

PARLIAMENT
OF KENYA
LIBRARY

REPUBLIC OF KENYA



OAG



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 14 MAR 2023

DAY:

TUESDAY

TABLED
BY:

DEPT. MAJORITY

PARTY LEADER

OF

CLERK-AT
THE-TABLE:

IMZOFU MWALE

THE AUDITOR-GENERAL

ON

MEDIA COUNCIL OF KENYA

**FOR THE YEAR ENDED
30 JUNE, 2021**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
21 JUN 2022
RECEIVED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021**

MEDIA COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021.

MEDIA COUNCIL OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021

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	xii
5. REPORT OF THE CHIEF EXECUTIVE OFFICER.....	xiv
6. STATEMENT OF MEDIA COUNCIL OF KENYA PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021	xvii
7. CORPORATE GOVERNANCE STATEMENT.....	xx
8. MANAGEMENT DISCUSSION AND ANALYSIS.....	xxii
9. ENVIRONMENTAL / SUSTAINABILITY REPORTING	xxiii
10. REPORT OF THE COUNCIL MEMBERS.....	xxv
11. STATEMENT OF THE COUNCIL MEMBERS' RESPONSIBILITIES.....	xxvi
12. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF THE MEDIA COUNCIL OF KENYA	xxviii
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021	1
14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021	2
15. STATEMENT OF CHANGES IN NET ASSETS.....	3
16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021	4
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021	5
18. NOTES TO THE FINANCIAL STATEMENTS	7
APPENDIX	16

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) Council Members

The Council Members who served The Media Council of Kenya During the year were as follows:

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. William Otieno Oketch	Chairperson
- Mrs. Esther Jowi Anyango Aduma	Member
- Mrs. Polly Gathoni Waweru	Member
- Mr. Demas Tuikong Kiprono	Member
- Mr. Henry Omusundi Maina	Member
- Prof. Nancy Achieng Booker	Member
- Mr. Lempaa Vincent Suyianka	Member

3) Management Team

- Mr. David Omwoyo	Chief Executive Officer
- Mr. Victor Bwire	Director, Media Training & Development
- Mr. Hillary Korir	Director, Corporate Services
- Mr. George Maina	Ass. Director, Finance & Accounts
- Mr. Josphat Kibaara.	Ass. Director, Human Resource & Admin
- Ms. Anne Jalang'o	Ass. Director, Internal Audit
- Ms. Mildred Maina Bwari	Senior Officer Supply Chain Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	- Mr. David Omwoyo
2.	Director Media Training & Development	- Mr. Victor Bwire
3.	Director Corporate Services	- Mr. Hillary Korir
4.	Ass. Director Finance & Accounts	- Mr. George Maina
5.	Ass. Director Human Resource & Admin	- Mr. Josphat Kibaara
6.	Ass. Director Internal Audit	- Ms. Anne Jalang'o
7.	Senior Officer Supply Chain Management	- Ms. Mildred Bwari

(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 and 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
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). • 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 Intellectual Property (MIP) from Africa University, Zimbabwe. • Master’s Degree in Communication Studies. • Postgraduate Diploma in Mass Communication from the University of Nairobi. • Bachelor of Education (B. Ed) from Egerton University. <p>Work experience</p> <ul style="list-style-type: none"> • Chief Executive officer – Kenya Association of Music Producers • 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 • Chair – Audit Committee.
 <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.

	<ul style="list-style-type: none"> • He is a part time journalism trainer at the Aga Khan University Graduate School of Media and Communications. • 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: 11.10.1984</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
 <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

	<p>Association of Kenya (PJAK) and former 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 • Chair - Media Development and Training Committee
 <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 to July 2020 • Chair – Audit Committee to July 2020
 <p>Mr. David 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 Director Media Training & Development</p>
	<p>Mr. Hillary Korir Director Corporate Services</p>
	<p>Mr. Josphat Kibaara Assistant Director, Human Resource and Administration</p>
	<p>Ms. Anne Jalang'o Assistant Director, Internal Audit</p>



CPA George Maina
Assistant Director, Finance and Accounts



Ms. Mildred Bwari Maina
Senior Officer Supply Chain Management

4. CHAIRMAN'S STATEMENT

Despite the various challenges faced as a result of the Covid-19 pandemic in the financial year 2020/2021, I am pleased to report that the Council has managed to deliver not only its mandate but has also been in the forefront in ensuring that the media remains vibrant in its operations. The reporting period saw remarkable strides in compliance with media standards and press freedom in Kenya.

The Covid-19 pandemic devastated media operations, just like in the other sectors. To mitigate this, the Council implemented several initiatives including supporting media workers to cope with the situation. The consistent trainings, grants and provision of safety consumables kept journalists going amidst the biting economic situation that came about due to dwindling incomes by media houses.

In a bid to strengthen its regulatory role and to address emerging issues in the media sector, the Council embarked on mapping out the legislative and regulatory landscape affecting media freedom and the practice of journalism in Kenya with a view to making recommendations for reforms in the sector. The Media Sector Legislative Review delved into the constitutional provisions as well as the different pieces of legislation with the most immediate and significant impact on freedom of expression and media practice in Kenya. To this end, we initiated a review of the Media Council Act, 2013. Several proposals were made for amendments, and these have been shared with the Parliamentary Committee on Communication, Information and Innovation for further deliberations.

The Council also engaged the relevant legislative arms in developing policies on media diversity fund, advertising and a media policy; with an aim of enhancing greater press freedom.

In fulfilling our obligation to table reports of our work, the Council produced an annual report, situational reports and related reports on public perception on media performance and coverage of issues. These were shared with Parliament and Government. We also shared the 2020 media performance report, media coverage of corruption and media coverage of drought and hunger, among others that emanated from our media monitoring.

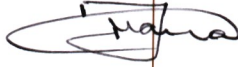
I am pleased that the Council's signature events continued attaining the intended objectives in ensuring propagation of our mandate and enhancing the Council's visibility. Notably, the Council attained recognition for its involvement in commemorating the World Radio Day, the World Press Freedom Day and the Council's signature event to celebrate journalistic excellence and achievements in Kenya, the Annual Journalism Excellence Awards (AJEA).

