

REPUBLIC OF KENYA



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REPORT

THE NATIONAL ASSEMBLY  
PAPERS Laid  
DATE: 09 APR 2025 Wednesday  
Tabled  
by  
OF  
CLERK-AT  
THE-TABLE: Hon. Naom Waco, MP  
Deputy Majority Party Whip  
Halima Ahmed

**THE AUDITOR-GENERAL**

**ON**

**INFORMATION AND COMMUNICATION  
TECHNOLOGY AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



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**THE INFORMATION AND COMMUNICATION TECHNOLOGY AUTHORITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2024**

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

**Annual Report and Financial Statements  
for the year ended June 30, 2024.**

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## 1. Acronyms, Abbreviations and Glossary of Terms

### A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

### B: Glossary of Terms

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organization.

**Comparative Year-** Means the prior period.

## 2. Key Entity Information and Management

### (a) Background information

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

### (b) Principal Activities

The principal activity of the ICT Authority is to rationalize and streamline the management of all Government of Kenya ICT functions. Its broad mandate entails enforcing ICT Standards in Government and enhancing the supervision of its electronic communication. The Authority also promotes ICT literacy, capacity, innovation and enterprise in line with the Kenya National ICT Masterplan 2017 and the Kenya National Digital Master Plan (2022-32).

#### *ICTA Vision*

Transforming Lives using ICT.

#### *ICTA Mission*

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

#### *ICTA Mandate*

- Set and enforce ICT standards and guidelines for the human resource, infrastructure, processes and system and technology for the public office and public service; and
- Deploy and manage all ICT staff in the public service;

**Annual Report and Financial Statements  
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- Facilitate and regulate the design, implementation and use of ICTs in the public service;
- Promote ICT literacy and capacity;
- Promote e-Government services;
- Facilitate optimal electronic, electronic form, electronic record and equipment use in public service;
- Promote ICT Innovation and enterprise;
- Establish, develop and maintain secure ICT infrastructure and systems
- Supervise the design, development and implementation of critical ICT projects across the public service.
- Implement and manage the Kenya National Spatial Data Initiative

**(c) Key Management**

ICTA's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Board of Directors	<ul style="list-style-type: none"> <li>• Hon. Sylvanus Maritim-Chairman</li> <li>• Edna Atisa-Alt PS Treasury</li> <li>• Clara Ketyenya -Alt PS Lands</li> <li>• Steve Karani-Alt PS MOIC &amp; DE</li> <li>• Rahma Jillo</li> <li>• Ken Vincent Kaunda</li> <li>• Annette Mutuku</li> <li>• Alfred Ngeno</li> <li>• Njogu Wachira</li> <li>• Boniface Mbithi</li> </ul>
2.	Chief Executive Officer	Stanley Kamanguya, OGW
3.	Director Shared Services	Michael Odhiambo
4.	Director Capacity Development, Innovation & Partnership (DCDIP)	Zilpher Owiti, OGW

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No.	Designation	Name
5.	Director Corporate Services	CPA Richard Koech
6.	Director Programs & Standards	Thomas Bwaley

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Stanley Kamanguya, OGW
2.	Director Corporate Services	CPA Richard Koech
3.	Deputy Director Finance & Accounts	Rev. CPA Oliver Pyoko
4.	Deputy Director Supply Chain Management	Sostanis Okoth

**(e) Fiduciary Oversight Arrangements**

The high level oversight of the Authority is provided by the Board of Directors which is organised into board committees as follows:

- i. Audit and Governance
  - ii. Corporate Services
  - iii. Technical Committee
  - iv. Enterprise Development Committee
- **Audit and Governance**

Internal Audit and Legal Services/ Corporation Secretary report to this committee. Below is the mandate for the committee:

**Audit**

- To drive the recruitment & selection process of the DIA.

- To drive the assessment of the performance of the DIA.
- To examine internal and external audit reports and recommendations after management response to ensure that action is taken.
- To facilitate adequate disposal of all Parliamentary Public Investment Committee recommendations.
- The Committee is responsible for communicating with the internal and external auditors. In its oversight role, the committee focuses on:
  - 1.1.1. The changing financial reporting requirement;
  - 1.1.2. Audit findings and recommendations, including comments on controls;
  - 1.1.3. Proposed audit scope and audit coverage and approaches with respect to complex and high risks areas;
  - 1.1.4. Management response to specific audit recommendations.

