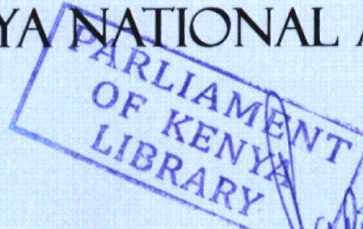


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



Water Level
By Hon. B. Njorani
Sp. Majority Whip on
Thurs. 20.08.2015 (Am)
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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
MINISTRY OF INFORMATION,
COMMUNICATIONS AND
TECHNOLOGY

FOR THE YEAR ENDED

30 JUNE 2014



REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

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

REPORT ON THE FINANCIAL STATEMENTS

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

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

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

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

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

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

Basis for Qualified Opinion

1. Double Payment for Goods and Services

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

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

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

2. Referred to Drawer Cheques

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

3. Salary Advance

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

4. Imprests

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

5. General Account of Vote – Long Outstanding Balance


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

6. Exchequer Account

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

Qualified Opinion

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



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 April 2015

REPUBLIC OF KENYA



MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY

REPORTS AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2014**

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

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KEY MINISTRY'S INFORMATION AND MANAGEMENT

a. Background Information

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

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

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

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

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

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

b. Key Management

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

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

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

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

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

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

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

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

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

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

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

c. Fiduciary Oversight Arrangement

The following Ministerial committee provided the fiduciary oversight arrangements;

