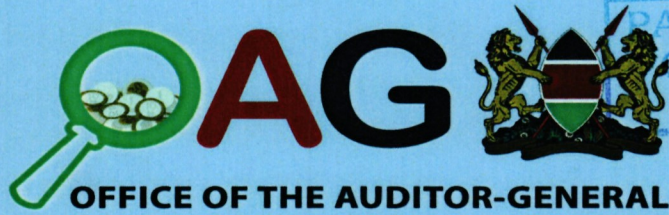


REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY PARLIAMENT OF KENYA	
DATE: 03 MAR 2022	DAY: Thurs
TABLED BY: LOM	
CLERK-AT THE-TABLE: C. Ndiritu	

REPORT

OF

THE AUDITOR-GENERAL

ON

MEDIA COUNCIL OF KENYA

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



MEDIA
COUNCIL OF KENYA

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

8 APR 2021

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**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

MEDIA COUNCIL OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

Table of Contents	Page
1. KEY ENTITY INFORMATION AND MANAGEMENT	iii
2. THE COUNCIL MEMBERS.....	v
3. MANAGEMENT TEAM	x
4. CHAIRMAN'S STATEMENT	xi
5. REPORT OF THE CHIEF EXECUTIVE OFFICER	xii
6. REVIEW OF MEDIA COUNCIL OF KENYA REGULATORY & NON-COMMERCIAL ENTERPRISES PERFORMANCE FOR FY 2019/2020	xiv
7. CORPORATE GOVERNANCE STATEMENT	xvii
8. MANAGEMENT DISCUSSION AND ANALYSIS	xix
9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT / SUSTAINABILITY REPORTING	xx
10. REPORT OF THE COUNCIL MEMBERS	xxii
11. STATEMENT OF THE COUNCIL MEMBERS' RESPONSIBILITIES	xxiii
12. REPORT OF THE INDEPENDENT AUDITORS ON THE MEDIA COUNCIL OF KENYA.....	xxv
13. STATEMENT OF FINANCIAL PERFORMANCE	1
14. STATEMENT OF FINANCIAL POSITION	2
15. STATEMENT OF CHANGES IN NET ASSETS	3
16. STATEMENT OF CASH FLOWS.....	4
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
18. NOTES TO THE FINANCIAL STATEMENTS.....	8
21 APPENDICES	17
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	17
APPENDIX II: PROJECTS IMPLEMENTED BY MEDIA COUNCIL OF KENYA	18
APPENDIX III: INTER-ENTITY TRANSFERS	19

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Media Council of Kenya is an independent national institution established by the Media Council Act, No. 20 of 2013 for purposes of setting media standards and ensuring compliance with those standards as set out in Article 34(5) of the Constitution and for connected purposes.

The Media Act 2013 came into force on 27th December 2013 following the repeal of the Media Act 2007 which established the Media Council of Kenya

(b) Principal Activities

The principal activity of the Media Council is to safeguard media freedom, enhance professionalism and arbitrate media disputes.

(c) Key Management

1) Council Members

- Mr. Maina Muiruri	Chairperson
- Mr. P. D. Gwaro Ogaro	Member
- Ms. Tabitha Mutemi	Member
- Dr. Mbugua Njoroge PhD	Member
- Ms. Patience Nyange	Member
- Mr. Timothy Wanyonyi	Member
- Ms. Susan Karago	Member
- Ms. Roselyne Obala	Member
- Dr. Davidson Mwaisaka	Member

2) Complaints Commissioners

- Mr. Timothy Mwangi Kariuki	Chairperson
- Mr. Henry Omusundi Maina	Member
- Mrs. Esther Jowi Anyango Aduma	Member
- Mr. Abdi Mohamud Hassan	Member
- Mrs. Gladys Kwamboka Oyaro	Member
- Mr. Philip Mbaji	Member

3) Management Team

- Mr. David Omwoyo	Chief Executive Officer
- Mr. Victor Bwire	Programmes Manager
- Ms. Pamellah Odingee	Ag. Finance Manager
- Mr. Josphat Kibaara.	Human Resource & Admin Manager
- Ms. Anne Jalang'o	Internal Auditor
- Ms. Mildred Maina Bwari	Procurement Officer

(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.	CEO	- Mr. David Omwoyo
2.	Programmes Manager	- Mr. Victor Bwire
3.	Ag. Finance Manager	- Ms. Pamellah Odingee
4.	Human Resource & Administration Manager	- Mr. Josphat Kibaara.
5.	Internal Auditor	- Ms. Anne Jalang'o
6.	Procurement Officer	- Ms. Mildred Bwari

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Fiduciary Oversight Arrangements

The fiduciary oversight arrangements of the Media Council of Kenya are carried out by the Council through various committees namely:

- Finance & Administration Committee
- Media Development & Training Committee
- Regulatory Affairs Committee
- Audit Committee

(f) Entity Headquarters

P.O. Box 43132 – 00100
Mara / Ragati Road Junction
Upper Hill
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 727 735252
E-mail: info@mediacouncil.or.ke
Website: <http://www.mediacouncil.or.ke>

(h) Entity Bankers

Standard Chartered Bank Kenya
Limited
Kenyatta Avenue Branch
P.O. Box 30001 - 00100
Nairobi, Kenya



(i) Independent Auditors



Auditor General
Office of The Auditor General
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



2. THE COUNCIL MEMBERS

 <p>Mr. Maina Muiruri Council Chairperson</p>	<p>Date of Birth: 03.04.1965</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of Master’s in International Studies from University of Nairobi. • Bachelor of Arts in Political Science - University of Nairobi. • Diploma in Mass Communication – Kenya Institute of Mass Communication. <p>Work experience</p> <ul style="list-style-type: none"> • He is a career journalist with over 25 years’ experience in mainstream media in Kenya. • He served at the Standard Media Group and later at the Mediamax Network Limited’s People Daily as the Managing Editor. • He is a Media Consultant. • He is a part time lecturer at the Riara University, Journalism School and Aga Khan University’s Graduate School of Media and Communications. • He is a Member of the Kenya Editors Guild (KEG) and the International Training Programme (ITP). <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive • Council Chairperson
 <p>Mr. P.D Gwaro Ogaro Council Member</p>	<p>Date of Birth: 29.12.1962</p> <p>Education</p> <ul style="list-style-type: none"> • He has a Master of Arts degree in Communication Studies - University of Nairobi. • Bachelor of Arts in Sociology and Linguistics - University of Nairobi. • Diploma in Journalism from the Indian Institute of Mass Communication. <p>Work Experience</p> <ul style="list-style-type: none"> • Director Government Advertising Agency (GAA). • Acting Director of Information in the Ministry of Information, Communications and Technology. • Served as an Information Officer with the Kenya News Agency (KNA) and as an Editor with the Rural Press in the Department of Information. • Served as Head of Communication in the Ministry of East African Community and the National Police Service before re-joining the Department of Information. <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive







 <p>Ms. Tabitha Mutemi Council Member</p>	<p>Date of Birth: 11.12.1969</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of Master’s degree in Corporate Communications from Daystar University. • Bachelor of Environmental Health from Kenyatta University. • Diploma in Mass Communications – Kenya Institute of Mass Communication. • Certificates in Journalism and Public Relations from Daystar University and University of Nairobi. <p>Work Experience</p> <ul style="list-style-type: none"> • She has over 25 years’ experience in Media, Corporate Communications and Governance in the public sector. • She has served at the Independent Electoral and Boundaries Commission (IEBC), Kenya Meat Commission (KMC), Media Advertising Agency, Kenya Broadcasting Corporation (KBC) and Presidential Press Unit (PPU). • She is the Chairperson of Association of Professional Broadcasters (APB), Member of the Public Relations Society of Kenya (PRSK) and Association of Media Women in Kenya (AMWIK). <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive
 <p>Dr. Mbugua Njoroge, PhD Council Member</p>	<p>Date of Birth: 05.05.1974</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of Doctor of Philosophy (PhD) from Kenyatta University. • Master’s Degree in Communication Studies. • Postgraduate Diploma in Mass Communication from the University of Nairobi. • Master’s Degree in Intellectual Property (MIP) from Africa University, Zimbabwe. • Bachelor of Education (B. Ed) from Egerton University. <p>Work experience</p> <ul style="list-style-type: none"> • For the last couple of years, he has been serving the Institute of Certified Public Accountants of Kenya (ICPAK) as the Head of Communication. • He previously served in similar capacity with Kenya Broadcasting Corporation (KBC), Athi Water among other entities both in public and private spheres. • He is an adjunct faculty member at Kenyatta University, School of Media, Film and Creative Arts where he teaches Media Law and Ethics. • He is currently the Vice-President of the Public Relations Society of Kenya (PRSK). <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive • Chair – Finance and Administration Committee.