#### Legal Services

- Review the relevant regulatory Legal framework for the better implementation of the Authority's mandate.
- Oversee Leases, Contracts, Licensing Frameworks, Service Level Agreements, Memorandum of Understanding, leases and other legal documents to ensure compliance to statutory requirements and the Authority's policies.
- Oversee the engagement of the Authority with law enforcement agencies and stakeholders on all legal matters.
- Ensure that Legal Audit Compliance is carried out to confirm compliance with relevant statutory requirements.
- Oversee the formulation and gazettment of Rules, Regulations and Directives issued by or on behalf of the Authority.

#### Governance:

- Oversee the implementation of Mwongozo, Code of Governance and other Governance instruments at the Authority.

#### - *Corporate Services*

The Human Resources & Administration; Finance & Accounts; Procurement, Internal/Corporate ICT  
Corporate Social Responsibility report to this Committee.

The committee mandate is as follows:

#### Finance & Accounts

- Consider all matters of financial strategy and policy and recommend them to the Board for approval.
- Review policies and practices related to banking, investment and acquisition of funds which includes borrowing, leasing and assessing financing instruments and to make recommendations to the Board in respect thereof.
- Consider the financial forecasts and annual budgets and recommend them for approval by the Board.

- Consider and recommend for approval by the Board the Treasury Management Policy and consider cash flow forecasts to determine liquidity levels in line with key financial indicators.
- Review and recommend for Board approval the annual financing plans.
- Receive periodic reports regarding the Authority's continuing relationships with financial institutions.
- Review and recommend for Board approval any significant financing and credit arrangements requiring approval by the Board.
- Receive periodic reports from management concerning policies and practices related to interest rate and currency hedging activities, as deemed necessary by the Committee.
- Receive periodic reports from management concerning the insurance policies and practices of the Authority, as deemed necessary by the Committee.
- Consider and advise the Board on the financial implications and any significant financial risks.
- Consider the financial statements and accounting policies and recommend them to the Board for approval.

#### **Human Resources and Administration**

- Review and monitor the development of the Authority's human resources management strategy to determine whether human resources plans and initiatives will enable the Authority to achieve its strategic objectives;
- Annually review and verify for completeness management succession and development plans.
- Annually review, monitor and make recommendations to the Board on the human resources strategy and policies that pertain to staffing, compensation, benefits, and related issues of strategic importance that directly affect ability to recruit, develop and retain the highly- qualified staff needed for it to achieve its mandate.
- Participate in the appointment of the chief executive officer and senior managers.
- Review the terms and conditions of employment for Management including Chief Executive Officer and recommend the approval of same to the Board.
- Receive periodic reports regarding the status of the employee retirement plans.
- Review changes to the organizational structure and makes recommendations on these changes to the Board.
- Review and make recommendations to the Board on the Authority's compliance with legislative requirements in areas dealing with human resources management such as the Labour Laws and Employment.
- Review strategies for Human Capital development,
- Review management's identification and assessment of any significant human resources risks to the Authority and, if necessary, recommend measures to mitigate the risk.
- Review Authority's staffing requirement.
- Review the Authority's office space requirements and advice the Board on adequacy and any proposed changes.
- Review any proposals for relocation of offices.

## Annual Report and Financial Statements for the year ended June 30, 2024.

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- Review transport management and expenditure on transport and make relevant recommendations to the Board.
- Review standing reports on safety performance to assure that the Authority offers a safe work environment that complies with regulatory and procedural provisions designed to protect the health and safety of staff, clients, and stakeholders.

### Procurement

- Ensure that the Authority's procurement practices are in accordance with the Public Procurement and Asset Disposal Act, 2015 ("PPDA") and the Public Procurement and Disposal Regulations, 2006 ("PPDR") or any amendments therein.
- Monitor procurement and disposal in the Authority and ensure that procurement and disposal practices are in accordance with the law and the Authority's approved budget.
- Ensure that procurement and disposal activities contribute to the delivery of the Authority's strategic objectives.
- Ensure that procurement practices of the Authority meet requirements of the Public Procurement Regulatory Authority in ensuring efficiency and effectiveness
- Review and recommend the Annual Procurement Plan to the Full Board for approval.