1. Ministerial Budget Implementation Committee

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

2. Ministerial Audit Committee

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

3. Ministerial Parliamentary Liaison Office

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

d. Ministry Headquarters

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

e. Ministry's Bankers

1. Central Bank of Kenya

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

2. Kenya Commercial Bank (Districts Bank Accounts)

f. Auditors

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

g. Principal Legal Adviser

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

FORWARD BY THE CABINET SECRETARY

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

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

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

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

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

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

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

KEY ACHIEVEMENTS

1.0 INCREASED UNIVERSAL ACCESS TO ICT SERVICES

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

1.1 National Optic Fibre Backbone Infrastructure (NOFBI)

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

1.2 Roll Out of Digital TV Broadcast Infrastructure

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

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

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

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

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

2.0. ENHANCED EASE OF DOING BUSINESS AND GOVERNANCE.

2.1 Institutional Reforms within the ICT Sector

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

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

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

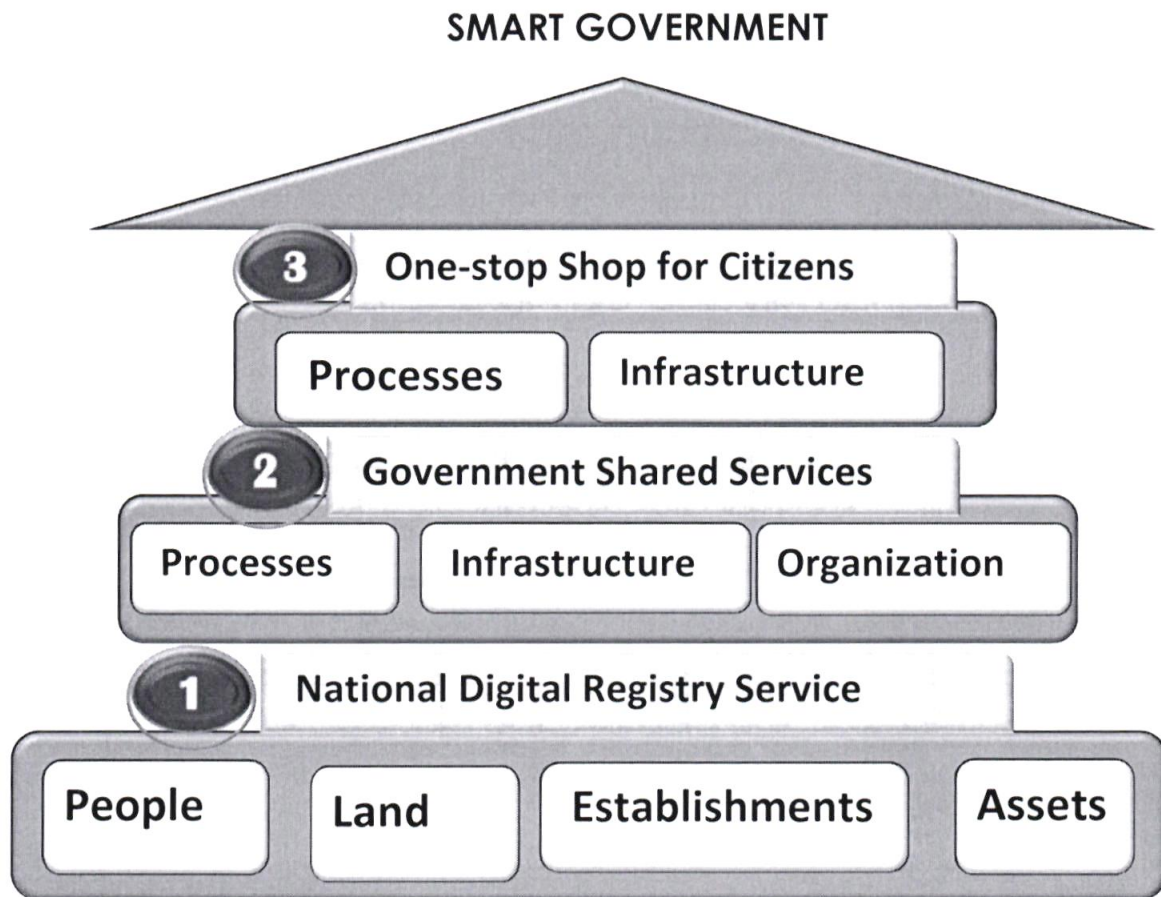
The Media Council Act 2013 gave effect to article 34 (5) of the Constitution 2010 that established the Media Council and the Complaints Commission. This gave Kenyans a platform for arbitration of cases and complaints against the media. In addition, enforcement of the Act will promote professional standards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