In efforts to strengthen MCK's institutional capacity and image, I am delighted to report that the Council embarked on expansion through acquisition of additional office space at the headquarters and for regional offices in Mombasa, Nakuru, Meru and Kisumu. These will become operational in the 2021/22 financial year. This step will not only bring services closer to the people, but also accord the Council a national presence. Related to this is the tremendous growth of human capital during the reporting period following the comprehensive review of the MCK's organizational structure. The new structure has seen an enhanced and more receptive regulatory function of the Council.

We also adopted a recommendation from the legal audit that we conducted to develop internal policies for the Council's Directorates for use as guiding principles in the decision-making process. Five policies have already been approved while 19 are due for review and adoption in the new financial year.

*MEDIA COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021.*

I take this opportunity to thank the Council, management and staff for support and zeal in fulfilling MCK's mandate and assure them of my continued support.



Maina Muiruri
Chairman of the Council

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present an account of the Media Council of Kenya's achievements in the Financial Year 2020/2021. The Council implemented several activities in pursuit of fulfilling our mandate to enhance professionalism and compliance with media standards.

It is worth noting that amidst the drastic shifts brought about by the Covid-19 pandemic, the Council employed measures to ensure sustainability and viability of the media in Kenya. To this end, the Council instituted a model media support intervention innovation which involved both editorial and financial support to media houses to cushion them against adverse effects of the pandemic. We also provided support to media in form of travel grants to journalists and trainings, grants to media houses, equipment to community media and Personal Protection Equipment (PPEs) to journalists. The Council developed Covid-19 guidelines and safety manuals for the media to use for safety and protection of journalists.

The Council attained milestones in the reporting period, as represented by the 6A's that recapitulate our media regulation mandate.

Academy

The Media Council of Kenya under its Africa Media Academy conducted trainings for over 2,000 journalists on various topics of specialisation, including on the Big Four Agenda as well as on national values and governance, ethics and anti-corruption. Other trainings were on media relations and access to information, climate change and food security, gender and non-discrimination, sustainable development goals and safety.

The Council developed curricular for training journalists in emerging subjects of interest namely, Climate Change and Food Security Reporting, Health Reporting as well as Reporting on Child Protection Rights and Safety. These curricular are modelled as professional enhancement courses for practicing journalists and media practitioners.

We extended support to 890 journalists, independent content producers, and media practitioners through provision of reporting grants to enable them to create and produce professional content. Grant beneficiaries included journalists and media practitioners from print, broadcast and online platforms, disseminating news and information in English, Kiswahili and local languages on health, gender, governance and climate change reporting. We conducted virtual online trainings for our travel grantees besides being attached to assigned mentors. The Council also extended operational support to 40 media professional groups that it works closely with across the country including. Through the Council's grants programme, journalists continued to gather data and disseminate information on the Covid-19 pandemic as an issue of public health. Grant beneficiaries produced and disseminated 450 health stories covering Covid-19 pandemic, access to universal health, health policies and public health concerns raised by Kenyans.

Accreditation

We successfully moved our accreditation system to digital, where we accredited 5,455 journalists and conducted accreditation and sensitisation activities in 30 counties, reaching out to 2,000 journalists. In addition, we issued 1,400 special passes in April 2021 to media houses for their non-editorial staff. The launch of the new self-service accreditation portal saw a rise in the number of accredited journalists from the previous years. The Council has also developed an internal standard operating procedure on

accreditation and document management plan. We anticipate having these approved in the 2021/22 financial year.

Advocacy

The Media Council of Kenya places press freedom and independence of the media at the forefront. We engaged with various administrative and security agencies to assist in addressing violations of press freedom against journalists as they go about their rightful duty.

We joined the world in commemorating the World Press Freedom Day on May 3rd, 2021. We continue to observe this day as a major platform to engage media stakeholders and to remind society of the crucial role of the media in matters of public interest.

In a bid to forestall attacks against journalists, the Council produced and disseminated branded press jackets, name tags and caps to journalists to ease identification. Other interventions undertaken by the Council included Rapid Response Initiatives (RRIs) and counselling and psychological support for journalists. We also set up an emergency fund and rapid response to assist media workers whenever they encounter distress.

In cementing our place as the national media regulator, the Council convened the Kenya Media Sector Working Group where varied industry matters were handled, and sector matters advocated for.

Analysis

The Council undertook robust media monitoring across the country including of vernacular and county-based radio stations and television stations to pick out unprofessional content. The Council also visited the media houses to conduct in-house training on professionalism with a focus on hate speech. Further, the Council established a fact-checking desk that proactively picks propaganda and rumours and debunks- including issuing advisories to media. A key output is the weekly publishing of the *Media Observer* newsletter out of the media monitoring.

Adjudication

The support given to the Council has seen the Complaints Commission arbitrate on media disputes speedily. The Complaints Commission was involved in outreach interventions where Commissioners attended media and information literacy forums across the country to admit and arbitrate in disputes between the public and media.

The Commission had over 15 cases to dispense during the reporting period, with eight successfully adjudicated and the rest at various stages of determination. In January 2021, the Commission underwent the 50-hour mediation training to build their capacity in mediation. This has strengthened the Commission's operations.

The Commission has also developed the draft Complaints Commission Rules of Procedure 2021 for purposes of providing more detailed procedures for determining disputes, hence ensuring quicker resolution of media-related disputes. The Commission developed Practice Guidelines for Hearing and Appeals; the purpose being to guide the integration of Information Communication Technology (ICT) into the Commission's proceedings and to provide electronic filing and case management.

Advisory

Under the Regulatory Affairs department, the Council has reviewed the Media Council Act 2013, Code of Conduct for the Practice of Journalism in Kenya, developed guidelines on Accreditation, Access to Information, College Inspection and Public Complaints Handling with the aim of strengthening its legal mandate and aligning them to the current emerging issues in the media.

The proposed amendments in the Act were shared with the Parliamentary Committee on Communication, Information and Innovation for further deliberations and subsequent public participation.

Guided by the provisions in *Mwongozo*, the Council undertook the annual governance audit and bi-annual legal audit. Recommendations on the legal and governance interventions have been scheduled for execution.

The Council signed various Memorandum of Understanding (MOU) with like-minded institutions for collaborations and partnerships to train and strengthen the capacity of journalists.

I thank the Board for its unqualified support in steering this institution, the Management and Staff of the Council for their dedication towards ensuring that we fulfill our mandate.