### Information Communication Technology (ICT) Unit

- To review, as the Committee deems appropriate, the Authority's ICT policies, strategies and governance.
- To provide oversight in the development of the requisite ICT Architecture.
- To receive and interrogate Management proposals on ICT projects and oversee the implementation of the projects.
- Review and recommend to the Board on matters pertaining to major ICT investments.
- Take such other action and do such other things pertaining to ICT as may be referred to it from time to time by the Board.

### Corporate Social responsibility

- To review, as the Committee deems appropriate, the Authority's CSR policies, strategies and governance framework.
- To receive and interrogate Management proposals on CSR projects and oversee the implementation of the projects.
- Review and recommend to the Board on matters pertaining to major CSR projects.

#### - *Technical Committee*

The Applications/E-citizen; Infrastructure; Information Security; NOC; Technical Support Services and Standards report to this committee.

The committee mandate is as follows:

- Review, oversee and advise the Board on the status of the implementation of the Strategic plan and Digital Master Plan pillars under each Department.

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for the year ended June 30, 2024.**

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- Review and oversee the Project Management Annual and Periodic Work Plans for the Departments.
- To recommend approval-in-principle of projects as required by the Authority's project management policies, for projects relating to the Committee's mandate, including but not limited to those projects not otherwise assigned to other Board committees.
- Oversee the development and implementation of policies relating to the management and utilization of assets and infrastructure under the Departments.
- Review and evaluate major issues and concerns in the concerned departments.
- Oversee design, construction and supervision projects in the concerned departments.
- Recommend to the Board programs and projects on infrastructure development consistent with the development objectives and priorities.

- ***Enterprise Development***

Departments that report to this committee include: Communications, Innovation & Incubation, Enterprise Development, Partnerships and Resource mobilization, Planning and strategy, Capacity Building, Programme Management, NOC, and Technical Support Services.

The committee mandate is as follows:  
Innovation & incubation

- To advise and guide the Board in fostering and supporting innovation
- To ensure that an environment conducive to enabling innovative activities and incubation of the same is established and maintained.
- To keep under review the support structures for innovation.
- To promote, stimulate and encourage an institutional research and innovation ethos and culture as integral to the Corporate Strategy.
- To promote high quality and high impact innovative research through policy development, strategic guidance of research activity.

**Business Development**

- Creation and adoption of an investment case; identification of investors and primary stakeholders to partner with ICTA in the delivery of the business case; and the generation and appropriate marketing of the value proposition to an appropriate audience in a timely manner.
- To oversee the design, development and marketing of services.
- To identify and evaluate new marketing and business development opportunities.
- To provide the Board with advice and recommendations regarding new revenue generating opportunities and services.

#### Communications & brand visibility

- To provide the Board with expert advice and input on key initiatives/issues related to communication, marketing, business development, branding and customer service.
- To devise and oversee implementation of a marketing and business development plan in support of the strategic plan.

#### Planning and strategy

- Ensure that the Authority's Performance Contract is aligned to the Strategic plan and goals of the Authority.
- Monitor the Authority's performance and achievement of performance contract targets.
- Ensure that activities undertaken under the Performance Contract contribute to the delivery of the Authority's strategic objectives.
- Review and recommend the Strategic Plan to the Full Board for approval.
- To consider proposals on the Authority's strategic direction in accordance with the Authority's legislated mandate, which may be set out in various corporate documents.
- To review and make suggestions for the medium-to-long-term development strategies of the Authority, and to evaluate and monitor the implementation of such plans.
- To receive reports from Management, as required by the Board, on any new and significant emerging threats which may impact the Authority's operations with a view to ensuring, where possible, that the Authority takes appropriate action to address those threats.
- To provide oversight of, and advise Management on, any material change to the Authority's service delivery model or any other major element of its business model, as the Committee deems necessary.

#### Partnerships and Resource mobilization

- Review and recommend to the Board for Approval the Authority's resource mobilization strategy and plan.
- Review the progress of implementation of the resource mobilization strategy and plan and make recommendations for any changes.
- Identify and recommend to the Board resource mobilization opportunities.
- Identify and recommend to the Board potential partnerships the Authority can enter into to drive its agenda.
- Review existing partnerships to determine their usefulness in the Authority achieving its objectives.