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

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

2.2 Policy, Legal and Regulatory Frameworks

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



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

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



The Launch of Broadband Strategy

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

2.3 SIM Card Registration Framework

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

2.4 Automation of Government Services

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

2.5 Enhanced Regional Integration

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

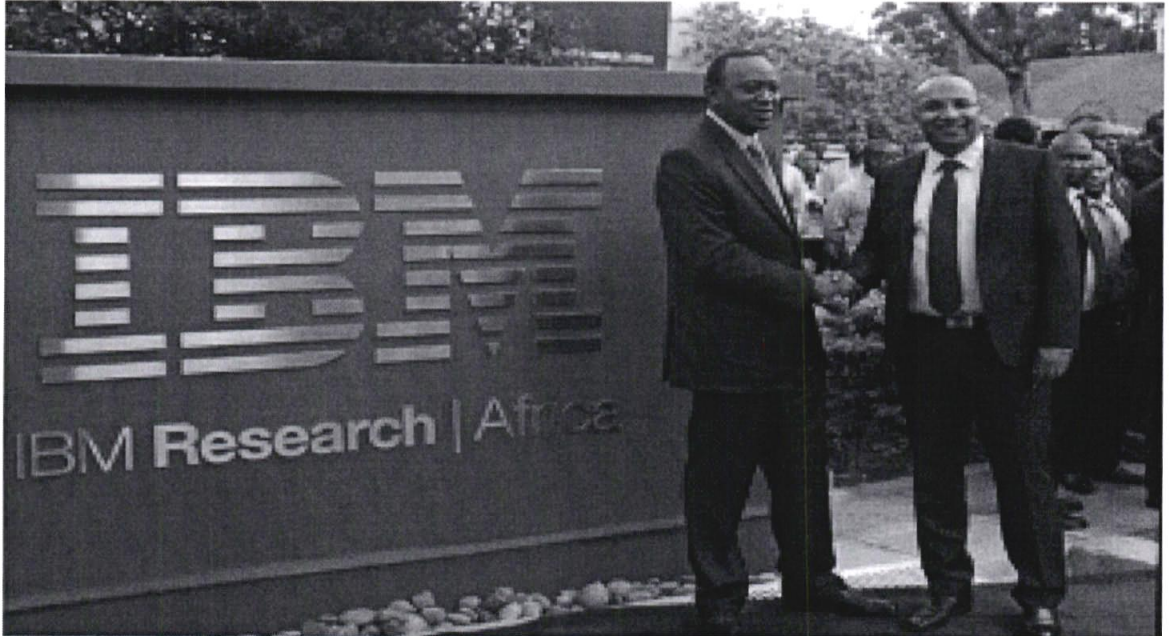
3.0 IMPROVED COMPETITIVENESS FOR KENYA AS AN ITES/BPO HUB

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

3.1 Innovation and Incubation Centres

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

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



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

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

3.2 Software and Hardware Development

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

3.3 Konza Techno City

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

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

4.0 IMPROVED PUBLIC INFORMATION MANAGEMENT

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

5.0 INCREASED ICT TALENT POOL

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

6.0 INCREASED CONTRIBUTION TO GOVERNMENT REVENUE

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

EMPOWERMENT TO YOUTH WOMEN AND PEOPLE WITH DISABILITY

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

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

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

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

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

| | | | | | |
|---|----------------|--|---|-----|-----|
| | media training | hostel | hostel (2) | | |
| | | Ultra modern multipurpose lecture hall | % of completion of ultramodern Multipurpose lecture Halls | 20 | 100 |
| | | Catering unit | catering unit and cyber | 40 | 100 |
| | | Automation of KIMC library | Modernization and Automation of KIMC Library | 50 | 100 |
| | | Emergency back up | Installation of Emergency backup | 100 | 100 |
| | | %of training facilities rehabilitated and modernized | %of training facilities rehabilitated and modernized | 50 | 100 |
| | | Fleet | Modernization of transport fleet at KIMC- No of Vehicles procured | 3 | 3 |
| PROGRAMME 3: ICT INFRASTRUCTURE DEVELOPMENT- | | | | | |
| <ul style="list-style-type: none"> a) Improved ICT Network services b) Enhance TV and Radio broadcast signal and product quality c) Secure and reliable data and information infrastructure d) Efficient utility and Emergency service delivery Enhanced connectivity | | | | | |
| NOFBI Phase II | ICT Authority | Fibre cable | Kilometers of Fibre cable layed across the land | 500 | 0 |
| Konza Technology City | KOTDA | Smart City | % of completion | 20 | 5 |
| Analogue to Digital Television Broadcast Migration | KBC | Digital signal coverage | Percentage of Kenya land mass covered by digital signal | 85 | 99 |
| Modernization of | | FM Stations | No. of radio stations | 3 | 3 |

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

| | | | | | |
|---|------------------------------------|---|--|-----|-----|
| Jogoo house and WAN for 5 state lounges (Mombasa, Eldoret, Sagana, Nakuru and Kisumu) | | LAN network upgrade | No. Of institutions upgrade with LAN network | 2 | 4 |
| GCCN extension to MDAs | | Extension of GCCN network to MDAs | No. Of MDAs connected to GCCN network | 10 | 14 |
| Establishment of the public media facilities | Department of Information | Rural information resource centres | No. of rural information resource centres established | 14 | 0 |
| | | News system | %Implementation of the news system. | 70 | 100 |
| | | Vehicles procured | No. of vehicles purchased for County information offices | 7 | 4 |
| | DFS | Vehicles procured for DFS | No. of Motor vehicles purchased for regional Film units and headquarters | 1 | 2 |
| | | Film/video archive | % completion of a film/video archive | 70 | 100 |
| | | National Film/Video Archive | % completion of National Film/Video Archive | 80 | 100 |
| | | Film camera and sound equipment | No. of film camera and sound equipment for regional offices | 2 | 4 |
| | | Film editing suites | No. of film editing suites | 2 | 2 |
| | Department of Public Communication | Broadcast Monitoring Units Established and upgraded | Broadcast Monitoring Units Established and upgraded | 1 | 1 |
| | KIMC | Mass Media diplomas | No. of students graduating with diplomas in mass | 400 | 475 |

