074,111	29%	h
Digital Literacy Programme	1,924,070,000		1,924,070,000	2,419,528,217	789,120,248	(1,284,578,465)	-67%	i
Purchase of Fixed Assets-DLP	75,930,000		75,930,000	52,547,594		23,382,406	31%	j
TCIP IDA Funds	11,200,000		11,200,000	7,527,774		3,672,226	33%	k
EARTTDF IDA Funds	200,000,000	(50,000,000)	150,000,000	131,421,321		18,578,679	12%	l
Fixed Assets-Recurrent	500,000		500,000	636,100		(136,100)	-27%	m

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Connected Summit			-	74,790		(74,790)	0%
Total Expenditure	3,350,066,431	(50,000,000)	3,300,066,431	3,399,850,010	1,052,935,166	(1,152,718,746)	
Net Surplus	-	-	-	(1,512,285,053)	(1,052,935,166)	2,565,220,220	

Budget notes: explanation of differences between actual and budgeted amounts (IPSAS 24.14)

- a. The differences between actual and budgeted is due to non-receipt of Quarter 3 & 4 development grants.
- b. The IDA reimbursement had been received in the special account but not yet received at the Authority.
- c. The difference in the directors is due to the chairman forfeiting honoraria, sitting & other allowances.
- d. The variance is due to the major repairs conducted at the premises and vehicles.
- e. The variance is due to the funds allocated not sufficient as the supplementary additional request was rejected.
- f. The variance is due to postponement of graduation ceremony for the cohort due to the Corona Pandemic.
- g. The variance is due to postponement of shared services activities due to the Corona Pandemic
- h. The variance is due to postponement of NOFBI M& E activities due to the Corona Pandemic
- i. The variance is as a result of DLP devices being purchased through Letters of Credit which had been budgeted in the FY 2018/19 and paid as a prepayment. Once all the devices were finalized the expenditure of KShs 1,382,485,348 was expensed to the DLP.
- j. The variance is due to postponement of the activity to the 1st quarter of 2020/21 due to Corona Pandemic.
- k. The variance is due to reconciliation on the TCIP account is ongoing to finalize on its close out.
- l. The variance is due to delay in release of the reimbursement funds.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The ICT Authority is established by and derives its authority and accountability from Legal Notice No.198 amended order 2013. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to rationalize and streamline the management of all Government of Kenya ICT functions. Its broad mandate entails enforcing ICT standards in Government and enhancing the supervision of its electronic communication. The Authority also promotes ICT literacy, capacity, innovation and enterprise in line with the Kenya National ICT Masterplan 2017.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The 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, amounts and actuarially determined 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 *Authority's* accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Authority*.

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

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	<p>Applicable: 1st January 2019</p> <p>The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.</p> <p><i>(The Standard has no impact to the Authority)</i></p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: 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 entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(The Standard has no impact to the Authority).</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>(The Standard has no impact to the Authority.)</i></p>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Standard	Effective date and Impact
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>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>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard

iii. Early adoption of standards

The entity did not early - adopt any new or amended standards in year 2020.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for FY 2019-2020 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. 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 Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Taxes (continued)

Deferred tax (continued)

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and

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

Depreciation on Fixed Assets is calculated to write down their cost over their useful lives on a straight-line basis at the following rates:

Asset	Percentage (%)
Motor vehicle	25.0
Furniture and fittings	12.5
Computers and IT equipment	30.0

g) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Leases (continued)

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

h) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

i) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

j) Financial instruments

Financial assets

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 surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity 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 of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity 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.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

Provisions are recognized when the Entity 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 Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

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

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

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors 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 the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

p) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise - any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) 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.

r) Comparative figures

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

s) 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, 2020.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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 Entity 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2019/2020 KShs	2018-2019 KShs
Connected Summit Contributions	1,543,081	34,289,278
Communications Authority of Kenya		3,200,000
	1,543,081	37,489,278
Reconciliation of public contributions and donations		
Balance unspent at beginning of quarter		
Current year receipts	1,543,081	37,489,278
Conditions met - transferred to revenue	-	0
Conditions to be met - remain liabilities	1,543,081	37,489,278