David Omwoyo Omwoyo
Chief Executive Officer & Secretary to the Council

6. STATEMENT OF MEDIA COUNCIL OF KENYA PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

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 2020/2021 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) 2 Reports on Media Performance and Trends 2) 30 Awareness Campaigns 3) 2 Baseline reports	<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"> • Report on Media Trends • Conducted 10 stakeholder's validation • Enhanced media sector working groups and COVID- 19 rapid response committee

<p>Pillar 3: Limitation to Media Freedom and Independence</p>	<p>Promote and Safeguard Media Freedom and Independence</p>	<p>4) Reports on mentorship and Travel grants on thematic areas</p> <p>1) Semi- Annual reports on Media sector support gaps</p> <p>2) 4 Annual reports on Journalists' risk areas</p>	<ul style="list-style-type: none"> • Develop and set standards, thematic reporting guidelines. • Developed and implemented a media support and mentorship strategy • Secure and promote networks and partnerships in the sector • Promote media literacy • Enhance safety and protection of journalist • Implement itemised media monitoring and evaluation as a feedback mechanism for improvement • Strengthen protection mechanisms for journalists • Improve access to information 	<ul style="list-style-type: none"> •Conducted 20 Media literacy forums •Conducted several inhouse engagements with media outlets and independent content producers. •Operationalised national safety and protection mechanism for journalists Conducted 10 trainings for journalists and outreaches for county information officers on access to information •Produced a report on legal audit of press freedom laws in Kenya •Produced 4 reports on attacks on journalists •Conducted over 30 awareness campaigns on journalists' protection
<p>Pillar 4: Inadequate Dispute Resolution Capacity</p>	<p>Strengthen Media Sector Mediation Capacity and Dispute Resolution Mechanism</p>	<p>1)Number of trainings to commissioner on dispute resolution.</p>	<ul style="list-style-type: none"> • Improve access to information 	<ul style="list-style-type: none"> Conducted 10 trainings for journalists and outreaches for county information officers on access to information

<p>Pillar 5: Weak Institutional Capacity and Image</p>	<p>Strengthen MCK's Institutional Capacity and Image</p>	<p>2) Established media resource centre</p> <p>3) Quarterly awareness reports</p> <p>4) Annual campaigns</p> <p>1) Optimal staff numbers per department</p> <p>2) Number of trainings conducted annually</p>	<ul style="list-style-type: none"> • 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"> • 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
-------------------------------------------------------------------------------	--------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

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.

MEDIA COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021.

Council Meetings

Full Council Meeting							
Member	3/7/2020	15/7/2020	4/9/2020	23/9/2020	15/01/2021	14/4/2021	30/6/2021
Mr. Maina Muiruri	√	√	√	√	√	√	√
Mrs. Tabitha Mutemi	√	√	√	√	√	√	√
Ms. Susan Karago	√	√	√	√	√	√	√
Ms. Patience Nyange	√	√	√	√	√	√	√
Mr. Timothy Wanyonyi	√	√	√	√	√	√	√
Dr. Mbugua Njoroge	√	√	√	√	√	√	√
Ms. Roselyne Obala	√	√	√	√	√	√	√
Mr. P.D Gwaro Ogaro	√	√	√	√	√	√	√
Dr. Davidson Mwaisaka+	√	√					

Media Development and Training Committee					
	1/7/2020	10/7/2020	3/9/2020	11/01/2021	22/6/2021
Ms. Susan Karago	√	√	√	√	√
Ms. Tabitha Mutemi	√	√	√	√	√
Patience Nyange	√			√	
Ms. Roselyne Obala	√	√	√	√	√
Mr. P. D Gwaro Ogaro	√	√	√	√	√
Mr. Timothy Wanyonyi				√	
Dr. Mbugua Njoroge		√			

Regulatory Affairs Committee				
	4/9/2020	10/9/2020	12/01/2021	22/6/2021
Mr. Timothy Wanyonyi	√	√		√
Dr. Mbugua Njoroge	√	√	√	√
Ms. Roselyne Obala	√	√	√	
Patience Nyange			√	√

Finance and Administration Committee										
Member	2/7/20	8/7/20	14/7/20	9/9/20	10/09/20	3/9/20	30/1/21	13/6/21	23/6/21	24/6/21
Dr. Mbugua Njoroge	√	√	√	√	√	√	√	√	√	√
Ms. Susan Karago	√	√	√	√	√	√	√	√	√	√
Mrs. Tabitha Mutemi	√	√	√	√	√	√	√	√	√	√
Mr. P.D Gwaro Ogaro	√	√	√	√	√	√	√	√		
Ms. Roselyne Obala	√	√	√	√	√	√	√	√		

Audit Committee		
	2/7/2020	30/9/2020
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 2021	Budget	Actual	Utilization
	FY 2020/2021	FY 2020/2021	FY 2020/2021
	KShs	KShs	KShs
Receipts	785,000,000	811,878,866	100.03%
Payments	785,000,000	766,250,831	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 a delay in disbursement of funds towards operationalization of the Regional Offices, resulting into the commencement of the procurement process towards the end of the financial period. The commitments to various vote heads were done and have been reported under trade payables. 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 KShs 21 million from licences and permits from journalists and Media enterprises.

Surplus for the period

The surplus for the year ending 30th June 2021 was KShs 100 million. This surplus relates to the unutilised funds which had been allocated for operationalization of Regional Offices including office partitioning. They will be utilised on the same vote line in the FY 2021/2022.

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 are 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. ENVIRONMENTAL / 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, with a focus on the media industry. It is envisaged that upon adoption, the policy will lay the foundation for a sustainable strategy that is aligned to the strategic objectives of the Council. This will not only benefit the local community but also create goodwill for MCK.

MCK has exclusively adopted use of technology in disseminating public information. This also covers placement of advertisements and call for public participation in our activities. The Council has proactively utilised its websites and social media assets to convey information to our audiences.