**Key Entity Information and Management (continued)**

**(f) Entity Headquarters**

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

**(g) Entity Contacts**

Telephone: 254-20-2089061  
E-mail: [info@ict.go.ke](mailto:info@ict.go.ke)  
Website: [www.icta.go.ke](http://www.icta.go.ke)

**(h) Entity Bankers**

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

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

**(i) Independent Auditor**

Auditor-General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

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

### 3. The Board of Directors



**Hon. Maritim** is a Telecoms Engineer with vast knowledge in ICT and has worked in several African countries. He has extensive experience in both the ICT & Telecommunications sector. He also has vast experience in the corporate sector as well as in the national Assembly where he was an elected member of Parliament until 2022.

He believes in building teams and especially now as he leads the ICT Authority Board which oversees the organization.



**Eng. John Tanui, MBS** is the Principal Secretary in the Ministry of Information, Communications and the Digital Economy in charge of the State Department for ICT and the Digital Economy. Prior to joining the Ministry, Eng. Tanui was the Chief Executive Officer of the Kenya Technopolis Development Authority (KoTDA) for over 7 years, Deputy Country CEO and Vice President of Huawei Technologies responsible for Kenya, Tanzania, Somalia and Djibouti and the Director of Technical Service Department in the same organization that he served for over of 15 years.

He holds a bachelor's degree of Technology in Electrical and Communication Engineering from Moi University and MBA in International Business from the University of Nairobi where he is currently pursuing PhD in global business management. He is a member of the Institution of Engineers of Kenya (MIEK), a registered engineer and a member of the Academy of International Business.

Eng. Tanui is an active ICT professional who was profiled as tenth in the 2012 Top 40 under 40 by the Business Daily (Nation Media Group). He is a Council Member of Jomo Kenyatta University of Science and Technology, a council member of IEK (Institution of Engineers of Kenya) where he chairs industrialization, Environment and quality assurance committee and also serves as committee member for Advocacy, Journal and Publicity. Previously, he served as the University Council Vice Chairman at Technical University of Kenya and also as an Advisory Council Member of the Presidential Digital Talent Program.



**Mr. Stanley Kamanguya, OGW** is the Chief Executive Officer for ICTA from August 2022. Before his appointment he was the alternate to the Principal Secretary, Treasury up to April 2022 and Acting Director of Integrated Financial Management Information System (IFMIS) at the National Treasury. He has over 10 years of experience in Information Technology, Project Management and Business Development. His previous roles include Consultancy Services in both the Public and Private Sectors.

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

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

#### Alternate Members



**Ms. Edna Atisa** was appointed to the Board of Director as an alternate to the Principal Secretary National Treasury on 30th April 2022. Ms. Atisa holds a Masters Degree in Economics, a bachelor's of arts in Economics and a post graduate diploma in education from the University of Nairobi. She is an economist with cast experience in economic policy and formulation.

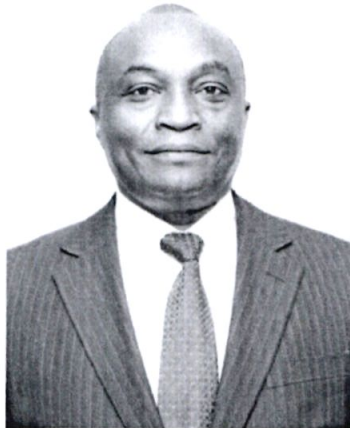


**Clarah Ketyenya** is the Alternate to the Principal Secretary, State Department for Lands and Physical Planning in the ICT Authority Board.

She has worked at the State Department of Lands and Physical Planning since 2008 and is currently an Assistant Chief Land Registrar, Ministry of Lands.

Before joining the State Department of Lands Clarah was in private practice. She worked at Oronga Esonga Advocates between 2007 and 2008 and between December 2004 to October 2006 at J.W. Wambua and Company Advocates.

Clarah is an advocate of the High Court of Kenya admitted to the Bar in 2006. She holds a bachelor's degree in law from the University of Nairobi. She is a CPS Finalist, holds a Diploma in Public Relations from Kenya Institute of Management and has trained in Management and Strategic Leadership.