These are contributions to the connected summit which is an annual event organised by ICTA

7 (a) TRANSFERS FROM OTHER GOVERNMENTS

Description	2019/2020 KShs	2018-2019 KShs
Unconditional grants		
GoK Recurrent Funds	242,169,950	282,088,075
Shared Services	327,000,000	550,000,000
GoK NOFBI	42,000,000	100,000,000
TCIP	5,600,000	42,220,936
County Connectivity Project	-	115,000,000
Presidential Digital Talent Programme	125,290,000	133,945,800
Digital Literacy Programme	1,000,000,000	5,250,000,000
EARTTDF IDA Grants	123,676,921	125,558,385
Total	1,865,736,871	6,598,813,196

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2019-2020
			KShs	KShs	KShs
Ministry of Information Communication and Technology	1,865,736,871	-	-	1,865,736,871	1,865,736,871
Total	1,865,736,871	-	-	1,865,736,871	1,865,736,871

8 REVENUE FROM EXCHANGE TRANSACTIONS

Description	2019/2020	2018-2019
	KShs	KShs
Revenue from Exchange Transactions	2,109,000	
Interest Income (Banks)	3,290,110	264,126
Fees & Penalties	54,500	
Total other income	5,453,610	264,126

In the FY 2018/19, the Exchange Gain/ (Loss) was included in the other income. In the current FY 2019/20 this has been reclassified under the Other Gains/ (Losses) in Note No. 9.

9 OTHER GAINS/(LOSSES)

Description	2019/2020	2018-2019
	KShs	KShs
PPE Sales	78,300	
Exchange Gain/(Loss)	14,753,095	4,690,612
Total other Gain/(Loss)	14,831,395	4,690,612

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 EMPLOYEE COSTS

Description	2019/2020	2018-2019
	KShs	KShs
Basic Salaries and wages	104,700,564	80,802,977
Housing benefits and allowances	60,150,686	46,102,511
Other Staff Costs	2,737,828	5,101,102
Employee related costs - contributions to pensions, NSSF and Gratuity	23,102,829	17,593,365
Medical Expenses	18,369,788	14,292,946
Group life insurance/WIBA	1,162,422	1,827,813
Recruitment	800,340	1,819,483
Staff Welfare Expenses	295,788	-
Employee costs	211,320,247	167,540,197

The Employees costs include CEO's salary of KShs. 11,367,295 which was reclassified under the Employees cost. In the previous year it was under the Remuneration of Directors. This is because, as much as the CEO is a member of the BOD, The CEO is not entitled to any BOD allowances, hence the reclassification.

11 REMUNERATION OF DIRECTORS

Description	2019/2020	2018-2019
	KShs	KShs
Chairman's Honoraria	-	273,548
CEO Salary	-	8,463,575
Sitting Allowances	4,940,000	4,983,984
Other allowances	7,598,051	7,264,408
Total director emoluments	12,538,051	20,985,515

The CEOs salary was reclassified to Employees cost as the CEO. This is because as much as the CEO is a member of the BOD, The CEO is not entitled to any BOD allowances, hence the reclassification.

12 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	33,537,993	26,957,200
Intangible assets	-	-
Total depreciation and amortization	33,537,993	26,957,200

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 REPAIRS AND MAINTENANCE

Description	2019/2020	2018-2019
	KShs	KShs
Vehicles	1,805,906	1,482,426
Furniture and fittings	421,183	248,340
Computers and accessories	591,007	700,162
Total repairs and maintenance	2,818,095	2,430,928

14 GENERAL EXPENSES

Description	2019/2020	2018-2019
	KShs	KShs
Travel, motor car, accommodation, subsistence and other allowances	571,331	5,549,151
Advertising, Printing and Supplies	430,232	1,602,613
Membership fees, dues and subscriptions	674,495	186,610
Audit fees	928,000	1,160,000
Hospitality supplies and Services	1,713,099	4,459,794
Contracted and Utilities Supplies	2,526,503	3,044,450
Office and General Supplies	2,747,310	2,786,759
Fuel and oil	973,092	1,289,287
Rent & Parking	20,077,694	38,131,158
Training & Capacity Building	1,623,645	2,586,677
Motor Vehicle Insurance	-	43,394
Toners & Cartridges	237,839	1,687,850
Total general expenses	32,503,239	62,527,743