During the reporting period, the following MCK key initiatives helped it to reach its stakeholders:

- Media Literacy Forums
- Annual Journalism Excellence Awards
- World Press Freedom Day
- Online webinars
- Media trainings
- COVID-19 interventions

Sustainability strategy and profile

MCK has worked to strengthen working relations with Governmental and non-governmental actors with a view to enable them to understand the expanded mandate of the institution. The Council signed various Memorandum of Understanding (MOU) with like-minded institutions for collaborations and partnerships to train and strengthen the capacity of journalists. We constantly engaged MOICT, National Treasury and Parliament on key policy issues. The management also enhanced external relations, through innovative and creative media development interventions. This included use of technology to support operations, 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 remains cognisant of the two-thirds gender ratio in its recruitments and other appointments. The Council also considers regional balance and inclusivity of persons living with disability, in strict adherence to merit. The Council has currently fulfilled the one-third rule in its staff compliment.

The Council places great emphasis on staff skills development, with allocation of funds for staff training every year. All staff are facilitated to attend at least one professional training each year. Further, 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. Our procurement function is guided by established guidelines and ethical policy and this is reflected in how we treat our suppliers.

Notably,

- 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.

Regarding 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 are communicated to the suppliers on time.

Community Engagements

To support the media industry, the Council extends travel grants to journalists to facilitate their reporting of varied matters of public interest and to cushion them against the Covid-19 pandemic. The Council continued to support journalists through provision of reporting grants. A total of 890 journalists received grants for health, gender, governance and climate change reporting in five cycles of grants. Grant beneficiaries included journalists and media practitioners from print, broadcast and online platforms, disseminating news and information in English, Kiswahili and local languages. The Council conducted virtual online trainings for our travel grantees besides being attached to assigned mentors. Under this programme, some journalists in distress were supported with food, Covid-19 safety consumables and safety jackets.

MCK conducted free media literacy events that enabled members of the public to understand the work of the media and how to engage the media and participate in media programmes.

10. REPORT OF THE COUNCIL MEMBERS

The Council Members submit their report together with the audited financial statements for the year ended June 30, 2021, 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, 2021, 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). During the year 2020/2021, Dr Davidson Mwaisaka resigned from the board.

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

Signature

Date 21/6/22

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 2020/2021 and the operating results of the Media Council of Kenya for that year 2020/2021. 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, 2021. 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, 2021, 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

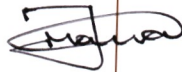
of Kenya which have been relied upon in the preparation of the Media Council of Kenya financial statements as well as the adequacy of the systems of internal financial control.

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

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

21/06/2022 2022 and signed on its behalf by:



Mr. Maina Muiruri
Chairman of the Council

21/06/2022.....

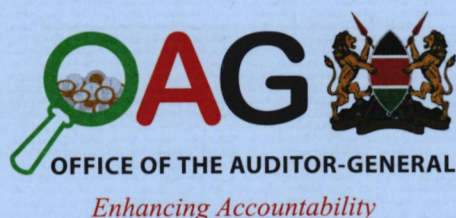


Mr. David Omwoyo Omwoyo
CEO & Secretary to the Council

21/06/2022.....

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MEDIA COUNCIL OF KENYA FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Media Council of Kenya set out on pages 1 to 17, which comprise the statement of financial position as at

30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Media Council Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Property Plant and Equipment

The statement of financial position reflects the property, plant, and equipment balance of Kshs.171,404,099 as disclosed in Note 16(a) to the financial statements. However, the asset register presented for audit reflected assets totaling Kshs.108,591,644 resulting in an unexplained and unreconciled difference of Kshs.62,812,455. Further, the fixed asset register did not have information detailing the asset description, asset code, locations, cost, accumulated depreciation, net book values, and acquisition dates. In addition, Note 16 to the financial statements reflects additions of assets amounting to Kshs.139,355,741. The additions include assets valued at Kshs.113,445,304 which were not supported by delivery notes, invoices, local purchase orders, inspection, and acceptance committee reports, or completion certificates.

In the circumstances, the accuracy, and completeness of the reported property, plant, and equipment balance of Kshs.171,404,099 as at 30 June, 2021 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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 issues were raised under the report on financial statements and report on lawfulness and effectiveness in the use of public resources. However, the Management has not resolved some of the issues nor provided explanations for the failure to resolve the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness 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

Failure to Comply with the Executive Order on E-Procurement

During the period under review, the Council procured goods and services outside the approved E-procurement platform. This was contrary to Executive Order No.6/2015 which directed all State Corporations to arrange to migrate their procurement systems to the e-procurement platform developed by The National Treasury.

The Management did not provide satisfactory explanations for the non-compliance with the Government directive.

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 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

Corporate Governance Structure

During the year under review, the Audit Committee of the Council met only twice. This was contrary to Regulation 179(1) of the Public Finance Management (National Government) Regulations, 2015 which requires an Audit Committee to meet at least four times a year. Further, the Audit Committee Chairman resigned during the year and had not been replaced at the time of the audit in February, 2022. As a result, internal audit reports have not been deliberated by the Committee. Further, the Gazette notice and appointment letters for the Council members were not provided for audit review.

In the circumstances, the effectiveness of internal controls, risk management, and governance of the Media Council could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management, and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Council's ability to continue to sustain 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.

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

to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

07 July, 2022

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from Government	6	781,000,000	444,600,000
Licenses and permits	7	21,134,038	14,884,839
Other Income	8	9,744,849	10,808,195
Total Revenue		811,878,886	470,293,034
Operating Expenses			
Use of Goods and Services	9	537,390,437	296,388,148
Employee Cost	10	121,357,360	91,622,641
Council Expenses	11	41,243,731	19,491,463
Depreciation Expense	12	8,569,356	11,213,616
Repairs and Maintenance	13	3,288,348	1,458,098
Total Operating Expenses		711,849,232	420,173,967
Surplus/(deficit) for the period/year		100,029,656	50,119,067

The notes set out on pages 7 to 15 form an integral part of these Financial Statements.
The Financial Statements set out on pages 1 to 6 were signed on behalf of the Council by:

CEO & Secretary to the Council
Mr. David Omwoyo Omwoyo

Ass. Director Finance & Accounts
CPA George Maina
Member No. 10199

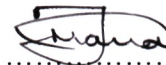
Chairman of the Council
Mr. Maina Muiruri



Date: 21/6/2022



Date: 21/6/22



Date: 21/06/22

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	14	161,961,146	58,381,285
Receivables from Non-Exchange transactions	15	10,329,549	7,390,471
Total Current assets		172,290,695	65,771,756
Property, Plant and equipment	16a	171,404,099	40,617,714
Intangible Assets	16b	7,715,618	-
Total Non- Current assets		179,119,717	40,617,714
Total assets		351,410,412	106,389,470
Liabilities			
Current liabilities			
Trade and other payables from Non exchange transactions	17	162,464,075	17,472,789
Non-current liabilities			
Fund Balance	18	188,946,337	88,916,681
Total net assets and liabilities		351,410,412	106,389,470