**Stephen Karani** is the Alternate To The PS Ministry Of Information Communication And Digital Economy. He has served in various ranks and assignments in the Civil Service in the Republic of Kenya at The National Treasury, Ministries of Environment & Forestry, Industrialisation, Trade & Cooperatives, Sports & Heritage, The Presidency and ICT & Digital Economy.

Mr. Karani is well-grounded in Leadership and Corporate Governance having served in the Board at Kenya Wildlife Service, Industrial and Commercial Development Corporation, Bomas of Kenya and The National Museums of Kenya.

He has Multisectoral exposure gained from his experience as the Convener of the Medium Budget for General Economic & Commercial Sector and Budget Coordinator for Ministries of Tourism, Education, Information, East African Community, Public Service Commission, Trade and Industry

## Independent Directors



Rahma Jillo

**Rahma Jillo** is a Director at the ICT Authority Board effective from 10th March 2023.

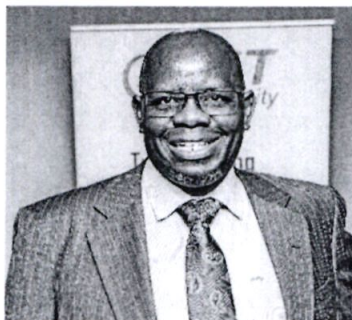
Rahma holds a Bachelor of Law (LLB) and a Masters in Law (LLM) from the University of Nairobi (UoN) with specialization in Banking and Financial Services Law. She is an Advocate of the High Court of Kenya with a cumulative practice experience of over 15 years' in Commercial, Real Estate, Competition, Telecommunication and Not -for - Profit Law.

Director Jillo served as a Member of the Cooperative Tribunal from November of 2012 to November of 2014, specifically, the Hearing and Settling of Co-operative Disputes. She served as an adhoc Member of the Political Parties Dispute Tribunal from 15th March 2022 to 10th March 2023. During this period, she gained immense experience in identifying and determining contentious issues.

She has an in-depth grasp of several other areas: Infrastructure Development, Joint Ventures, Transfer of Land, Telecommunication Law, Real Estate Law & Projects Development such as residential, commercial and mixed-use.

Director Jillo advises clients on all stages of a project from inception, development, financing, undertaking due diligence on the purchasers, drafting and overseeing to the conclusion of transfer of ownership of units in large Housing Developments.

Rahma also sits as a board member in various Boards of international and national Non-Governmental Organizations as well as offering legal counsel to others. She has also published in Not-for-Profit Law and is a Fellow of the International Center for Non-Profit Law in Washington D.C, US.



Ken Vincent Kaunda

**Ken Vincent Kaunda** is a Director at the ICT Authority Board effective from 10th March 2023.

He graduated from the University of Nairobi in 1986 with a degree in Economics and Political Science. He holds a Post Graduate Qualification in Human Resources from the College of Professional Management (UK) and Leadership in Change Management Certificate from Cornell University, USA.

Ken's corporate management experience includes sectors in Security services, manufacturing, motor vehicles, pharmaceuticals, media and aviation. He has valuable corporate experience in business re-engineering and change management. This includes transformational leadership in Corporate/ Shared Services in Human Resources, Procurement & Logistics, Administration and ICT.

Director Ken has Professional Membership in Kenya Institute of Management, a Pioneer Member of the Institute of Human Resources Management, member of the Institute of Directors, Kenya-IOD, Technical Member (Committee of Experts) of Airports Council, International (ACI- AFRICA) and an ex-Chair of the Committee of Experts for Africa.



Annette Mutuku

**Annette Mutuku** is a Director at the ICT Authority Board effective from 10th March 2023.

Annette holds a Master's in marketing from the University of Nairobi, and a Bachelor's degree in Communication from Daystar University.

She has over 15 years of leading Communication and Public Relations for leading multinationals, INGOs, start-ups, and government agencies across Healthcare, Renewable Energy, Power, Agriculture, Technology, and Education. She has led development and execution of communication strategies for 3 leading global organizations leading to increased business by 30% and improved reputation by 40%, targeted stakeholder engagement and Public Relations efforts that led to a \$1bn deal signed with an African government. She has also led crisis management for a government healthcare project, saving the company \$300M and improving its reputation by 20%.