15 FINANCE COSTS

Description	2019/2020	2018-2019
	KShs	KShs
Bank Charges	1,032,587	1,378,880
Total finance costs	1,032,587	1,378,880

16 PRESIDENTIAL DIGITAL TALENT PROGRAM

Description	2019/2020	2018-2019
	KShs	KShs
Presidential Digital Talent Program - Interns	106,175,868	90,193,529
Presidential Digital Talent Program - Operations	13,615,434	27,620,482
Total PDTP Expenses	119,791,302	117,814,011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 SPECIAL GRANTS EXPENSES

Description	2019/2020	2018-2019
	KShs	KShs
Shared Services (Government Internet Connectivity)	345,735,317	582,126,782
NOFBI Project	21,053,189	40,638,599
Digital Literacy Program - Devices	2,145,254,933	134,645,512
Digital Literacy Program - Operations	274,273,284	289,057,980
County Connectivity Project Expenses	-	115,936,321
Total Special Grants Expenses	2,786,316,723	1,162,405,194

Included in the KShs 2.1 billion for the DLP Devices is KShs 1,382,485,348 which was Devices purchased through Letters of Credit which had been budgeted in the FY 2018/19 and paid as a prepayment. Once the devices were delivered, installed and commissioned, this has been expensed to the Digital Literacy Program - Devices

18 TCIP PROJECT EXPENSES

Description	2019/2020	2018-2019
	KShs	KShs
Category 3 (Consultants)	7,527,774	55,962,008
Total project costs	7,527,774	55,962,008

19 EARTTDF IDA GRANTS

Description	2019/2020	2018-2019
	KShs	KShs
EARTTDF IDA Grants	131,421,321	124,499,336
Total EARTTDF IDA Grants	131,421,321	124,499,336

20 CONNECTED SUMMIT

Description	2019/2020	2018-2019
	KShs	KShs
Connected Summit Expenses	74,790	46,032,526
Total Connected Summit	74,790	46,032,526

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21 TAXATION

Description	2019/2020	2018-2019
	KShs	KShs
KCB -WHT	987,031	79,236
Income Tax Paid	6,797,162	
Total With-Holding Tax	7,784,193	79,236

22 CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	1,775,854,577	4,501,876,523
Escrow Account	384,294,549	366,309,916
Cash at Hand/cash in transit	180	-
Total cash and cash equivalents	2,160,149,306	4,868,186,440

22 (a) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Description		2019-2020	2018-2019
Financial institution	Account Number	KShs	KShs
a) Current account			
Citi Bank GOK Account	300085016	1,706,706,503	4,431,177,933
Citi Bank PDTP Account	300085024	53,520,956	46,947,693
Citi Bank EARTTDF	300085035	11,491,383	19,249,197
Citi Bank DLP Account (USD)	300085043	4,075,537	4,501,018
Kenya Commercial bank (KShs)	1219615692	60,198	684
b) Escrow Account			
Kenya Commercial bank (USD)	1219130680	384,294,549	366,309,916
c) Others(specify)			
Cash In Transit		180	
Grand total		2,160,149,306	4,868,186,440

23 (a) RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Staff Advances	204,691	423,844
Deposits	3,054,350	3,054,350
Grants/Revenue Receivable	2,109,000	-
Imprests	3,228,517	560
Less: impairment allowance		-
Total current receivables	8,596,558	3,478,754

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23(b) RECEIVABLES FROM NON-EXCHANGE CONTRACTS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Other debtors (non-exchange transactions)		
Less: impairment allowance		
Total current receivables	-	-

24 PASHA FUND

Description	2019-2020	2018-2019
	KShs	KShs
Digital Villages Revolving Fund	45,193,389	45,193,389
Total Revolving Fund	45,193,389	45,193,389

25 PREPAYMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Devices Advance payment-	192,719,380	192,691,381
Letters of Credit-JP SA Couto	-	985,028,034
Letters of Credit-Positivo	-	397,460,887
Total Prepayments	192,719,380	1,575,180,301