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

CEO & Secretary to the Council
Mr. David Omwoyo Omwoyo



Date: 21/6/2022

Ass. Director Finance & Accounts
CPA George Maina
Member No. 10199



Date: 21/6/2022

Chairman of the Council
Mr. Maina Muiruri



Date: 21/6/2022

15. STATEMENT OF CHANGES IN NET ASSETS

	Fund Balance	Deferred	Total
	KShs.	Income	KShs.
		KShs.	
Balance as at July 1, 2020	39,404,087	-	39,404,087
Surplus for the period	50,119,068	-	50,119,068
Transfer to / from accumulated surplus	-	-	-
Loss on Revaluation	(606,474)	-	(606,474)
At June 30, 2020	88,916,681	-	88,916,681
At July 1, 2020	88,916,681	-	88,916,681
Surplus for the period	100,029,656	-	100,029,656
At June 30, 2021	188,946,337	-	188,946,337

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
		KShs	KShs
Cash flows from operating activities			
Receipts			
Transfer from Government	6	781,000,000	444,600,000
Licenses and permits	7	21,134,038	14,884,839
Other income	8	9,744,850	10,808,195
Total Receipts		811,878,888	470,293,034
Payments			
Use of Goods and Services	9	537,390,437	296,388,148
Compensation of employees	10	121,357,360	91,622,641
Council Allowance	11	41,243,731	19,491,463
Repairs and Maintenance	13	3,288,348	1,458,098
Total Payments		703,279,876	408,960,351
Net cash flows from operating activities		108,599,012	61,332,683
Cash flows from investing activities			
(Decrease)/Increase in receivables and prepayments	15	(2,939,078)	(1,000,598)
Purchase of property, plant, equipment	16	(147,071,359)	(18,188,230)
(Decrease)/Increase in trade payables	17	144,991,286	(5,164,125)
Net cash flows used in investing activities		(5,019,151)	(24,352,953)
Net increase/(decrease) in cash and cash equivalents		103,579,861	36,979,730
Cash and cash equivalents as at 1 st July 2020		58,381,285	21,401,555
Cash and cash equivalents as at 30th June 2021		161,961,146	58,381,285

CEO & Secretary to the Council

Ass. Director Finance & Accounts

Chairman of the Council



Mr. David Omwoyo Omwoyo



CPA George Maina

Member No. 10199



Mr. Maina Muiruri

Date: 21/6/22

Date: 21/6/2022

Date: 21/6/22

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from the Government	431,000,000	350,000,000	781,000,000	781,000,000	-	
Licenses and Permits (Accreditation fee)	2,000,000	-	2,000,000	14,634,038	-12,634,038	
Licenses and Permits (Subscription)	2,000,000	-	2,000,000	6,500,000	-4,500,000	
Other Income	-	-	-	9,744,849	-9,744,849	
Total income	435,000,000	350,000,000	785,000,000	811,878,886.80	-26,878,887	0.03%
Expenses						
Employees Cost	122,000,000	0	122,000,000	121,357,360	642,640	1%
Council Expenses	31,000,000	14,000,000	45,000,000	41,243,731	3,756,271	8%
Repair and maintenance	3,700,000	-450,000	3,250,000	3,288,348	-38,348	1%
Depreciation	8,569,356	0	8,569,356	8,569,356	-8,569,356	0%
Audit Fees	500,000	0	500,000	500,000	0	0
Consultancy Fee	53,390,000	27,910,000	81,300,000	77,241,330	4,058,669.94	5%
Office, Consumables and Cleaning expenses	5,450,000	-1,520,000	3,930,000	3,667,335	262,664.72	7%
Motor Vehicles Fuel and Oil	2,500,000	700,000	3,200,000	3,488,310	-288,310	9%
Insurance Cost	22,100,000	10,240,000	32,340,000	32,383,737	-43,736.96	0%

MEDIA COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021.

Postage, Telephone, and Internet	4,550,000	-3,390,000	1,160,000	1,093,535	66,465.27	6%
Printing and stationery	1,700,000	1,200,000	2,900,000	3,147,193	-247,192.91	-9%
ICT, ERP and Office Equipment	7,300,000	26,260,000	33,560,000	32,199,311	1,360,688.65	4%
Travel and Stakeholders forum	13,600,000	8,450,000	22,050,000	24,017,045	-1,967,044.74	-9%
Bank charges	700,000	60,000	760,000	832,193	-72,193.25	-9%
Accommodation and conferencing	7,000,000	26,200,000	33,200,000	35,732,687	-2,532,686.58	-8%
Staff welfare/training	17,245,000	-790,000	16,455,000	17,617,153	-1,162,152.56	-7%
Rental	19,167,000	-3,267,000	15,900,000	14,664,664	1,235,336.35	8%
Journalist Training	21,300,000	6,760,000	28,060,000	30,293,820	-2,233,819.57	-8%
Others (Media Awards)	18,000,000	0	18,000,000	18,736,559	-736,559	-4%
Publicity and Advertisement / MOICT	11,750,000	43,200,000	54,950,000	59,212,357	-4,262,357.35	-8%
Support to media Enterprise & Journalist / MMS	19,000,000	148,955,000	167,955,000	182,563,209	-14,608,208.92	-9%
Total expenditure	381,952,000	304,518,000	686,470,000	711,849,231.82	-25,379,229.92	-4%

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 2021.

There were no new standards or amendments published and applicable to the Council in year 2021.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

There were no new or amended standards and interpretations applicable to the Council in year 2021.

c) Early adoption of standards

The Council did not early – adopt any new or amended standards in year 2021.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

Revenue from Non- Exchange transaction includes:

The Council recognises revenues from subscription, accreditation, Donations, fines and other income. 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 2020-2021 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 2020/2021 was done on 27th May 2021.

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.⁸

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 imprests 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, 2021.

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	2020-2021	2019-2020
	KShs	KShs
Recurrent Grant	781,000,000	444,600,000
Total	781,000,000	444,600,000

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 Licenses and permits.