Director Annette is a Coach, Trainer and Speaker



Alfred Ngeno

**Alfred Ngeno** is a Director at the ICT Authority Board effective from 10th March 2023.

Alfred holds Msc in Finance from Cass Business School (City Univ), London, Uk and a Bachelor's degree in Eng.in Electronic and Communication Engineering from University Of Warwick Coventry, Uk.

Director Alfred is the founder/CEO of Bluefast with a responsibility of Determining and formulating policies and business strategies by providing overall direction for the company.

He is also a board member to Bishop Korir Foundation.



Njogu Wachira  
Director

Njogu Wachira is a Director at the ICT Authority Board effective from 10th March 2023.

Njogu is a News Anchor at Kameme FM-Mediamax Network Limited. He is undertaking a Bachelors of arts in Communication (majoring in Developmental Communication) at PAC University. He holds a Diploma in broadcast journalism (ICM) and Diploma in Journalism & Media Studies from Kenya College of Commerce & Hospitality.

Director Njogu is Specialized in political writing/reporting and also worked for business news desk. He has also written many opinion articles published by the Nation, Standard, Taifa Leo and lately The People Daily on politics and other topical issues of national importance.



**Boniface Mbithi**  
Director

**Boniface Mbithi** is a Director at the ICT Authority Board effective from 10th March 2023.

Boniface, a lawyer by training is a global Youth Leader, a climate-tech enthusiast and circular economy entrepreneur who believes in solving global challenges through innovation.

Mr. Mbithi has worked in several sectors such as ICT, NGO as well as the Service industry. He has utilized his skills and expertise in Law for ICT such as developing Extended Producer Responsibility (EPR) policies as well as legal support for Strategic and Operations Management in organizations.

He is an alumnus of Catholic University of Eastern Africa-Kenya, Coady International Institute, St Francis Xavier -Antigonish, Nova Scotia, Canada and Copenhagen University, Denmark.

Boniface, a dedicated Rotarian, has been awarded Top 35 under 35 in Kenya and is recognized among the top 50 UN Climate Change Champions in Africa



**Pauline W. Kimotho**  
Company Secretary

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

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

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

#### 4. Key Management Team



**Stanley Kamanguya, OGW** is the Chief Executive Officer for the Authority. He holds a Bachelor's Degree in Computer Science from Maseno University. He also holds a Master of Business Administration from the United States International University. He is also a registered Project Management Professional (PMP) with the Project Management Institute.

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



#### **Michael Odhiambo-Director Shared Services**

Michael has an MBA in Strategic Management from the University of Nairobi and a BSc Information Systems from the United States International University, Performance Management certifications from the University of Nairobi, he also has professional management and technical qualifications which include expertise in strategy formulation, leadership, project management, telecommunications, ICT infrastructure management, Microsoft enterprise solutions, HP UX and IBM AIX among others. He is a member of the Computer Society of Kenya, ICT Association of Kenya and ISACA.

He has a 21 years' wealth of experience in the ICT Industry both in private and public sector having worked in Computech Ltd, Safaricom PLC Ltd for ten years where he gained private sector experience as well as his previous posting at the Kenya Wildlife Service for ten years as the head of ICT and acting Deputy Director of Corporate Services and a Trustee of the Kenya Wildlife Service Pension Scheme where he attained a Trustee Development Program Certification (TDPK) and gained public sector management experience.

He is passionate about process and self-sustaining structures within ICT environments, leadership and mentorship of young upcoming IT talent.



**Zilpher A. Owiti: Director Capacity Development, Innovation & Partnerships.**

Until her appointment, she was the Ag. Director Partnership, Innovation and Capacity. She has served as Deputy Director ICT, Directorate of eGovernment, Presidency and Cabinet Affairs. Previously, Ms Owiti served as a lecturer at United States International University (USIU) & other public & private Universities, worked at the University of Nairobi and the Kenya National Examination Council.

She is a specialist in Learning & Development, Talent Development & Change & Performance management, Mentoring & Coaching and Organisation Development

Director Owiti has over 22 years of dedicated exemplary public services, progressively serving at senior strategic positions in the ICT environment, held various leadership roles providing strategic direction for capacity development across programs, designing and implementing knowledge systems, public policies, strategies, standards & competency frameworks that place the individuals, institutions and country at the heart of development.