 <p>Ms. Patience Nyange Council Member</p>	<p>Date of Birth: 16.12.1983</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of a master’s degree in International Public Relations and Global Communication Management from Cardiff University, UK. • BA Mass Communication from Daystar University, Kenya. • Diploma in Intercultural Communication from Gimlekollen School of Journalism and Communication, Norway. • She is a Chevening Scholar for the academic award of 2019-2020. <p>Work experience</p> <ul style="list-style-type: none"> • She is a communications and media engagement specialist with over 14 years’ experience in Broadcast Journalism, Public Relations and Communication, Social Media Management and Mentorship for young journalists. She has worked with local and international media organizations. • She has served as an Assistant Director in the Chairperson’s Office at the Kenya National Commission on Human Rights. • Former Broadcast Mentor with BBC Media Action and has also worked with Norwegian Broadcasting Corporation in Norway. • She is a member of the Chartered Institute of Public Relations (CIPR), Public Relations Society of Kenya (PRSK) and Association of Media Women in Kenya (AMWIK). <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive
 <p>Mr. Timothy Wanyonyi Council Member</p>	<p>Date of Birth: 01.05.1968</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of Bachelor of Science Degree in Information Sciences with Specialisation in Publishing and Media Studies from Moi University, Kenya. • Postgraduate Diploma in Media Studies from Golda Meir Mount Carmel Institute, Haifa, Israel. <p>Work experience</p> <ul style="list-style-type: none"> • He has more than 28 years’ experience in the Kenya media industry. • He has worked at Kenya Times Media Trust Ltd and Nation Media Group rising to the position of Managing Editor. • He is a columnist for the Saturday Nation on agroforestry and also writes for Natural Resources Crime Brief, a publication of Global Financial Integrity, a Washington, DC-based think-tank that tracks illegal trade in natural resources. • He is a consultant book editor specialising in political autobiographies. Among the books he has edited is ‘’Against All Odds’’, an autobiography of former Kenya Vice President Kalonzo Musyoka. • He is a part time journalism trainer at the Aga Khan University Graduate School of Media and Communications.

	<ul style="list-style-type: none"> • He is a member of the Kenya Editors’ Guild and Editor of its quarterly magazine, The Kenya Journalism Review. <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive • Chair – Regulatory Affairs Committee
 <p>Ms. Susan Karago Council Member</p>	<p>Date of Birth: 10.11.1984</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of MA in International Journalism from Westminster University (UK). • BA in Electronic Media from Daystar University. <p>Work Experience</p> <ul style="list-style-type: none"> • Currently serving as the Deputy Chief Executive Officer and Managing News Editor at Baraka FM. • She has 13 years’ experience in journalism as a Political, Court, Parliamentary and Business Reporter. • She has taught journalism at Daystar University for 10 years • She is a member of Ethics and Freedom Committee at Kenya Editors’ Guild (KEG) which formulates and advises the Guild’s positions and interventions on media policy and legal/regulatory framework, advocacy, professional excellence, and safety of journalists. • She is a member of Association of Media Women in Kenya (AMWIK). <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive • Chair - Media Development and Training Committee
 <p>Ms. Roselyne Obala Council Member</p>	<p>Date of Birth: 28.9.1982</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of MA in Development Communication from the University of Nairobi. • Bachelor of Arts Degree in Mass Communication from Maseno University. <p>Work Experience</p> <ul style="list-style-type: none"> • She is currently serving as a Senior Reporter with the Standard Group PLC assigned to the Kenya Parliament, political writer, and part of the Kenya State House Press Corp. • She has experience spanning 12 years as an active journalist reporting both as a print and multimedia journalist. • She is a Dongfang fellow on new media, a fellow on advanced International Training Programme (ITP), fellow on Media Regulation in a Democratic Framework in Sweden and a fellow at the Friedrich Naumann Foundation (FNF) • She has participated in the support of press freedom and sensitive reporting in Germany and is a fellow of the Women In News (WIN) programme. • She is currently the Chairperson of the Association of Devolution Journalists (ADJ), Vice Chairperson, Political Journalists Association of Kenya (PJAK) and former

	<p>Chairperson, Kenya Parliamentary Journalists Association (PJAK) and member of the Kenya Editors' Guild.</p> <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive
 <p>Dr. Davidson Mghanga Mwaisaka</p> <p>Council Member,</p>	<p>Date of Birth: 27.01.1983</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of a Doctorate in Business Administration (DBA) from USIU-Africa Specialising in Leadership, Corporate Governance and Organisational Change. • LLM in Trade Regulations and Commercial Law from the New York University • MBA in Strategic Management and Finance from Daystar University. • Holder of an LLB (first Class Honours) degree from the University of Nairobi. <p>Work Experience</p> <ul style="list-style-type: none"> • Currently working at the Standard Chartered Bank Limited, as the Senior Legal Counsel and Assistant Company Secretary. • A Seasoned Regional Counsel – Advocate, Commissioner for Oaths, Notary Public, Patent Agent, Certified Company Secretary and Governance Auditor with 13 years' legal experience in private practice, banking, insurance, asset management, investment and property. • He is a member of the Law Society of Kenya (LSK), Institute of Certified Secretaries and Chartered Institute of Arbitrators, Kenya Branch. <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive • Chair – Audit Committee
 <p>Mr. David Omwoyo Omwoyo</p> <p>Chief Executive Officer and Secretary to the Council</p>	<p>Date of Birth: 21.04.1982</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of MA in Mass Communications from University of Leicester (UK) • BA in Mass Communication <p>Work experience</p> <ul style="list-style-type: none"> • Kenya Conference of Catholic Bishops as the Director of Communications, Fundraising and Partnerships. • Egerton University, Njoro as the Resource Mobilisation and Donor Relations Manager • Catholic Diocese of Nakuru as the Communications Director and Radio Station Manager • Catholic Information Service for Africa (Projects Editor: Consultant)

3. MANAGEMENT TEAM

	<p>Mr. David Omwoyo Omwoyo Chief Executive Officer</p>
	<p>Mr. Victor Bwire Head, Media Development and Strategy</p>
	<p>Mr. Josphat Kibaara Manager, Human Resource and Administration</p>
	<p>Ms. Anne Jalang'o Manager, Audit and Risk</p>
	<p>Ms. Pamellah Odingee Ag. Finance Manager</p>
	<p>Ms. Mildred Bwari Maina Procurement Officer</p>

4. CHAIRMAN'S STATEMENT

The Media Council of Kenya (MCK) has had one of the most eventful years in its history. The Media Council of Kenya Act and the Constitution envisioned a body to set media standards and ensure compliance with them while at the same time defending and promoting press freedom.

As the financial year 2019/20 began, the MCK inducted a new Council – the equivalent of a Board of Directors after a rigorous selection process undertaken by stakeholders under the auspices of the Ministry of Information, Communication Technology and Youth Affairs. This process saw my appointment as Chairperson of a nine-member Council.

The Council has overseen a comprehensive review of the MCK's organizational structure which will be effected in the coming year. The new structure will ensure a more responsive regulator that is agile and focused in the execution of its programmes and interventions. It has also seen a gradual increment in the staff establishment with departments such as procurement and finance bolstered to provide adequate support to the technical departments.

Our key stakeholder engagement event, the Annual Media Summit & Awards, was held in August 2019, to a rousing success, attracting more than 400 delegates. It was crowned by the annual media awards gala, presided over by former Prime Minister, the Rt. Hon. Raila Amolo Odinga.

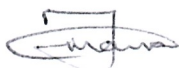
The last half of the year was severely hit by the Coronavirus (COVID-19) pandemic, whose effects did not spare Kenya's media sector. A quick and targeted response by the MCK saw the deployment of a historic Ksh100 million media support programme. More than 200 community radio and television stations, independent content producers and professional media groups received critical support to continue operations and support journalists' livelihoods.

The COVID-19 emergency response also saw the MCK scale up its training and capacity-building work through the Africa Media Academy. More than 1,200 journalists and media practitioners were trained in diverse subjects such as health reporting, climate change, media viability, access to information, safety and intellectual property protection.

The MCK accredited more than 5,000 journalists, media practitioners and managers. It issued them with Special Media Passes that classified them as essential workers. This exempted them from COVID-19 movement and curfew restrictions, allowing them to bring critical information to Kenyans. Nonetheless, there were cases of harassment of journalists by some members of the security services, which the MCK is actively following up with the relevant authorities.

The Council, Management and Staff have worked cordially and collaboratively to deliver value to our stakeholders. I have been particularly impressed by the diligence, determination and distinction with which the Secretariat has discharged its mandate.

On behalf of the Council, I extend our heartfelt gratitude and assure them of our continued support.



Maina Muiruri
Chairperson of the Council

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

It gives me great pleasure to present the highlights of our performance over the last financial year and specifically what the Secretariat has accomplished.