Description	2020-2021	2019-2020
	KShs	KShs
Accreditation	12,734,038	8,036,134
Subscription	8,400,000	6,848,705
Totals Licenses and Permits	21,134,038	14,884,839

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

8 Other Income

Description	2020-2021	2019-2020
	KShs	KShs
Other Income / Donation	9,744,849	10,808,195
Total	9,744,849	10,808,195

This relates to donations from development partners in support of MCKs signature event AJEA.

9 Use of Goods and Services

Description	2020-2021	2019-2020
Use of Goods and Services	KShs	KShs
Audit fees	500,000	500,000
Consulting fees	77,241,330	14,209,119
Office, Consumables and Cleaning	3,667,335	3,149,422
Fuels and Oil	3,488,310	1,106,350
Insurance Cost	32,383,737	10,889,791
Postage, telephone, and internet	1,093,535	931,741
Printing and stationery	3,147,193	2,340,223
ICT, ERP and Office Equipment	32,199,311	12,718,717

Travel and Stakeholders Forums	24,017,045	16,802,042
Bank charges	832,193	630,166
Accommodation and conferencing	35,732,687	19,372,636
Staff welfare/training	17,617,153	15,553,443
Rental	14,664,664	16,064,591
Training	30,293,820	12,561,092
Others (Media Awards)	18,736,559	10,810,629
Publicity and Advertisement	59,212,357	23,413,097
Media Support / Media Monitoring	182,563,209	135,335,089
Total	537,390,437	296,388,148

10 Employee Cost

Description	2020-2021	2019-2020
	KShs	KShs
Salaries and Wages	75,287,669	52,995,350
Employee related costs – contribution to pension	11,312,263	7,973,128
Travel and other allowances	12,051,902	11,576,200
Housing Benefit	16,720,282	12,812,500
Overtime	713,140	410,165
Performance and other bonuses	5,272,102	5,855,298
Total	121,357,359	91,622,641

11 Council expenses

Description	2020-2021	2019-2020
	KShs	KShs
Council Expenses		
Sitting Allowance	13,286,000	6,815,000
Honoraria	996,000	906,580
Travel Allowance	9,649,426	5,021,719
Other Expenses	17,312,305	6,748,164
Total	41,243,731	19,491,463

12 Depreciation

Description	2020-2021	2019-2020
	KShs	KShs
Depreciation	8,569,356	11,213,616
Total	8,569,356	11,213,616

13 Repair and maintenance

Description	2020-2021	2019-2020
	KShs	KShs
Vehicles	2,743,468	1,200,556
Furniture and fittings	192,885	113,720
Computers and Accessories	351,996	131,852
Others	-	11,970
Total	3,288,348	1,458,098

14 Cash and cash Equivalents

Description	2020-2021	2019-2020
	KShs	KShs
Bank	161,961,146	58,381,258
Total	161,961,146	58,381,285

Bank	Account No.	Amounts
Standard Chartered Bank of Kenya	0102096149700	106,512,545
Standard Chartered Bank of Kenya (Donor)	0102096149701	55,448,601
	Total	

15 Receivables from Non-Exchange transactions

Description	2020-2021	2019-2020
	KShs	KShs
Staff debtors	1,253,733	2,394,925
Prepayments	4,966,883	3,422,655
Deposits	4,108,932	1,572,891
Total	10,329,549	7,390,471

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 (a) Property, Plant and Equipment

	Motor vehicles	Computers	Office Furniture & Equipment	Office Partitioning	Media Monitoring System	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs
At 1st July 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
Disposals	-	-	-	-	-	-
Transfers/adjustments	(9,513,055)	(9,099,788)	(9,140,329)	(6,239,826)	(28,902,976)	(62,895,974)
At 30th June 2020	25,550,000	7,767,430	4,729,400	11,362,500	2,422,000	51,831,330
Additions	37,902,614	21,401,647	3,628,300	73,813,180	2,610,000	139,355,741
Disposals	-	-	-	-	-	-
Adjustments (revaluation loss)	-	-	-	-	-	-
At 30th June 2021	63,452,614	29,169,077	8,357,700	85,175,680	5,032,000	191,187,071
Depreciation and impairment						
At 1 July 2019	-	-	-	-	-	-
Depreciation	6,387,500	2,330,229	591,175	1,420,312	484,400	11,213,616
Impairment	-	-	-	-	-	-
At 30 June 2020	6,387,500	2,330,229	591,175	1,420,312	484,400	11,213,616
Depreciation	4,790,625	1,631,160	517,278	1,242,773	387,520	8,569,356
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-
At 30th June 2020	11,178,125	3,961,389	1,108,453	2,663,085	871,920	19,782,972
Net book values						
At 30th June 2021	52,274,489	25,207,688	7,249,248	82,512,595	4,160,080	171,404,099
At 30th June 2020	19,162,500	5,437,201	4,138,225	9,942,188	1,937,600	40,617,714

MEDIA COUNCIL OF KENYA
ANNUAL REPORT & FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2020-2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 (b) Intangible Assets

Description	2020-2021	2019-2020
	KShs	KShs
E Board System	7,715,618	-

17 Trade and other payables from non-exchange transactions

Description	2020-2021	2019-2020
	KShs	KShs
Payroll payables		-
Accrued audit and accountancy fees		-
Provisions for Audit fees	500,000	500,000
Donor Accounts	13,844,165	4,856,823
Other payables	148,119,910	12,115,966
Total	162,464,075	17,472,789

18 Fund Balance

Description	2020-2021	2019-2020
	KShs	KShs
Reserves	88,916,681	39,404,088
Accumulated Surplus	100,029,656	50,119,067
Loss on revaluation	-	(606,474)
Total	188,946,336	88,916,681

19 Related party Balances

Description	2020-2021	2019-2020
	KShs	KShs
Council / Commission	41,243,729	19,491,463
Senior Management	42,920,549	27,934,741
Total	84,164,278	47,426,204

20 Reporting Currency

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

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT & FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2020-2021**