The Director is a Result Based Project champion accomplished in effecting capacity building reforms with an outstanding record of managing large public sector projects geared towards fulfilment of key national goals. Ms Owiti is the Program Manager & National coordinator for the Ajira Digital Program and is keen in empowering the youth with ICT skills for productivity, innovation and employment. She is also the founder Project Manager & National Coordinator for the Presidential Digital Talent Programme (PDTP) as well as a partnership relations and people-oriented strategist.

Director Owiti holds MSC, Information Systems from the University of Nairobi, MA, Economics and Post Graduate Diploma in Personnel Management; Certified Corporate Governance, Strategic leadership & change management and a practitioner in project management & IT service management (ITIL). She is also a member of the Institute of Directors (IOD) Kenya and Professional member of ISACA Kenya Chapter.



**CPA Richard Kigen Koech: Director Corporate Services**

CPA Richard Kigen Koech has a vast and rich experience in public finance management spanning over 17 years as an auditor and finance officer. He served for 9 years in the Office of the Auditor General, 6 years as a County Chief Officer for Finance and 2 years as Clerk of County Assembly.

He holds a Master of Business Administration in Finance and Bachelor of Commerce in Accounting conferred by the University of Nairobi. He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya. He is a Certified Public Finance Management Accountant. He has completed various competency courses such as Senior Management Course and Strategic Leadership Development Programme



**Thomas Bwaley: Director, Programs & Standards**

Mr. Thomas Bwaley is the ICT Authority Director for Programs & Standards effective January 2024. Until his appointment to this role, Mr. Bwaley managed the International Wholesale business at Safaricom Plc.

Thomas, is an accomplished technology business expert with over 14 years of experience in the private sector. His cumulative experience, expertise and knowledge ranges from telco international business, Carrier relation, Core network support, Data Centre management, roaming engagement, Business Continuity Management System and project delivery.

Director Bwaley brings to the Authority immense experience in strategic Projects delivery, developing guidelines on ICT enterprises and aligning Government Policy to future market trends. This is very significant at a time when the ICT Authority is implementing, on behalf of the people of Kenya, the Digital Super Highway in line with the Digital economy Pillar of the Bottom-Up Economic Agenda.

Director Bwaley holds a Master of Business Administration in Strategic Management and Bachelor of Science in Electrical and Electronics Engineering from The University of Nairobi

He has a wealth of experience in stakeholder engagement, negotiations as well as understanding of the regional and international technology trend with a passion in application of ICT for economic development and inclusion.



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

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

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

## **5. Chairman's Statement**

It is my pleasure to present the ICT Authority's financial report now in its 11<sup>th</sup> Financial Cycle. The Authority is mandated to oversee and manage all ICT Programmes and Projects across Government. The Authority also plays a major role in the development and enforcement of standards across both national government and county governments.

The ICT Authority's role is to capacitate and facilitate the growth of the Digital Economy through the development of secure ICT infrastructure, skills development, promotion of ICT Innovation, and digitization of facilitatory Government Services. Over the last year, the Authority has worked with other Government Agencies towards digitizing key Government Services to improve service delivery at National and County levels. The Authority has also worked with the Ministry of Information, Communications and the Digital Economy to improve access to the Internet through the extension of the National Fibre Optic Network Backhaul Initiative (NOFBI) and the installation of Public Wi-Fi.

During the Financial Year 2023/2024, the Authority closed its final year of implementation of its Strategic Plan 2020-2024. The plan was anchored on four key pillars; Digital Infrastructure, Digital Services, Digital Skills, Values & Structure and Applied Research, Innovations & Enterprise.

The end of the strategy cycle is an opportunity for the Authority to pivot to a new strategy that takes cognizance of a rapidly changing sector. The ICT sector is being disrupted by innovations such as AI, Machine learning, and robotics. The Board of the ICT Authority is committed to supporting the management to enable it to innovatively prepare the country's economy for a digital future. The New Strategy 2024-2027 will guide the operations of the Authority in its goal to build a Sustainable Digital Future. The strategy envisions a digitally empowered and innovative society leveraging the country's digital infrastructure and skills.

The Board is committed to supporting the management of the Authority in the implementation of this new strategy alongside the day-to-day execution and implementation of its programmes and projects.