Perhaps one of the highlights of the year was the welcoming of a new Council led by Mr. Maina Muiruri as Chairperson. It is one of the most diverse Councils recruited in recent memory and one which has been a driving force in leading not only the MCK but the media sector in its entirety.

Policy Reform

For the media sector to operate optimally, an enabling policy and legal environment that is in tune with the times and facilitates growth and innovation is essential. Accordingly, the MCK has made great progress in the past year, to bring stakeholders together to push for reforms in this area. Its efforts have included presentations before the Building Bridges Initiative (BBI) calling for, among other reforms, the transformation of the MCK into an independent constitutional commission.

These efforts have yielded significant results culminating in a draft media policy crafted with stakeholder involvement and support. We expect this to be the guiding document in the envisaged harmonization of legislation affecting the media sector.

Academy

The MCK Africa Media Academy successfully delivered more than 30 trainings in the year, reaching over 1,200 journalists and media practitioners. The Academy is a key plank in our overall strategy to set standards in the media sector and to empower players to meet those standards so as to serve the public better.

The COVID-19 season proved that the idea of the academy especially in terms of online delivery of courses was not only timely, but necessary. We will continue to invest in this mode of delivery to reach the widest number of journalists and media practitioners as possible.

Accreditation

Accreditation is a core function of the MCK and one of our largest points of contact with journalists and media practitioners. During the year in review, we published new accreditation guidelines to reflect a more up-to-date approach. In January 2020, we launched new Press Cards with enhanced fingerprinting security features. This had the objective of weeding out tricksters from the media sector.

We accredited more than 5,000 journalists and media practitioners during the last year. We also issued more than 5,000 Special Media Passes to facilitate reporting and media operations during the COVID-19 pandemic period.

Adjudication

The three-year term of Commissioners in the Media Complaints Commission ended in the year under review.

The Ministry of ICT & Youth Affairs has commenced the process of recruiting a new set of Commissioners, whom we expect to take office in the coming year. We will continue to support its work as a Secretariat, to ensure that it fulfils its mandate and becomes the first point of call for all media complaints.

Advocacy

Press freedom and independence is a core part of our work as MCK. We have worked in the past year to develop stronger relationships with the National Police Service, the Independent Police Oversight Authority and the Office of the Director of Public Prosecutions. This has helped us to address violations of press freedom by those seeking to intimidate journalists in the course of duty.

We remain hopeful that in the coming year, these efforts will ensure the safety and security of the media.

On May 3rd, 2020, we commemorated the World Press Freedom Day. This annual global event is critical in reminding society of the important role the media play in national discourse and especially democratic governance. It has remained a constant feature in our annual calendar and stakeholder engagement.

Support Services

The year in review saw the National Treasury approve Ksh448 million for the MCK, representing a 98 percent increase in funding compared to the previous year. This increase enabled us to positively intervene in the media sector, including the ongoing COVID-19 pandemic disruption support programme.

Our prior investment in ICT began to pay dividends especially during the pandemic and remains a key pillar in our 'digital-first' strategy. This will enable us to deliver most of our services to stakeholders digitally and in so doing improve efficiency and effectiveness.

In conclusion, allow me to thank our Council, our stakeholders, and the team I have the privilege to lead at the Secretariat for their efforts and sacrifices to move MCK to where it is now. It would not be possible without you. Thank you.



David Omwoyo Omwoyo

Chief Executive Officer & Secretary to the Council

6. REVIEW OF MEDIA COUNCIL OF KENYA REGULATORY & NON-COMMERCIAL ENTERPRISES PERFORMANCE FOR FY 2019/2020

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity’s performance against predetermined objectives.

Media Council of Kenya has 5 (five) strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Gaps in Policy and Legal Framework
- Pillar 2: Low Media Development
- Pillar 3: Limitation to Media Freedom and Independence
- Pillar 4: Inadequate Dispute Resolution Capacity
- Pillar 5: Weak Institutional Capacity and Image

Media Council of Kenya develops its annual work plans based on these pillars. Assessment of the Council’s performance against its annual work plan is done on a quarterly basis. The Media Council achieved its performance targets set for the FY 2019/2020 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Gaps in Policy and Legal Framework	Create an Enabling Policy and Legal Framework for Media Regulation Development	1) Finalised policy review report 2) Finalised review report on media policy and framework	<ul style="list-style-type: none"> • Develop and adopt a comprehensive media sector policy framework • Review and harmonise the existing legal and regulatory framework 	<ul style="list-style-type: none"> • Developed media draft policy • Done an audit of all legal and existing framework of media. Report available. • Engaged parliament committee of ICT, National Assembly and Senate, Kenya Media Sector Working Group and the BBI Working Committee.
Pillar 2: Low Media Development	Enhance Media Development	1) 1 Report on capacity building 2) 20 Awareness Campaigns 3) 1 Baseline report	<ul style="list-style-type: none"> • Develop, promote and ensure implementation of appropriate curricula, training approaches and tools in the sector 	<ul style="list-style-type: none"> • Produced report on Media viability • Conducted 8 stakeholder’s validation

<p>Pillar 3: Limitation to Media Freedom and Independence</p>	<p>Promote and Safeguard Media Freedom and Independence</p>	<p>4) Stakeholder validation workshop</p> <p>1) Semi- Annual reports on Media sector support gaps</p> <p>2) Report on media support strategy</p> <p>3) 4 Annual reports on Journalists' risk areas</p>	<ul style="list-style-type: none"> • Develop and set standards, thematic reporting guidelines. • Develop, promote and ensure implementation of media accreditation guidelines • Secure and promote networks and partnerships in the sector • Promote media literacy 	<ul style="list-style-type: none"> • Implemented new accreditation guidelines. • Developed media standards on climate change and COVID-19 coverage • Enhanced media sector working groups and COVID- 19 rapid response committee • Conducted 12 Media literacy forums • Conducted several outreaches and media appearances • Operationalised national safety and protection mechanism for journalists
<p>Pillar 4: Inadequate Dispute Resolution Capacity</p>	<p>Strengthen Media Sector Mediation Capacity and Dispute Resolution Mechanism</p>	<p>1) Number of training to commissioner on dispute resolution.</p> <p>2) Established media resource centre</p> <p>3) Quarterly awareness reports</p> <p>4) Annual campaigns</p>	<ul style="list-style-type: none"> • Implement itemised media monitoring and evaluation as a feedback mechanism for improvement • Extend outreach programmes. • Strengthen protection mechanisms for journalists 	<p>Produced a hand book for journalists for access to information and conducted 4 trainings</p> <ul style="list-style-type: none"> • Produced report on media viability in Kenya • Implemented a very successful media support and journalists grants on COVID-19 • Produced 4 reports on attacks on journalists
<p>Pillar 5:</p>	<p>Strengthen MCK's Institutional Capacity and Image</p>			

<p>Weak Institutional Capacity and Image</p>		<p>1) Optimal staff numbers per department</p> <p>2) Number of trainings conducted annually</p> <p>3) Annual campaigns</p>	<ul style="list-style-type: none"> • Improve access to information • Strengthen media freedom through an advocacy and public education • Promote fair and just dispute resolution by the Complaints Commission • Expand access to mediation and dispute resolutions • Strengthen the institutional capacity of the Complaints Commission • Improve human resource capacity development and management Mobilise and manage financial resources 	<ul style="list-style-type: none"> • Conducted over 30 awareness campaigns on journalists' protection • Developed a tool for orientation of new Commissioners • Conducted a feasibility study for the resource centre, did a strategy and acquired materials. • Conducted 4 awareness campaigns • Recruited staff • Conducted 4 awareness campaigns • Conducted assets valuation and updated fixed assets register. • Conducted 4 awareness campaign
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7. CORPORATE GOVERNANCE STATEMENT

The MCK Council is comprised of nine members appointed through a competitive process as set out in Section 7 of the Media Council Act, 2013. The Council comprises of a Chairperson, seven members and one other appointed by the Cabinet Secretary of the Ministry under which the MCK is domiciled.

Fiduciary Oversight Arrangements: The Council has four standing Committees, which hold meetings as per the approved Council's Work plan. The Committees have documented terms of reference meant to facilitate efficient and effective decision-making in discharging their duties. The Committees are aligned to the guidelines set out within the Mwongozo Code of Governance for State Corporations.

The Council has an approved Council's Charter that defines its roles, functions, and responsibilities. The Charter outlines the Council's authority both individually and collectively and sets direction for the Council. The Council maintains a Conflict-of-Interest register. All Council members subscribe to the public service code of conduct. Remuneration of the Council is as per the guidelines of the Salaries and Remuneration Commission.

The Finance and Administration Committee advises the Council on all matters pertaining to financial and administrative issues. In addition, the committee reviews budgets, procurement plans, financial reports and provides oversight on all administrative and human resource issues, ensuring that these are competitively structured and linked to performance.