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 PROPERTY, PLANT & EQUIPMENT

	Motor Vehicles	Computers and Other IT Equipment	Furniture and Fittings	Total
Cost	KShs	KShs	KShs	KShs
At 1 July 2018	32,691,200	24,832,835	85,283,491	142,807,526
Additions	38,380,800	112,833	3,704,610	42,198,243
Disposals	-	-	-	-
Transfer/adjustments			-	-
At 30 th June 2019	71,072,000	24,945,668	88,988,101	185,005,769
Additions	18,740,000	27,277,899	7,165,795	53,183,694
Disposals				-
Transfer/adjustments				-
At 30 th June 2020	89,812,000	52,223,567	96,153,896	238,189,463
Depreciation				
At 1 July 2018	8,850,000	18,160,097	63,769,461	90,779,558
Depreciation	12,843,500	3,406,779	10,706,921	26,957,200
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/adjustment	-	-	-	-
At 30 th June 2019	21,693,500	21,566,876	74,476,382	117,736,758
Depreciation	15,088,200	6,964,939	11,484,854	33,537,993
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/adjustment	-	-	-	-
At 30 th June 2020	36,781,700	28,531,815	85,961,236	151,274,751
Net book values				
At 30 th June 2020	53,030,300	23,691,752	10,192,660	86,914,712
At 30 th June 2019	49,378,500	3,378,792	14,511,719	67,269,011

27 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	423,597,161	912,928,816
Audit Fees	1,856,000	928,000
Staff Gratuity	53,812,603	27,337,528
Payroll Payable	4,060,578	
Total trade and other payables	483,326,342	941,194,344

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 NOFBI II EXPANSION ESCROW ACCOUNT

Description	2019-2020	2018-2019
	KShs	KShs
NOFBI II Expansion Escrow	366,309,916	366,309,916
Total NOFBI II Expansion Escrow	366,309,916	366,309,916

29 ACCUMULATED SURPLUS/(DEFICIT)

Description	2019-2020	2018-2019
	KShs	KShs
Accumulated Surplus/ (Deficit) b/d	5,251,803,635	(567,078,714)
Prior Year Adjustments	(2,148,765,190)	966,237,911
(Deficit)/Surplus for the year	(1,459,101,359)	4,852,644,437
Accumulated (Deficit)/Surplus c/d	1,643,937,086	5,251,803,635

29 (a) Prior Year Adjustments

Description	2019-2020	2018-2019
	KShs	KShs
Trade Payables	351,160,487	966,237,911
DLP Surplus returned to treasury	(2,500,000,000)	
Funds surrendered by staff	74,323	-
Total Adjustments	(2,148,765,190)	966,237,911

30 EMPLOYEE BENEFIT OBLIGATIONS

The entity operates a Defined Contribution scheme for all full-time employees from March 1, 2018. The scheme is based on 10 percentage of salary of an employee and a 20% of employer contribution. The benefit at retirement will be based on the member accumulated total contributions plus the accumulated interest at the time of retirement. Being a Defined Contribution Scheme, there is no requirement for annual actuarial valuations as per the RBA regulations.

The Authority also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 COMMITMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Routine Maintenance	149,130	
General Expenses: hospitality	44,175	
Shared Services	224,748,914	-
NOFBI	35,767,500	-
DLP	785,969,784	-
Total Commitments	1,052,935,166	-

These are contracts which were signed during the year and will be completed in the next financial year.

32 FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity 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 entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity 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 entity's management based on prior experience and their assessment of the current economic environment.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(i) Credit risk (Continued)

	Total amount	Fully performing	Past due	Impaired
	KShs	KShs	KShs	KShs
At 30 June 2020				
Receivables from exchange transactions	246,509,327	194,515,421	51,993,906	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	2,145,339,237	4,868,186,440	-	-
Total	2,391,848,564	5,062,701,861	51,993,906	-
At 30 June 2019				
Receivables from exchange transactions	1,623,852,444	1,577,195,495	46,656,949	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	4,868,186,440	4,868,186,440	-	-
Total	6,492,038,884	6,445,381,935	46,656,949	-