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

	RESOLVED	N/A
<p>1. Revenue from Licenses and Permits</p>	<p>During financial period under review, MCK implemented the approved MCK accreditation guidelines, which changed the accreditation validity period to calendar year as opposed to the recognition of twelve months from the date of accreditation.</p> <p>All press card renewals for the year 2020 were pre-iced to December 2020.</p> <p>Similarly, accreditation payments were based on the validity period and not full amounts, leading to the reported dip in revenues.</p> <p>Included in the reporting on number of accredited journalists are final year students undertaking training in journalism. The students pay an annual fee of KES 300 which is different from the charges for non-students, further explaining the difference in expected versus actual revenue collection.</p> <p>This also supports the numbers cited by the Chairman and the Chief Executive Officers in their addresses within the financial report.</p>	<p>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 revenues balance, of Kshs.8,036,14 and Kshs 6,848,703 respectively.</p> <p>According to Gazette notice no. 897 of 13 January, 2019, 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 either operating in Kenya or Kshs 5,000 for foreign journalist operating in Kenya on short term assignments.</p> <p>Upon receipt of the fees, the journalist name is to be entered into a register and updated annually by the Council.</p> <p>Further, Gazette notice no. 896 of 13 January, 2009 required all media enterprises operating in Kenya to make monthly fees ranging between Kshs.10,000 and Kshs.150,000 depending on number of outlets(s), size each and power frequency, for each of the media enterprise and the fees are paid quarterly to the Media Council of Kenya.</p> <p>However, the forward by the Chairman of the Media Council of Kenya and the Chief Executive Officer indicated that more than 3,000 journalists were accredited during the financial year 2019/2020 and therefore expected minimum income was Kshs 10,000,000 while the recorded was Kshs 8,036,14. No reconciliation or explanation have been provided for audit review.</p> <p>Further, the Council does not maintain an updated register or record of all media enterprises operating in Kenya and therefore it was not possible to establish how much was payable as levies in compliance with Gazette Notice No. 896 from the media enterprises. The reported annual subscription amount of Kshs 6,848,703 is also not based on known number of media enterprises to support the comprehensive billing and recording of revenues as per the Gazette notice. Further, the amount of annual levies billable by the Council since the effective date of the Gazette notice could not be determined with certainty.</p> <p>Under the circumstances, the accuracy and completeness of the reported the revenue from licenses and permits of Kshs 14,884,839 for the year ended 30 June 2020 could not be confirmed.</p>
<p>2. Unsupported Property, Plant and Equipment Balance</p>	<p>RESOLVED</p>	<p>An updated Fixed Assets Register supporting the PVE balance has now been availed for audit review.</p>
<p>3. Unsupported Expenditures</p>	<p>NOT RESOLVED</p>	<p>The council noted that the current rate of KES 179/sq being the rental charge offered by Orinam Holdings for the space currently occupied by MCK, is higher than the market rate, given the rate currently being experienced in the county that has resulted in a drop in commercial real estate prices.</p> <p>Orinam Holdings has offered MCK additional office space at a consolidated rate of KES 129/sq.</p> <p>The Council would like to benefit from economies of scale on the lower rate by signing one lease for its consolidated office space.</p> <p>The council had applied for funding for the additional office space to the National Treasury.</p> <p>A delay in disbursement of supplementary funds that would have allowed the council to formally take up the offer led to deferment of the signing of the lease agreement.</p> <p>MCK has now received funding to enable it take up the consolidated space and has contracted Public Works to undertake the partitioning works.</p> <p>The Council shall sign a consolidated lease agreement with the landlord by the end of the current financial period.</p>
<p>3.1 Use of Goods and Services</p>	<p>30th JUNE, 2021</p>	<p>MCK intends to create storage within its premise as an internal control and risk mitigation measure. Because of this, it has chosen not to renew its storage contract with Amstrong Movers, in mitigation against any liabilities that may arise against it for early termination of a lease contract.</p> <p>Grants awarding, evaluation and vetting</p> <p>A team from the Council (Media Training & Development Directorate) and experts within the media fraternity were invited to vet the applications.</p> <p>The report from this exercise was as the basis for the grants awarding, evaluation and vetting.</p> <p>Journalists</p> <p>MCK is mandated by the Media Council Act 2013 to keep a list of all accredited journalists in Kenya.</p> <p>The database of all accredited journalists and who attend MCK sponsored training programs and other related instructions was the main source for identification for intervention under this category.</p> <p>Qualification for grants for journalists under this category was informed by the accreditation lists</p> <p>Media Associations</p> <p>MCK is required to identify and offer assistance to Media Support Groups so as to foster professionalism and growth within the Media Industry.</p> <p>MCK in conjunction with other Media stakeholders spearheaded the process of identifying and vetting daily registered Media Support Groups with an aim to fostering and promoting a mutually working relationship. At completion of the vetting exercise, MCK published a report detailing a list of daily registered Media Associations. Inclusion in the MCK report was the pre-requisite qualification for receipt of grants for this category.</p>
<p>3.1.1 Rental Expenses</p>		
<p>4. Media Support and Monitoring</p>		<p>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 availed for audit review. Further, no evidence was provided to confirm receipt of the grants and whether the grants were utilized for the intended purposes.</p> <p>Under the circumstances, the accuracy, validity and propriety of the expenditure of Kshs.47,963,890 incurred on grants could not be confirmed.</p>

MEDIA COUNCIL OF KENYA
ANNUAL REPORT & FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2020-2021