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

LIST OF EMERGING ISSUES

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

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

4 CHALLENGES

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

5 RECOMMENDATIONS

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


FRED MATIANG'I, PhD
CABINET SECRETARY

MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY

REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

STATEMENT OF MOICT MANAGEMENT RESPONSIBILITIES

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

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

This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Ministry of Information Communications and Technology
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Ministry of Information Communications and Technology selecting and applying appropriate accounting policies; and
- (v) making accounting estimates that are reasonable in the circumstances.

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

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

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

Approval of the financial statements

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



JOSEPH TIAMPATI OLE MUSUNI
PRINCIPAL SECRETARY

CATHERINE M.SHIROKO (MRS)
PRINCIPAL ACCOUNTS CONTROLLER

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

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

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


JOSEPH TIAMPATI OLE MUSUNI
PRINCIPAL SECRETARY


CATHERINE M. SHIROKO (MRS)
PRINCIPAL ACCOUNTS CONTROLLER

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

STATEMENT OF ASSETS AS AT 30 JUNE 2014

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

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


JOSEPH TIAMPATI OLE MUSUNI
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PRINCIPAL ACCOUNTS CONTROLLER

MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY

REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2014

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

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



JOSEPH TIAMPATI OLE MUSUNI
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CATHERINE M. SHIROKO (MRS)
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MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY

REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT (COMBINED)

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

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

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



JOSEPH TIAMPATI OLE MUSUNI
PRINCIPAL SECRETARY



CATHERINE M. SHIROKO (MRS)
PRINCIPAL ACCOUNTS CONTROLLER

MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY

REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

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

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

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


JOSEPH TIAMPATI OLE MUSUNI
PRINCIPAL SECRETARY


CATHERINE M. SHIROKO (MRS)
RINCIPAL ACCOUNTS CONTROLLER

MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY

REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

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

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

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


JOSEPH TIAMPATI OLE MUSUNI
PRINCIPAL SECRETARY


CATHERINE M. SHIROKO (MRS)
PRINCIPAL ACCOUNTS CONTROLLER

MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY

REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

SUMMARY STATEMENT OF PROVISIONINGS

- Details of General Accounts On Vote

| | 2013 - 2014 Kshs | 2012 - 2013 Kshs |
|----------------------------------|---------------------|---------------------|
| GAV Provisioning account balance | 60,518,586 | 722,956,922 |
| Total | 60,518,586 | 722,956,922 |

- Details of Exchequer Account

| | 2013 - 2014 Kshs | 2012 - 2013 Kshs |
|--|---------------------|---------------------|
| Exchequer Provisioning account balance | 30,571,901 | 560,084,117 |
| Total | 30,571,901 | 560,084,117 |