The Media Development and Training Committee provides oversight over the Council's media training, curriculum development, inspection, evaluation and accreditation of journalists, media training institutions, media enterprises and overall media development function.

The Regulatory Affairs Committee is responsible for ensuring adherence to the Code of Conduct for the Practice of Journalism and advises the Council on legal and journalists' security matters.

The Audit Committee provides oversight over the internal audit function and plays a critical role in risk management, review of internal control systems and safeguarding of the MCK's physical and financial assets. The Committee plays a major role in ensuring seamless external audit exercise, receives the report of the external auditors and reports to the Council on its recommendations.

Council evaluation

Pursuant to the Mwongozo Code of Governance for State Corporations and guided by the provisions of Government Circular No. OP/CAB.1/43/1, the Council is scheduled to undergo an evaluation by the State Corporations Advisory Committee (SCAC) in the financial year 2020/2021.

Council Meetings

Full Council Meeting					
	25/10/2019	3/12/2019	28/2/2020	24/4/2020	5 th /6/2020
Mr. Maina Muiruri	√	√	√	√	√
Mrs. Tabitha Mutemi	√	√	√	√	√
Ms. Susan Karago	√	√	√	√	√
Ms. Patience Nyange	√	√	√	√	√
Mr. Timothy Wanyonyi	√	√	√	√	√
Dr. Mbugua Njoroge	√	√	√	√	√
Ms. Roselyne Obala	√	√	√	√	√
Dr. Davidson Mwaisaka	√	√	√	√	√
Mr. P.D Gwaro Ogaro	√	√	√	√	√

Regulatory Affairs Committee				
	24/2/2020	22/4/2020	22/4/2020	30/6/2020
Mr. Timothy Wanyonyi	√	√	√	√
Dr. Davidson Mwaisaka	√	√	√	√
Ms. Patience Nyange	√	√	√	√
Dr. Mbugua Njoroge	√	√	√	√
Ms. Roselyne Obala	√	√	√	√

Media Development and Training Committee		
	25/2/2020	21/4/2020
Ms. Susan Karago	√	√
Ms. Tabitha Mutemi	√	√
Ms. Patience Nyange	√	√
Ms. Roselyne Obala	√	√
Mr. P. D Gwaro Ogaro	√	√

Finance and Administration Committee		
	26/2/2020	23/4/2020
Dr. Mbugua Njoroge	√	√
Ms. Susan Karago	√	√
Ms. Roselyne Obala		
Ms. Tabitha Mutemi	√	√
Mr. P.D Gwaro Ogaro	√	√

Audit Committee		
	27/2/2020	14/5/2020
Dr. Davidson Mwaisaka	√	√
Ms. Patience Nyange	√	√
Mr. Timothy Wanyonyi	√	√

8. MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial performance

The Media Council of Kenya is mandated to set media standards and ensure compliance with them as stipulated in article 34 (5) of the Constitution. It also has a mandate to register and accredit journalists, register media establishments, handle complaints from the public and publish yearly audits on media freedom. This mandate has continued to be delivered in the year.

Summary of financial results against the budget

Year ended 30 th June 2020	Budget	Actual	Utilization
	FY 2019/2020	FY 2019/2020	FY 2019/2020
	KShs	KShs	KShs
Receipts	448,600,000.00	470,293,034.00	104%
Payments	448,600,000.00	439,018,471.00	98%

The Media Council of Kenya managed to raise 100% of the budgeted revenue. However, it utilised 98% of the funds received indicating an under absorption of 2%. The under absorption is attributed to acquisition of new office space budget line where the Council had projected to incur partitioning costs for the new space before year end. However, the partitioning process was delayed due to the COVID-19 pandemic but commenced towards end of the year. All other activities that the Council had planned were carried out.

Receipts

The Council receives funding from the National Government through National Treasury by way of transfer of funds. The funds are channelled to the Council's bank account through the Ministry of Information, Communication and Technology. These funds are thereafter budgeted for and approved by the Council for utilisation. The Media Council of Kenya also received KShs14.88 million from licences and permits from journalists and Media enterprises.

Surplus for the period

The surplus for the year ending 30th June 2020 was KShs 50 million. This surplus relates to the unutilised funds which had been allocated for office partitioning. They will be utilised on the same vote line in the FY 2020/2021.

Compliance with statutory requirements

The Council is in compliance with all statutory obligations including but not limited to remittances of Pay As You Earn (PAYE), National Hospital Insurance Fund (NHIF), National Social Security Fund (NSSF), Higher Education Loans Board (HELB) and Withholding tax within the stipulated deadlines.

Key projects and investment decisions being implemented.

During the year under review the Council did not undertake any projects and there were no investment decisions implemented or ongoing.

Major risks identified in the Enterprise Risk Management Framework (ERM)

The Council updated its Enterprise Risk Management Framework in the year under review. As a result, Risk Management has been mainstreamed within the Council to allow for structured risk assessment on a continuous basis. The Council Members are responsible for the Council's risk management and is expected to receive quarterly reports to enable the review, monitoring and evaluation of the implementation and effectiveness of the ERM framework. The Council in the course of its mandate identified key corporate risks, the associated risk levels and their mitigation strategies.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT / SUSTAINABILITY REPORTING

The Media Council of Kenya embarked on the development of a corporate social responsibility policy to guide its investment in sustainability in a strategic and effective manner. Some of the areas this policy will seek to address in the coming year, include laying the foundation for a sustainability strategy that is aligned to the strategic objectives of the organisation.

MCK has not engaged in any advertisement placements outside of recruitment advertisement due to the prohibitive costs. However, it has been actively engaged on social media including production of posters and special occasion greeting cards to convey information to our audiences.

During the review year, the following key initiatives helped MCK to reach more than 5,000 stakeholders:

- Annual Media Summit & Awards
- Media Literacy Forums
- World Press Freedom Day
- Online webinars
- COVID-19 interventions

Sustainability strategy and profile

MCK has worked to strengthen working relations with MOICT, National Treasury and Parliament in terms of understanding the expanded mandate of the institution. The management also enhanced external relations, working on innovative and creative media development interventions. These included donor funding, cost cutting measures and joint interventions with media sector players under the Kenya Media Sector Working Group.

Employee welfare

The Media Council of Kenya is always cognizant of the two-thirds gender ratio while undertaking recruitment and other appointments. Regional balance as well as persons living with disability are also considered without compromising on merit. At the moment the Council has fulfilled the one-third rule in its staff compliment.

With regards to staff skills improvement, the Council allocates funds for training in every year. All staff attend at least one professional training each year. The Council also ensures that staff attend teambuilding trainings each year for them to learn how to work as a team. This is usually preceded by appraisal and target setting for the upcoming financial year which is guided by the year's performance contract and Strategic Plan.

The Organisation has a detailed Human Resource Manual which recognises provisions of the Labour Laws including the Occupational Safety and Health Act.

Market place practices

The Council maintains good business practises through integrity, fair competition, professionalism, and compliance with legal and other obligations. As procurement professionals involved in supply management at the Council, we are aware of the organisations ethical policy and this is reflected in how we treat our suppliers.

For instance.

- ✓ We employ transparency and fairness in all our processes by ensuring that each supplier has a chance to do business with us.
- ✓ We are open with our suppliers by ensuring that they understand our processes, procedures, timelines and criteria for selection.

In regard to fairness, where a bidder asks for clarification during the procurement process, we give all suppliers involved the information in the form of an addendum.

On supplier payments, we ensure that all valid invoices are paid in accordance with agreed terms. Any delays in payments is communicated to the suppliers on time.

Community Engagements

MCK issued grants to journalists, community radio stations and media associations at the height of the COVID-19 pandemic. While these were executed as programmatic activities, they were in effect borne out of the MCK's commitment to investing and supporting the most vulnerable in the media sector. Under this programme, some journalists in distress were supported with food, Personal Protection Equipment (PPEs) and clothing.

MCK was also involved in media literacy events that enabled consumers to understand and participate in media programmes at no cost.

10. REPORT OF THE COUNCIL MEMBERS

The Council Members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of The Media Council of Kenya affairs.

Principal activities

The principal activities of the entity are as entrenched in The Media Council Act 2013 to provide self-regulation for the media industry and education to public, government and media practitioners. It also carries out research on media practice in the country.

Results

The results of the entity for the year ended June 30, 2020 are set out on page 1 to 7.

Council Members

The Council members who held office during the year and to the date of this report are shown on pages (v)-(ix).

Auditors

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

By Order of the Council



Secretary to the Council

Date..... 6/9/2021

11. STATEMENT OF THE COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Council to prepare financial statements in respect of the Media Council of Kenya, which give a true and fair view of the state of affairs of the Council at the end of the financial year 2019/2020 and the operating results of the Media Council of Kenya for that year 2019/2020. The Council Members are also required to ensure that the Media Council of Kenya keeps proper accounting records which disclose with reasonable accuracy the financial position of the Media Council of Kenya. The Council Members are also responsible for safeguarding the assets of the Media Council of Kenya.