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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the entity'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 entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. FINANCIAL RISK MANAGEMENT (Continued)

(i) Liquidity risk management (Continued)

	Less than 1 month	Between 1-3 months	Over 5 months
	KShs	KShs	KShs
At 30 June 2020			
Trade payables	206,312,530		276,385,091
Current portion of borrowings			
Provisions			
Total	206,312,530	-	276,385,091
At 30 June 2019			
Trade payables	463,770,339		477,424,005
Current portion of borrowings			
Provisions			
Total	463,770,339	-	477,424,005

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity 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 entity'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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity'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 entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Market risk (Continued)

a) Foreign currency risk (Continued)

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

	KShs	Other currencies	Total
	KShs	KShs	KShs
At 30 June 2020			
Financial assets			
Cash- DLP USD Account	-	4,075,537	4,075,537
Cash- NOFBI II escrow Account		384,294,539	69,104,218
Total financial assets	-	388,370,086	73,560,017
Financial Liabilities			
NOFBI II escrow Account	-	366,309,916	366,309,916
Trade and other payables			
Borrowings	-	-	-
Total financial liabilities	-	366,309,916	66,309,916
Net foreign currency asset/(liability)	-	22,060,169	7,250,101

Foreign currency sensitivity analysis

The following table demonstrates the effect on the entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

Foreign currency sensitivity analysis (Continued)

	Change in currency rate	Effect on Profit before tax	Effect on equity
	KShs	KShs	KShs
2020			
USD	10%	38,837,009	38,837,009
2019			
USD	10%	37,081,093	37,081,093

b) Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 388,370 (2019: KShs 3,708,093). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 1,941,850 (2019: KShs 18,540,547)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. FINANCIAL RISK MANAGEMENT (Continued)

iv) Capital Risk Management

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

	2019-2020	2018-2019
	KShs	KShs
Revaluation reserve	-	-
Retained earnings	1,643,937,086	5,251,803,635
Capital reserve	-	-
Total funds	1,643,947,086	5,251,803,635
Total borrowings	-	-
Less: cash and bank balances	(2,160,149,306)	(4,868,186,440)
Net debt/(excess cash and cash equivalents)	(516,212,220)	383,617,195
Gearing	-	-

33 RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity 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 *entity*, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government
- ii) The Ministry of Information Communication and Technology
- iii) Key management
- iv) Board of directors

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. RELATED PARTY BALANCE (Continued)

Government of Kenya (Continued)

	2019-2020	2018-2019
	KShs	KShs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	1,865,736,871	6,598,813,196
Donations in kind	-	-
Total	1,865,736,871	6,598,813,196
b) Key management compensation		
Directors' emoluments	4,940,000	5,257,532
Compensation to the CEO	11,919,096	8,463,575
Compensation to key management staff	20,035,459	17,806,642
Total	36,894,555	31,527,748

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	2019-2020	2018-2019
	KShs	KShs
Court cases against the company	41,715,946	0
Performance Guarantees \$ 17,810,047	207,626,409	1,821,937,551
Total	249,342,355	1,821,937,551

34 a. The court cases are as follows:

HCCC E002 Professional Marketing Services Limited vs ICTA	Claim for provision of public relations, communication and event management services	Unpaid invoices totaling kshs.35,790,748.00. defense filed
CIVIL SUIT NO. 1281 OF 2020 LEISURE LODGE LIMITED AND ANOTHER VS THE ICT AUTHORITY	Provision of services for connected conference	unpaid invoices totaling kshs.5,391,566.00. instructions issued to AGs office
ELC No 51 of 2019(Migori)Naftali Mbondo Oyugi Versus Information & Communications Technology Authority And Safaricom Limited	Claim for Special damages of Kshs 50,000/- and general damages for trespass of NOFBI on their land	Defense filed
David Nangi Muraga - Plaintiff vs ICT Authority - Defendant (Nkubu CMCC 100 of 2019)	The claim is for a total sum of 230,132KSH for alleged damage occasioned on the plaintiff's farm by the defendant.	Defense filed
Charles K Mugambi vs ICTA (Nkubu CMCC 89 of 2019).	The claim is for a total sum of Kshs 253,500/- for alleged damage occasioned on the plaintiff's farm by the defendant.	Defense filed