JOSEPH TIAMPATI OLE MUSUNI
PRINCIPAL SECRETARY


CATHERINE M. SHIROKO (MRS)
PRINCIPAL ACCOUNTS CONTROLLER

NOTES TO THE FINANCIAL STATEMENTS

1. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

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

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

b) Recognition of revenue and expenses

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

c) In-kind contributions

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

d) Cash and cash equivalents

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

e) Pending bills

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

f) Budget

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

g) Comparative figures

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

h) Subsequent events

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

2. TAX RECEIPTS

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

3. EXCHQUER RELEASES

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

4. DOMESTIC CURRENCY AND DOMESTIC DEPOSITS

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

5. PROCEEDS FROM FOREIGN BORROWINGS

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

6. COMPENSATION OF EMPLOYEES

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. USE OF GOODS AND SERVICES

| | 2013 - 2014 Kshs | 2012 - 2013 Kshs |
|--|---------------------------|---------------------------|
| Utilities, supplies and services | 46,423,675 | 36,352,064 |
| Communication, supplies and services | 36,911,098 | 40,307,877 |
| Domestic travel and subsistence | 26,940,178 | 39,637,094 |
| Foreign travel and subsistence | 22,016,804 | 12,984,508 |
| Printing, advertising and information supplies & services | 16,914,337 | 37,340,794 |
| Rentals of produced assets | 90,186,645 | 71,431,144 |
| Training expenses | 36,373,183 | 30,739,824 |
| Hospitality supplies and services | 41,675,886 | 29,212,791 |
| Specialized materials and services | 69,813,232 | 87,682,317 |
| Office and general supplies and services | 21,939,840 | 32,465,613 |
| Other operating expenses | 206,409,063 | 56,209,952 |
| Routine maintenance – vehicles and other transport equipment | 36,094,847 | 47,943,669 |
| Routine maintenance – other assets | <u>154,230,445</u> | <u>62,935,409</u> |
| Total | <u>805,929,232</u> | <u>585,243,055</u> |

8. TRANSFER TO OTHER GOVERNMENT ENTITIES

Transfers to National Government entities
See attached list

| | |
|-----------------------------|-----------------------------|
| 1,053,357,114 | 1,127,861,360 |
| <u>1,053,357,114</u> | <u>1,127,861,360</u> |

9. OTHER GRANTS AND OTHER PAYMENTS

Other current transfers, grants

1,252,750

1,262,296

Other capital grants and transfers

858,542,250

618,296,000

859,795,000

619,558,296

10. SOCIAL SECURITY BENEFITS

Government pension and retirement benefits

35,447,837

30,851,384

Total

35,447,837

30,851,384

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

11. ACQUISITION OF ASSETS

Non Financial Assets

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

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

12A: Bank Accounts

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

12B: CASH IN HAND

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

12C: CASH EQUIVALENTS (SHORTTERM DEPOSIT)

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

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

12D OUTSTANDING BALANCES

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

13. BALANCES BROUGHT FORWARD

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

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

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

14. PRIOR YEAR ADJUSTMENTS

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

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

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---|--|-----------------------------------|---|
| 927 | Personal Emoluments | Due to payments made to officers outside the IPPD system | DDHRM | Resolved | |
| 928 | General Account on vote-Long outstanding balances | Long outstanding balances can only be cleared upon being granted authority by the National Treasury | PAC | Not resolved | Treasury to guide upon the receipt of Parliamentary Accounts Committee Report |
| 929 | Unanalyzed balances | Balances have been analysed | PAC | Resolved | |
| 930 | Pay master General Account | Paymaster General Account has been reconciled | PAC | Resolved | |
| 931 | Accuracy of the development Appropriation Account | Pending bills were as a result of late delivery of goods and services and non receipt of exchequer | PAC | Resolved | |
| 932 | Under collection of Appropriation –in – Aid | Payments made to international organisations by the National Treasury but confirmation of receipts had not been communicated to Ministry by the time accounts were prepared. Donor not approving and signing the work programme | PAC | Resolved | |
| 933 | Under expenditure | This was due to various reasons <ul style="list-style-type: none"> ➤ non remittance of funds by United Nation International children Emergency Fund (UNICEF) | PAC | Resolved | |

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

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

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

GUIDANCE NOTES:

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



JOSEPH TIAMPATI OLE MUSUNI
PRINCIPAL SECRETARY



CATHERINE M. SHIROKO (MRS)
PRINCIPAL ACCOUNTS CONTROLLER

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

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