The Council Members are responsible for the preparation and presentation of the Media Council of Kenya financial statements, which give a true and fair view of the state of affairs of the Media Council of Kenya for and as at the end of the financial year 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 Media Council of Kenya.

(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 Media Council of Kenya.

(v) Selecting and applying appropriate accounting policies; and

(vi) Making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the Media Council of Kenya's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act 2003.

The Council Members are of the opinion that the Media Council of Kenya financial statements give a true and fair view of the state of Media Council of Kenya transactions during the financial year ended June 30, 2020, and of the Media Council of Kenya Financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the Media Council

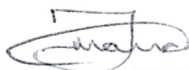
of Kenya which have been relied upon in the preparation of the Media Council of Kenya financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Media Council of Kenya financial statements were approved by the Council on.

6/4 2021 and signed on its behalf by:



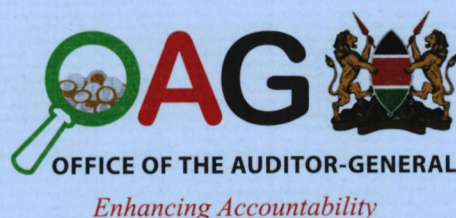
.....
Mr. Maina Muiruri
Chairman of the Council



.....
Mr. David Omwoyo Omwoyo
C E O & The Secretary to the Council

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MEDIA COUNCIL OF KENYA FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Media Council of Kenya set out on pages 1 to 17, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows, and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Media Council of Kenya as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Media Council Act, No. 20 of 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Revenue from Licenses and Permits

The statement of financial performance reflects licenses and permits income of Kshs.14,884,839 which, as disclosed in Note 7 to the financial statements, comprised of accreditation and subscriptions fees of Kshs.8,036,134 and Kshs.6,848,705 respectively. According to Gazette Notice No. 897 of 13 January, 2009, all journalists operating in Kenya are supposed to make annual subscriptions accreditation fees of Kshs.2,000 for local journalists and Kshs.10,000 for foreign journalists operating in Kenya or Kshs.5,000 for foreign journalist operating in Kenya on short term assignments. Upon receipt of the fees, the journalist name is to be entered into a register and updated annually by the Council.

Further, Gazette Notice No. 896 of 13 January, 2009 required all media enterprises operating in Kenya to make monthly levies ranging between Kshs.10,000 and Kshs.150,000 depending on the number of outlets, outreach and power frequency for each media enterprise and the levies paid quarterly to the Media Council of Kenya.

However, the forward by the Chairman of the Media Council of Kenya and the Chief Executive Officer indicated that more than 5,000 journalists were accredited during the financial year 2019/2020 and therefore, the expected minimum income was

Kshs.10,000,000 while the actual reported income was Kshs.8,036,134. No explanation or reconciliation for the discrepancy was provided for audit review.

Further, the Council does not maintain an updated register or record of all the media enterprises operating in Kenya and therefore, it was not possible to establish how much was payable as levies in compliance with the Gazette Notice No. 896 from the media enterprises. The reported annual subscription amount of Kshs.6,848,705 is also not based on known number of media enterprises to support the comprehensive billing and recording of revenue as per the Gazette notice. Consequently, the completeness of reported revenues by the Council cannot be established. Further, the amount of annual levies billable by the Council since the effective date of the Gazette notice could not be determined with certainty.

Under the circumstances, the accuracy, and completeness of the reported revenue from licenses and permits of Kshs.14,884,839 for the year ended 30 June, 2020 could not be confirmed.

2. Unsupported Property, Plant and Equipment Balance

As previously reported, the property, plant and equipment balance of Kshs.40,617,714 is not supported by an updated fixed asset register detailing out the asset description, asset code, locations, current user, cost, accumulated depreciation, net book values and acquisition dates.

Consequently, the accuracy, existence and the fair statement of the reported property, plant and equipment balance of Kshs.40,617,714 as at 30 June, 2020 could not be confirmed.

3. Unsupported Expenditures

3.1 Use of Goods and Services

As disclosed in Note 9 to the financial statements, the statement of financial performance reflects an expenditure of Kshs.296,335,748 under use of goods and services. However, the following observations were made:

3.1.1 Rental Expenses

Included in the expenditure of Kshs.296,335,748 under use of goods and services is an amount of Kshs.16,064,591 in respect of rental expenses. However, supporting documents including lease agreements were not provided for audit review.

3.1.2 ICT, ERP and Office Equipment Expenses

The expenditure of Kshs.296,335,748 under use of goods and services also includes an amount of Kshs.12,718,717 incurred on ICT, ERP and office equipment. The latter balance includes amounts of Kshs.4,475,960 and Kshs.2,485,856 in respect of maintenance services of an unidentified media monitoring system and consultant for software maintenance respectively. However, the maintenance contract did not disclose details of maintenance intervals, related charges and the expected deliverables. Details of when the system was acquired, the supplier, the cost of installation of the system, latest operation logs and evidence of outputs from the system were also lacking. Further, the payment to the consultant was not supported with details of the procurement process, the purpose of the software, date of installation and commissioning, billing by the supplier and the expected outputs from the system operations.

3.1.3 Undisclosed Payables

The expenditure of Kshs.296,335,748 under use of goods and services further includes an amount of Kshs.3,149,422 incurred on office consumables and cleaning expenses out of which an amount of Kshs.580,600 related to office partitioning. Available information indicates that, on 26 February, 2013, the Council signed an agreement for the proposed office partitioning works at Britam Centre, at a contract sum of Kshs.4,992,394 and a completion date of 9 May, 2013.

The contractor demanded for final settlement of an outstanding balance of Kshs.1,206,011 on 13 September, 2019 but records supporting the amount demanded were not provided. On 10 June, 2020, the Council paid Kshs.580,600 as an outstanding balance for the works and charged it under the office, consumables and cleaning expenses. However, the balance of Kshs.625,411 from the amount of Kshs.1,206,011 initially demanded by the Contractor was not incorporated in the liabilities as at 30 June, 2020. The anomaly was not explained.

3.1.4 Undelivered Books and Reference Materials

The expenditure of Kshs.3,149,422 on office consumables and cleaning expenses includes an amount of Kshs.345,656 incurred on purchase of books and reference materials. However, documents supporting the items delivery and receipt were not provided for audit review.

Under the circumstances, the accuracy and validity of use of goods and services expenditure of Kshs.296,335,748 for the year ended 30 June, 2020 could not be confirmed.

3.2 Unsupported Expenditure - Repairs and Maintenance

As disclosed in Note 13 of the financial statements, the statement of financial performance reflects an expenditure of Kshs.1,458,098 in respect of repairs and maintenance which includes an amount of Kshs.402,204 paid to a service provider for motor vehicle repairs. However, the contract between the Council and the service provider indicating the terms of engagement was not provided for audit review. It is also not clear how the service provider was identified. Further, an amount of Kshs.661,113 incurred on motor vehicles insurance fees was not supported by policy agreements indicating the details of the vehicles covered and the applicable rates.

Under the circumstances, the accuracy and validity of the repairs and maintenance expenditure of Kshs.1,458,098 for the year ended 30 June, 2020 could not be confirmed.

4. Media Support and Monitoring

The statement of financial performance reflects an expenditure Kshs.296,335,748 under use of goods and services which, as disclosed in Note 9 to the financial statements, includes an amount of Kshs.135,335,089 incurred on media support and monitoring. The amount was incurred on grants, mentorship program and monitoring activities. However, the following anomalies were noted: -

4.1 Unsupported Grants

The Council incurred an amount of Kshs.47,963,890 on grants to journalists, media associations and support groups and media enterprises for editorial and technical

assistance and financial support, under Media Council of Kenya (MCK) Health Reporting Grant Project. The Council invited grants applications from journalists, media practitioners and media associations interested in receiving the health reporting grants which were vetted and awarded. However, grants awarding evaluation and vetting reports were not provided for audit review. Further, no evidence was provided to confirm receipt of the grants and whether the grants were utilized for the intended purposes.

Under the circumstances, the accuracy, validity and propriety of the expenditure of Kshs.47,963,890 incurred on grants could not be confirmed.

4.2 Journalists Training and Mentorship

The Council engaged sixteen (16) independent consultants and paid them a total of Kshs.1,296,000 to provide training and mentorship services to the grant awardees of the MCK Health Reporting Grant. On 20 June, 2020 the consultants signed a seven-days (7) contracts with the Council to evaluate grant applications, conduct online training for the selected grantees and support the grant awardees develop newsworthy stories, features and productions. The activities under the contracts were to be coordinated by coordinators appointed by the Council for the acceptance of the reports and other deliverables and for receiving and approving invoices for payments. However, no documentary evidence was provided to demonstrate that the Council appointed the respective coordinators for the contracts.