35 DIVIDENDS/SURPLUS REMISSION

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year (FY 2019/20) as all the funds were committed, hence no remittance to the Consolidated Fund. However, the entity remitted KShs 2.5 billion for FY 2019 as the funds were unutilized since the funds were received at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 TAXATION

	2019-2020	2018-2019
	KShs	KShs
At beginning of the year	79,236	-
Income tax charge for the year (note 21)	493,516	79,236
Under/(over) provision in prior year/s	-	-
Income tax paid during the year	6,797,162	79,236
At end of the year	6,797,162	79,236

The tax is from interest income earned from the NOFBI escrow account maintained at KCB.

37 EVENTS AFTER THE REPORTING PERIOD

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

38 ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation under the Ministry of Information Communication and Technology. Its ultimate parent is the Government of Kenya.

39 Currency

The financial statements are presented in Kenya Shillings (KShs).

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The 2018/19 Certificate has not been issued. The summary of issues raised by the external auditor, and management will be updated once the certificate has been issued.

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)

Chief Executive Officer 

Chairman of the Board 

Date 15/02/2021

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)
1. East Africa Regional Transport, Trade and Development Facilitation Project (EARTTDF)	IDA Credit No.: 5638-KE	World Bank	6 years		Yes

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
East Africa Regional Transport, Trade and Development Facilitation Project (EARTTDF)	2,950 Million	314,326,392	11%	150,000,000	131,421,321	World Bank

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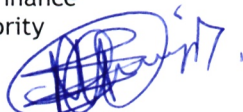
APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME: ICT AUTHORITY				
Break down of Transfers from the State Department ICT of Innovation				
FY 2019/20				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Recurrent Grants/PDTP Q1	14/08/2019	100,216,350	2019/2020
	Recurrent Grants/PDTP Q2	30/10/2019	100,216,350	2019/2020
	Recurrent Grants/PDTP Q3	20/02/2020	100,216,350	2019/2020
	Recurrent Grants/PDTP April & May 2020	9/6/2020	66,810,900	2019/2020
	Total		367,459,950	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Development-Q1 & Q2-DLP	1/10/2019	1,000,000,000	2019/2020
	Development-Q1 & Q2-Shared Services	1/10/2019	327,000,000	2019/2020
	Development-Q1 & Q2-NOFBI	1/10/2019	42,000,000	2019/2020
	Development-Q1 & Q2 TCIP	1/10/2019	5,600,000	2019/2020
	Total		1,374,600,000	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
	Total		-	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	EARTTDF IDA Grants			
	EARTTDF funds reimbursement 1	30/10/2019	81,308,921	2019/2020
	EARTTDF funds reimbursement 2	26/05/2020	42,368,000	2019/2020
	Total		123,676,921	

The above amounts have been communicated to and reconciled with the parent Ministry

Head of Finance
ICT Authority

Sign



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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of ICT, Innovation & Youth Affairs	14/08/2019	Recurrent	100,216,350	100,216,350	-	-	-	-	100,216,350
Ministry of ICT, Innovation & Youth Affairs	1/10/2019	Development	1,374,600,000	1,374,600,000	-	-	-	-	1,374,600,000
Ministry of ICT, Innovation & Youth Affairs	30/10/2019	Donor Fund	81,308,921	81,308,921	-	-	-	-	81,308,921
Ministry of ICT, Innovation & Youth Affairs	30/10/2019	Recurrent	100,216,350	100,216,350	-	-	-	-	100,216,350
Ministry of ICT, Innovation & Youth Affairs	20/02/2020	Recurrent	100,216,350	100,216,350	-	-	-	-	100,216,350
Ministry of ICT, Innovation & Youth Affairs	26/05/2020	Donor Fund	42,368,000	42,368,000	-	-	-	-	42,368,000
Ministry of ICT, Innovation & Youth Affairs	9/6/2020	Recurrent	66,810,900	66,810,900	-	-	-	-	66,810,900
Total			1,865,736,871	1,865,736,871	-	-	-	-	1,865,736,871