Reference No in the external audit Report 2019/2020	Issue - Observations from Auditor	Management comments	Status (Resolved/Not Resolved)	Time frame (If a time when you expect the issue to be resolved)
5.	<p>Cash and cash equivalents</p> <p>As disclosed in Note 14 of the financial statements, the statement of financial position reflects a cash and cash equivalents balance of KSh 58,381,285. Available information indicates that through the Donor Account No. 0102096149/001, which had an operating balance of KSh 15,233,717, the Council received donor funding totalling to KShs.10,600,195 as reflected as other income in the statement of financial performance, bringing the total donor funds available during the year to KSh. 26,041,912. However, the total available amount of KSh. 26,041,912 differs from the reported closing bank balance of 26,148,944, resulting to an unexplained variance of KShs.107,032.</p> <p>Further during the year under review, the Council banked an amount of 107,138,781 in form of imprests refunds and inter-bank transfers from the recurrent account No. 0102096149/001 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:</p> <p>(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.</p> <p>(ii) The Management did not provide a reconciliation of the donor account opening balance of KSh. 15,233,717, receipts into the account during the year and the payments made out of the account to yield the closing balance of KShs. 26,148,944 as at 30 June 2020</p> <p>Under the circumstances, the accuracy, propriety and validity of the cash and cash equivalents balance of KSh. 58,381,285 as at 30 June 2020 could not be confirmed.</p> <p>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 in respect of trade payables of KShs.27,636,915 while the balance submitted and approved by the Council was KShs.101,000,000.</p> <p>No explanation was provided for the resultant variance of KShs.76,363,085.</p> <p>Under the circumstances, the accuracy of the financial statements for the year ended 30 June 2020 could not be confirmed.</p>	<p>Media Enterprises:</p> <p>Media Enterprises are entities registered by the Communication Authority of Kenya (CA) through allocation of frequencies and have in their employment journalists who have been accredited by MCK-MCK engages them on a regular basis for purposes of promoting professional media practices in Kenya. Media Enterprises who form part of the Media Sector Working Group, are registered by CA and have accredited journalists were considered for receipt of interventions through grants.</p> <p>Other considerations</p> <p>Online presence and visibility on other media platforms.</p> <p>Consideration on the strength of the stations in terms of reach, audience and audience segmentation</p> <p>Community-based stations were considered on the basis of equity and universal equity for population density and influence.</p> <p>Community stations were considered based on their local presence and whether or not they were broadcasting in languages spoken in those communities</p> <p>The inter-bank transfers relates to payments made towards complementing development partner related activities in order to actualize the strategic plan and work plans.</p> <p>Budgetary allocations for all MCK annual signature events are appropriated through the donor account for ease of accountability and reporting.</p> <p>Additionally, all donations meant for MCK activities and partnership engagements are channelled to this account to monitor expenditure and ensure accurate reporting of all revenue received by the Council.</p>	RESOLVED	N/A
6.	<p>Unexplained Budget Variance</p> <p>The pending bills balance of KES 76,363,085 related to liabilities which were brought to the attention of MCK after the reporting period. The late reporting was occasioned by crystallization of unforecasted liabilities, delayed submission of invoices from a contractor and unforeseen demand for penalties for delayed payments.</p> <p>These matters necessitated the need for pre-audit and authentication of the documentation by the MCK Budget Implementation Committee, for accuracy and completeness, before tabling before the Council for adoption.</p> <p>Further, an allocation of KES 50 Million that had been granted to MCK within the FY 2018/2019 through supplementary II was never disbursed as anticipated.</p> <p>During the FY 2017/2018 MCK made a request to the National Treasury for additional funding for expansion of new office to enable it carry out its expanded mandate of media monitoring following the growth of the media industry and increased complaints on hate speech and misinformation to public. This request was granted, and the Council allocated KES 50 Million under supplementary II of the FY 2018/2019. The allocation was confirmed through the FY 2018/2019 budget printed estimated.</p> <p>MCK initiated the procurement process for office partitioning and commenced engagements with public works and related contractors. Priram Centre (landlord) was also informed of the intention to occupy extra space within the establishment, so as to capitalize on the benefits of economies of scale on the lower rental rates as negotiated by both parties.</p> <p>Despite reflecting in the system, the funds were neither released to MCK by the ecdequiptor nor was there an official communication regarding the same.</p> <p>Although engagements with contractor and public works had been done before the year end, invoices for works were brought to the Council after end of the reporting period.</p> <p>The reconciled pending bills schedule and supporting documents has now been availed for audit review.</p>	<p>The pending bills balance of KES 76,363,085 related to liabilities which were brought to the attention of MCK after the reporting period. The late reporting was occasioned by crystallization of unforecasted liabilities, delayed submission of invoices from a contractor and unforeseen demand for penalties for delayed payments.</p> <p>These matters necessitated the need for pre-audit and authentication of the documentation by the MCK Budget Implementation Committee, for accuracy and completeness, before tabling before the Council for adoption.</p> <p>Further, an allocation of KES 50 Million that had been granted to MCK within the FY 2018/2019 through supplementary II was never disbursed as anticipated.</p> <p>During the FY 2017/2018 MCK made a request to the National Treasury for additional funding for expansion of new office to enable it carry out its expanded mandate of media monitoring following the growth of the media industry and increased complaints on hate speech and misinformation to public. This request was granted, and the Council allocated KES 50 Million under supplementary II of the FY 2018/2019. The allocation was confirmed through the FY 2018/2019 budget printed estimated.</p> <p>MCK initiated the procurement process for office partitioning and commenced engagements with public works and related contractors. Priram Centre (landlord) was also informed of the intention to occupy extra space within the establishment, so as to capitalize on the benefits of economies of scale on the lower rental rates as negotiated by both parties.</p> <p>Despite reflecting in the system, the funds were neither released to MCK by the ecdequiptor nor was there an official communication regarding the same.</p> <p>Although engagements with contractor and public works had been done before the year end, invoices for works were brought to the Council after end of the reporting period.</p> <p>The reconciled pending bills schedule and supporting documents has now been availed for audit review.</p>	RESOLVED	N/A

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		MEDIA COUNCIL OF KENYA		
Break down of Transfers from the State Department of Broadcasting and Telecommunication				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		24-08-2020	105,250,000	FY 2020/2021
		24-08-2020	2,500,000	FY 2020/2021
		10-11-2019	105,250,000	FY 2020/2021
		10-11-2019	2,500,000	FY 2020/2021
		02-01-2021	105,250,000	FY 2020/2021
		02-01-2021	2,500,000	FY 2020/2021
		13-05-2021	2,500,000	FY 2020/2021
		05-05-2021	455,250,000	FY 2020/2021
		Total	781,000,000	
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.

Ass. Director Finance & Accounts

Head of Accounting Unit

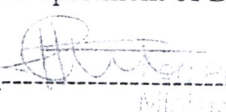
Media Council of Kenya

State Department of Broadcasting and Telecommunications

Sign



Sign



Secretary
Ministry of Information,
Communication & Public
Relations
P.O. Box 30000, Nairobi
Kenya

*MEDIA COUNCIL OF KENYA
ANNUAL REPORT & FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2020-2021*



Ground Floor, Britam Centre,
Hill Lane, off Ragati Road, Upper Hill,
P.O. Box 43132 - 00100, Nairobi, Kenya
Tel: +254 - 20 - 273 7058 | +254 (020) 271 6266
Mobile +254(0) 727 735 252
Email: info@mediacouncil.or.ke
www.mediacouncil.or.ke