Under the circumstances, the accuracy, validity and the regularity of the expenditure of Kshs.1,296,000 could not be confirmed.

5. Cash and Cash Equivalents

As disclosed in Note 14 of the financial statements, the statement of financial position reflects a cash and cash equivalents balances of Kshs.58,381,285 as at 30 June, 2020. Available information indicates that through the Donor Account No. 0102096149701, which had an opening balance of Kshs.15,233,717, the Council received donor funding totalling to Kshs.10,808,195 as reflected as other income in the statement of financial performance bringing the total donor funds available during the year to Kshs.26,041,912. However, the total available amount of Kshs.26,041,912 differs from the reported closing bank balance of Kshs.26,148,944 resulting to an unexplained variance of Kshs.107,032.

Further during the year under review, the Council banked an amount of Kshs.107,138,781 in form of imprests refunds and inter-bank transfers from the recurrent account No. 0102096149700 to the donor fund bank account. The Council also made payments amounting to Kshs.207,031,149 from the account which reported a closing balance of Kshs.26,148,944 as at 30 June, 2020. The following anomalies were noted;

- i) The Management did not provide an explanation for the banking of imprests refunds and inter-bank transfers totalling Kshs.107,138,781 to the donor account and the subsequent payments of Kshs.207,031,149 from the account.
- ii) Management did not provide a reconciliation of the donor account opening balance of Kshs.15,233,717, receipts into the account during the year and the payments made out of the account to yield the closing bank balance of Kshs.26,148,944 as at 30 June, 2020.

Under the circumstances, the accuracy, propriety and validity of the cash and cash equivalent balance of Kshs.58,381,285 as at 30 June, 2020 could not be confirmed.

6. Unexplained Budget Variance

The Finance and Administration Committee tabled the financial year 2019/2020 revised annual budget to the full Council on 24 April, 2020. The Council approved the budget totalling to Kshs.448,600,000 which included payment of pending bills amounting to Kshs.101,000,000. However, the statement of financial position reflects a comparative balance of Kshs.22,636,915 in respect of trade payables while the pending bills balance submitted and approved by the Council was Kshs.101,000,000. No explanation was provided for the resultant variance of Kshs.78,363,085.

Under the circumstances, the accuracy of the financial statements for the year ended 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 Media Council of Kenya 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.

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

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several paragraphs were raised based on various matters affecting the running of the Council resulting in a qualified opinion. The matters have remained unresolved and have not been deliberated on by the Public Investments Committee.

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 matters described in the Basis for Conclusion 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. Council Expenses

As disclosed in Note 11 to the financial statements, the statement of financial performance reflects an expenditure of Kshs.19,491,463 in respect of Council expenses. The following inconsistencies were noted regarding the Council expenses:

1.1 Irregular Appointment and Payment of Allowances to Council Member

The Cabinet Secretary for Information, Communications and Technology through the Gazette Notice No. 9506 dated 3 October, 2019, appointed the seven members of the Media Council of Kenya for a period of three (3) years. However, one of them was in fulltime service gainful employment at the Independent Electoral and Boundaries Commission (IEBC) as the Head of Communications and Corporate Affairs.

The Attorney-General gave a legal advisory on 18 August, 2020 that the above-mentioned person being an employee of IEBC should not hold the position of an independent Council Member of the MCK while still in gainful employment under IEBC. Subsequently, the Council Member was given the option of either continuing to serve as a Council Member of the MCK or as an employee of IEBC but no response from the Council Member was provided for audit review.

Further, the Council Member was paid allowances totalling to Kshs.565,500 during the year under review even though his appointment as a Council Member was irregular.

1.2 Allowances Paid to Staff Members

During the year under review, an amount of Kshs.2,426,635 was paid to various members of staff as meeting allowances despite being in fulltime service employment and deemed to be discharging duties in their ordinary course of work at the Council. The payments are therefore irregular and do not constitute proper charge to public funds.

Under the circumstances, the propriety and regularity of the expenditure of Kshs.2,992,135 incurred on Council expenses and allowances to staff members could not be confirmed.

2. Unrecovered Salary Advances

The statement of the financial position reflects a balance of Kshs.7,390,471 under receivables from non-exchange transactions which, as disclosed in Note 15 to the financial statements, includes an amount of Kshs.2,394,925 in respect of salary advances. The latter balance includes an amount of Kshs.1,080,000 issued to two officers in 2018/2019 financial year whose recovery had not been effected. This is contrary to Section C.6 of the Human Resource Policies and Procedures Manual for Public Service, 2016 and the Council's HR Policies that requires salary advances to be recovered in a period not exceeding twelve (12) months.

The Council Management was in breach of the law.

3. Non-Adherence to the Stipulated Local Purchase Order (LPO) Validity Period

During the year under review, an amount of Kshs.93,708 was incurred on printing of the Code of Conduct Booklets under order No. 0582 issued on 12 February, 2019. However, the booklets were received on 8 November, 2019, ten (10) months later from the order date. This is contrary to Section 53 of the Public Finance Management Act, 2015 which provides that a purchase order shall be valid for a period of thirty days from the date of issue and that any public officer who receives goods or services beyond the stipulated period specified commits an offence under the Act.

Further, the goods were inspected by only one member of the Inspection and Acceptance Committee. This is contrary to Section 48 of the Public Procurement and

Asset Disposal Act, 2015 which requires the inspection to be carried out by the Chairman and at least two other members.

In addition, an amount of Kshs.67,645 was incurred on designing and printing of media monitoring booklets under order No.0636 issued to the supplier on 29 April, 2019. The goods were delivered on 7 October, 2019, invoiced on the same date and inspected on 8 October, 2019. From the foregoing, the supply and delivery of the goods was done beyond the order validity period of 30 days contrary to Section 53 of the Public Finance Management Act, 2015.

The Council Management was in breach of the law.

4. Irregular Expenditure on Staff Mobile Phone Handsets

The statement of the financial position reflects a balance of Ksh.40,617,714 under property, plant and equipment which, as disclosed in Note 16 to the financial statements, includes an amount of Kshs.5,437,201 in respect of computer equipment. The computer equipment includes twenty-three (23) mobile telephone handsets for staff valued at Kshs.1,733,665. Although the purchase of the handsets was in the annual procurement plan approved by the Council, the procurement was contrary to the Office of the President Circular Ref OP/CAB/15 of 5 March, 2010 on economic utilization and efficient delivery of telephone services in the public service. The handsets procured by the Council were in the range of Kshs.39,000 and Kshs.120,000 contrary to the approved ceiling of Kshs.30,000 set by the Office of the President circular. Further, some of the Officers issued with handsets did not qualify being in the job groups lower than those set out.

Under the circumstances, the propriety of expenditure amounting to Kshs.1,733,665 for the year ended 30 June, 2020 could not be confirmed.

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, 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

Lack of Complaints Commission

The previous Complaints Commission was appointed on 6 October, 2016 for a period of three (3) years ending 5 October, 2019. Upon expiry of the Complaints Commission

term, the Council operated without a Commission of Complaints and Dispute Resolution up to 14 October, 2020 casting doubt on the effectiveness of the Council's governance systems.

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 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 the Council Members

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and 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 governance.

In preparing the financial statements, Management is responsible for assessing the Council's ability to continue sustaining 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 terminate the Council 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 Council Members are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Council monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 February, 2022

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

	Notes	2019-2020	2018-2019
		KShs	KShs
Revenue from non-exchange transactions			
Transfers form Government	6	444,600,000	230,594,000
Licenses and Permits	7	14,884,839	14,339,900
Other Income	8	10,808,195	5,809,752
Total Revenue		470,293,034	250,743,652
Expenses			
Use of Goods and Services	9	296,335,748	124,294,278
Employee Costs	10	91,622,641	72,791,802
Council Expenses	11	19,491,463	39,226,146
Depreciation Expense	12	11,213,616	7,616,164
Repairs and Maintenance	13	1,458,098	1,027,342
Total Operating Expenses		420,121,566	244,955,731
Surplus/(deficit) for the period/year		50,171,467	5,787,921

The notes set out on pages 8 to 17 form an integral part of these Financial Statements.

14. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	2019-2020	2018-2019
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	14	58,381,285	21,401,555
Receivables from Non-Exchange transactions	15	7,390,471	6,389,873
Total Current assets		65,771,756	27,791,428
Property, Plant and equipment	16	40,617,714	34,249,574
		40,617,714	34,249,574
Total assets		106,389,470	62,041,002
Liabilities			
Current liabilities			
Trade and other payables from Non exchange transactions	17	17,420,389	22,636,914
Non-current liabilities			
Fund Balance	18	88,969,081	39,404,088
Total net assets and liabilities		106,389,470	62,041,002

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Council Members by:

CEO & The Secretary to The Council

Mr. David Omwoyo Omwoyo

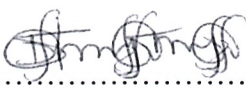
Ag. Finance Manager

Pamellah Odingee

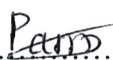
Member No. 23921

Chairman of the Council

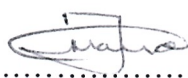
Mr. Maina Muiruri



Date..... 6/9/2021



Date..... 6/9/2021



Date..... 6/9/2021

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

	Fund Balance	Deferred	Total
	KShs.	Income	KShs.
	KShs.	KShs.	KShs.
Balance as at July 1, 2018	33,616,167	-	33,616,167
Surplus for the period	5,787,921	-	5,787,921
Transfer to / from accumulated surplus	-	-	-
At June 30, 2019	39,404,088	-	39,404,088
At July 1, 2019	39,404,088	-	39,404,088
Surplus for the period	50,171,467	-	50,171,467
Loss on Revaluation	(606,474)	-	(606,474)
At June 30, 2020	88,969,082	-	88,969,082

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

		2019-2020	2018-2019
		KShs	KShs
Cash flows from operating activities			
Receipts			
Transfer from Government	6	444,600,000	230,594,000
Licences and Permits	7	14,884,839	14,339,900
Other income	8	10,808,195	5,809,752
Total Receipts		470,293,034	250,743,652
Payments			
Use of Goods and Services	9	296,335,748	124,294,278
Employees Costs	10	91,622,641	72,791,802
Council Expenses	11	19,491,463	39,226,146
Repairs and Maintenance	13	1,458,098	1,027,342
Total Payments		408,907,951	237,339,568
Net cash flows from operating activities		61,385,083	13,404,084
Cash flows from investing activities			
(Decrease)/Increase in receivables and prepayments	15	(1,000,598)	(2,557,828)
Purchase of property, plant, equipment	16	(18,188,230)	(5,947,434)
(Decrease)/Increase in trade payables	17	(5,164,125)	14,516,551
Net cash flows used in investing activities		(24,352,953)	6,011,289
Net increase/(decrease) in cash and cash equivalents		36,979,730	19,415,373
Cash and cash equivalents as at 1 st July 2019		21,401,555	1,986,182
Cash and cash equivalents as at 30th June 2020		58,381,285	21,401,555

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from the Government	223,600,000.00	221,000,000.00	444,600,000	444,600,000	-
Licenses and Permits (Accreditation fee)	2,000,000.00	-	2,000,000	8,036,134	(6,036,134.00)
Licenses and Permits (Subscription)	2,000,000.00	-	2,000,000	6,848,705	(4,848,705.00)
Other Income	-	-	-	10,808,195	(10,808,195.00)
Total income	227,600,000.00	221,000,000.00	448,600,000.00	470,293,034.00	(21,693,034.00)
Expenses					
Employees Cost	92,910,000.00	6,740,000.00	99,650,000.00	91,622,641.00	8,027,359.00
Council Expenses	25,000,000.00	-	25,000,000.00	19,491,463.00	5,508,537.00
Repair and maintenance	200,000.00	-	200,000.00	1,458,098.00	(1,258,098.00)
Depreciation	-	-	-	11,213,616.00	(11,213,616.00)
Audit Fees	500,000.00	-	500,000.00	500,000.00	-
Consultancy Fee	13,835,000.00	(700,000.00)	13,135,000.00	14,209,119.00	(1,074,119.00)
Office, Consumables and Cleaning expenses	3,250,000.00	750,000.00	4,000,000.00	3,149,422.00	850,578.00

*Annual Reports and Financial Statements
For the year ended June 30, 2020.*

Motor Vehicles Maintenance / Fuel and Oil	2,700,000.00	-	2,700,000.00	1,106,350.00	1,593,650.00
Insurance (GPA&GLA)	1,000,000.00	-	1,000,000.00	.00	1,000,000.00
Insurance (Staff medical cover)	13,000,000.00	(2,000,000.00)	11,000,000.00	10,889,791.00	110,209.00
Postage, Telephone, and Internet	1,100,000.00	(50,000.00)	1,050,000.00	931,741.00	118,259.00
Printing and stationery	1,200,000.00	500,000.00	1,700,000.00	2,340,223.00	(640,223.00)
Travel and Stakeholders forum	6,900,000.00	8,700,000.00	15,600,000.00	16,802,042.00	(1,202,042.00)
Bank charges	500,000.00	-	500,000.00	630,166.00	(130,166.00)
Accommodation and conferencing	2,000,000.00	15,700,000.00	17,700,000.00	19,320,236.00	(1,620,236.00)
Staff welfare/training	14,625,000.00	300,000.00	14,925,000.00	15,553,443.00	(628,443.00)
Rental	18,000,000.00	(370,080.00)	17,629,920.00	16,064,591.00	1,565,329.00
ICT, ERP and Office Equipment	2,000,000.00	8,505,000.00	10,505,000.00	12,718,717.00	(2,213,717.00)
Journalist Training	10,180,000.00	-	10,180,000.00	12,561,092.00	(2,381,092.00)
Others (Media Awards)	10,000,000.00	-	10,000,000.00	10,810,629.00	(810,629.00)
Publicity and Advertisement / MOICT	4,900,000.00	17,230,080.00	22,130,080.00	23,413,097.00	(1,283,017.00)
Support to media Enterprise & Journalist / MMS	3,800,000.00	92,735,000.00	96,535,000.00	135,335,089.00	(38,800,089.00)
Total expenditure	227,600,000.00	148,040,000.00	375,640,000.00	420,121,566.00	(44,481,566.00)
Surplus for the period	-	72,960,000.00	72,960,000.00	50,171,466.00	22,788,534.00

Budget notes on the differences between actual and budgeted amounts (10% over/ under)

Government grants/Exchequer receipts. The adjustment on budgeted amount is attributable to supplementary budgetary allocation by The National Treasury within the financial year to bridge the deficit on operational expenditure.

Council Expenses- Underspending under this vote is attributed to the period in which there were no commissioners in the office. Some activities for complaints commission were suspended during that period.

Repairs and Maintenance costs- Overspending is attributed repair of motor vehicles and ICT equipment which had been budget for under their respective vote heads. However, the new reporting template provide that they may be reported under the repair and maintenance.

Office, Consumables and Cleaning expenses. - Underspending under this vote line is attributed to reduction of office activities during the last quarter of the year when staff were working from home due to COVID-19 pandemic.

Motor Vehicle maintenance Fuel and Oil- Under absorption is attributed to repair and maintenance figure that was charged to repair and maintenance as per the reporting template but had been budgeted for under motor vehicle maintenance.

Postage Telephone & Internet – Under absorption is attributed reduced use of postage and courier services due to restriction on COVID-19 containment measures.

Printing and Stationery- Overspending is attributed to printing of special passes for Journalists and other media practitioners who were providing essential services during COVID-19 19 pandemic. Additional printing of cards had not been anticipated at the beginning of the year.

Bank Charges- Overspending is attributed increased bank transactions after the supplementary allocation by the National treasury to cover the deficit on the operational recurrent expenditure.

ICT, ERP and Office Equipment – Overspending is attributed to purchase of laptops and other equipment to facilitate communication and working virtually from home following the COVID-19 restrictions.

Support to Media Enterprises- Overspending is attributed to expenses under field quality control and supervision that had not been anticipated during COVID-19 pandemic.

Journalist training – Overspending under this vote line is attributed to the rapid response initiative conducted in Kilifi, Nakuru and Nyeri where journalist had been attacked. RRI involved media literacy forums where journalist were trained on reporting.

Media COVID 19 Support – The over absorption is attributed unanticipated emergency field activities in response to journalist who were in distress during COVID 19 pandemic.

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Media Council of Kenya is an independent National institution established by the Media Council Act, No. 20 of 2013. The principal activity of the council is setting of Media standards and ensuring compliance with those standards as set out in article 34(5) of the Constitution and for connected purposes.

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

The financial statements have been prepared on the basis of historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS

a) **Relevant new standards and amendments to published standards effective for the year ended 30 June 2020.**

There were no new standards or amendments published and applicable to the Council in year 2020.

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

There were no new or amended standards and interpretations applicable to the Council in year 2020.

c) **Early adoption of standards**

The Council did not early – adopt any new or amended standards in year 2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) **Revenue recognition**

Revenue from Non- Exchange transaction includes:

The Council recognises revenues from subscription, accreditation, Donations, fines, other income, and Conditional grants. The revenues are recognised when the events occur, and the assets recognition criteria are met. 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.

Government grants

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.

b) Budget information

The original budget for the Media Council for the FY 2019-2020 was approved by the National Assembly in the Month of June. The Budgetary reallocation is amended on the original budget by the Council upon receiving the respective approvals in order to conclude the final budget. The approval for the FY 2019/2020 budget was done on 24th April 2020.

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

c) 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 recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised 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 recognised 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.

Property, plant and equipment are depreciated over their estimated useful life, using reducing balance method, using the following annual rates:

Furniture, fixtures and equipment	12.5%
Computers	30%
Motor Vehicle	25%
Media Monitoring System	20%

d) Intangible assets

Intangible assets acquired separately are initially recognised 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 amortisation and accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised 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.

e) Provisions

Provisions are recognised when the Media Council of Kenya 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 Media Council of Kenya expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised 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 Media Council of Kenya does not recognise 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 Media Council of Kenya does not recognise 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.

f) Changes in accounting policies and estimates

The Media Council of Kenya recognises the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

g) Employee benefits

Retirement benefit plans

Media Council of Kenya provides retirement benefits for its employees. 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.

i) Related parties

Media Council of Kenya 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 Media Council of Kenya, or vice versa. Members of key management are regarded as related parties and comprise the Council members, the CEO and senior managers.

j) 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 designated commercial bank accounts at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

l) 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.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Media Council of Kenya 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. MCK in its accounting assumes that the productivity of all its assets will remain the same during their lifetime and there will be no residual value at the end of their lifetime.

6 Transfers from Government.

Description	2019-2020	2018-2019
	KShs	KShs
Recurrent Grant	444,600,000	230,594,000
Total	444,600,000	230,594,000

Increased recurrent grant is attributable to supplementary budgetary allocation by The National Treasury within the financial year to bridge the deficit on operational expenditure.

7 Licences and Permits.

Description	2019-2020	2018-2019
	KShs	KShs
Accreditation	8,036,134	10,279,900
Subscriptions	6,848,705	4,060,000
Total	14,884,839	14,339,900

Income under this vote line relates to amounts received under accreditation of journalist and subscriptions fees from media enterprises.

8 Other Income

Description	2019-2020	2018-2019
	KShs	KShs
Internews	-	1,865,580
UNESCO	-	505,000
National Aids Control Council	-	620,172
Other Income / Donations	10,808,195	2,819,000
Total	10,808,195	5,809,752

The donations received relates to development partners support towards MCKs signature event Annual Journalism Excellence Award (AJEA).

9 Use of Goods and Services

Description	2019-2020	2018-2019
	KShs	KShs
Audit fees	500,000	500,000
Consulting fees	14,209,119	13,567,766

Office, Consumables and Cleaning	3,149,422	3,335,574
Fuels and Oil	1,106,350	800,000
Insurance Cost	10,889,791	12,731,920
Postage, telephone, and internet	931,741	837,426
Printing and stationery	2,340,223	1,122,923
ICT, ERP and Office Equipment	12,718,717	895,669
Travel and Stakeholders Forums	16,802,042	9,435,411
Bank charges	630,166	428,516
Accommodation and conferencing	19,322,236	18,078,017
Staff welfare/training	15,553,443	13,964,475
Rental	16,064,591	11,519,442
Training	12,561,092	18,354,082
Others (Media Awards)	10,810,629	10,096,621
Publicity and Advertisement	23,413,097	8,626,435
Media Support / Media Monitoring	135,335,089	-
Total	296,335,748	124,294,278

10 Employee Costs

Description	2019-2020	2018-2019
	KShs	KShs
Salaries and Wages	52,995,350	44,606,132
Employee related costs – contribution to pension	7,973,128	6,186,679
Travel and other allowances	11,576,200	10,107,829
Housing Benefit	12,812,500	10,504,107
Overtime	410,165	459,434.23
Bonuses	5,855,298	927,621
Total	91,622,641	72,791,802

11 Council Expenses

Description	2019-2020	2018-2019
	KShs	KShs
Sitting Allowance	6,815,000	12,569,125
Honoraria	906,580	504,000
Travel Allowance	5,021,719	16,245,185
Other Expenses	6,748,164	9,907,836
Total	19,491,463	39,226,146

12 Depreciation

Description	2019-2020	2018-2019
	KShs	KShs
Depreciation	11,213,616	7,616,164
Total	11,213,616	7,616,164

13 Repair and Maintenance

Description	2019-2020	2018-2019
	KShs	KShs
Vehicles	1,200,556	828,232
Furniture and fittings	113,720	42,700
Computers and Accessories	131,852	153,910
Office Equipment	11,970	2,500
Total	1,458,098	1,027,342

14 (a) Cash and cash Equivalents

Description	2019-2020	2018-2019
	KShs	KShs
Bank	58,381,285	21,401,555
Cash in Hand	-	-
Staff Imprest	-	-
Total	58,381,285	21,401,555

(b)

Bank	Account No.	Amounts
Standard Chartered Bank of Kenya	0102096149700	32,232,341
Standard Chartered Bank of Kenya (Donor)	0102096149701	26,148,944
	Total	58,381,285

15 Receivables from Non-Exchange Transactions

Description	2019-2020	2018-2019
	KShs	KShs
Staff debtors	2,394,925	2,526,500
Prepayments	3,422,655	2,290,482
Deposits	1,572,891	1,572,891
Total	7,390,471	6,389,873

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 Property, Plant and Equipment

	Motor vehicles	Computers	Office Furniture & Equipment	Office Partitioning	Media Monitoring System	Total
Cost	KShs	KShs	KShs	KShs	KShs	KShs
At 1 July 2018	20,813,055	10,776,807	11,810,962	15,865,839	31,324,976	90,591,639
Additions	-	2,534,681	1,676,267	1,736,487	-	5,947,435
At 30 th June 2019	20,813,055	13,311,488	13,487,229	17,602,326	31,324,976	96,539,074
Additions	14,250,000	3,555,730	382,500	-	-	18,188,230
Adjustments (revaluation)	(9,513,055)	(9,099,788)	(9,140,329)	(6,239,826)	(28,902,976)	(62,895,974)
At 30 th June 2020	25,550,000	7,767,430	4,729,400	11,362,500	2,422,000	51,831,330
Depreciation and impairment			-			
At 1 July 2018	7,792,258	7,054,492	6,436,970	9,096,260	24,693,356	55,073,336
Depreciation	3,255,199	1,116,695	671,749	846,197	1,326,324	7,216,164
At 30 June 2019	11,047,457	8,171,187	7,108,719	9,942,457	26,019,680	62,289,500
Depreciation	6,387,500	2,330,229	591,175	1,420,312	484,400	11,213,616
At 30 th June 2020	17,434,957	10,501,416	7,699,894	11,362,769	26,504,080	73,503,116
Net book values						
At 30 th June 2020	19,162,500	5,437,201	4,138,225	9,942,188	1,937,600	40,617,714
At 30 th June 2019	9,765,598	5,140,301	6,378,510	7,659,869	5,305,296	34,249,574

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Trade and Other Payables from Non-Exchange Transactions

Description	2019-2020	2018-2019
	KShs	KShs
Payroll payables	-	23,626
Provisions for Audit fees	500,000	500,000
Donor Accounts	4,856,823	-
Other payables	12,063,566	22,113,289
Total	17,420,389	22,636,915

18 Fund Balance

Description	2019-2020	2018-2019
	KShs	KShs
Reserves	39,404,088	33,616,167
Accumulated Surplus	50,119,067	5,787,921
Loss on revaluation	(606,474)	-
Total	88,916,681	39,404,088

19 Related Party Balances

Description	2019-2020	2018-2019
	KShs	KShs
Council / Commission	19,491,463	39,226,146
Senior Management	27,934,741	33,189,805
Total	47,426,204	72,415,951

20 Reporting Currency

The Financial Statements are reported in Kenya Shillings (KShs).

21 Events After the Reporting Period

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

22 APPENDICES

APPENDIX 1: 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	Status:	Timeframe:

Note

The Auditors report for FY 2018/19 has not been certified.

APPENDIX II: PROJECTS IMPLEMENTED BY MEDIA COUNCIL OF KENYA

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		MEDIA COUNCIL OF KENYA		
Break down of Transfers from the State Department of Broadcasting and Telecommunication				
FY 2019/2020				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		06-09-2019	2,500,000	FY 2019/2020
		06-09-2019	53,400,000	FY 2019/2020
		29-10-2019	2,500,000	FY 2019/2020
		29-10-2019	53,400,000	FY 2019/2020
		31-01-2020	2,500,000	FY 2019/2020
		31-01-2020	53,400,000	FY 2019/2020
		29-04-2020	2,500,000	FY 2019/2020
		29-04-2020	53,400,000	FY 2019/2020
		21-05-2020	221,000,000	FY 2019/2020
		Total	444,600,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	-
		Total	-	-
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>
			-	-
			-	-
		Total	-	-

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

Ag. Finance Manager

Media Council of Kenya

Sign *Pam*

Head of Accounting Unit

For: Principal Secretary
State Department of Broadcasting and Telecommunications

Ministry of Information, Communication & Technology

Sign *[Signature]*
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