The Board will continue to work with the management to explore ways of making the Authority financially sustainable. To this end, the Authority continues to adopt new strategies to enable the commercialization of its key assets including NOFBI. The Board remains committed to ensuring the Authority achieves its strategic objectives and continues to work with different stakeholders to drive digital inclusion and the growth of the digital economy. The Authority will continue to undertake quarterly monitoring and evaluation of its priority projects in line with its set objectives.

A handwritten signature in blue ink, appearing to read 'Sylvanus Maritim', is written over a horizontal dotted line.

**Hon. Sylvanus Maritim**

**Chairman, Board of Directors**

## 6. Report of the Chief Executive Officer

During the year under review, the Authority's main focus has been on fostering digital inclusion and easing access to government services through digitization of Government Services. The Authority worked with the Ministry of Information, Communications, and the Digital Economy to ease access to the Internet through the rollout of critical last-mile digital infrastructure. Key initiatives and projects were covered under the National Fibre Optic Network Backhaul Initiative (NOFBI) and the installation of Public Wi-Fi.

The Authority also rolled out initiatives foster the adoption of digital skills by the general public under smartacademy.go.ke to help bridge the digital skills gap. The virtual program will enable more Kenyans to access varied digital skills ranging from Foundation basic access to advanced skills such as AI and cybersecurity. We continued to implement the National Digital Master Plan (2022-32) which structures the country's ICT needs through the following four Pillars: Digital Infrastructure; Digital Services; ICT Innovation and Enterprise; Information Security; ICT Human Capital and ICT governance.

We are committed to ensuring that the Authority becomes a financially stable entity able to draw in its own resources to drive the growth of the digital economy. To this end, the Authority intends to increase its focus on the commercialization of its assets to enable it to generate its own revenue. The Authority is developing a commercialization strategy to enable it to leverage its key assets including the National Fibre Optic Network Backhaul Initiative (NOFBI). We are also forging additional partnerships and working with private-sector players to support key programs and projects.

During the Financial Year 2023/2024 the authority completed its current strategic planning cycle 2020/2024 and finalized the development of a new strategic plan 2024/2027. Under the 2020/2024 strategic plan, the Authority's focus was on infrastructure development, skills development, and digitization of services. The plan enabled the Authority to grow its infrastructural footprint and extend access to digital infrastructure across the country under the National Fibre Optic Network Backhaul Initiative (NOFBI). While NOFBI is still being rolled out to marginalized communities to foster last-mile access, the focus of the Authority is shifting toward the adoption of new technological innovations.

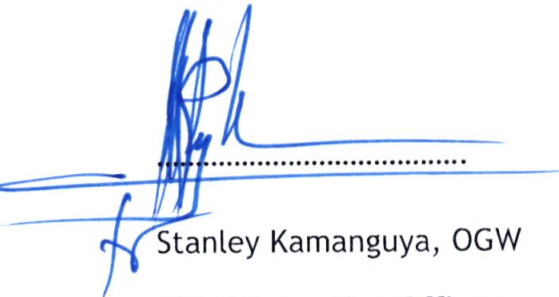
The new Strategic Plan 2024/2027 whose aim is to create a Digitally Empowered Society will drive the shift in focus. The strategy has a dual focus on enabling universal access and connectivity while fostering innovation and the development of digital products. It seeks to look beyond connectivity and encourage innovation and utilization of local capacities to build a digital economy.

I am grateful to the Board for its role in providing oversight and supporting the initiatives of the management team in both the development of the strategy and implementation of key programs within the Authority's mandate.

I also recognize the important role played by our development partners and strategic partners alongside public and private organizations in the implementation of our projects and programmes. We will also cultivate partnerships with entities whose support is critical in realizing all our goals and improve our stakeholder engagement processes. On information Security, we have developed and now implementing a framework to guide the management and security of government as well as citizen data and information.

The Authority will also continue to work and collaborate with County Governments in the implementation of its mandate.

I would like to express my gratitude to the Ministry of Information, Communications and the Digital Economy and the Government for their financial support and commitment to the growth of the Digital Economy and the wider ICT sector.



Stanley Kamanguya, OGW  
Chief Executive Officer

### 7. Statement of Performance against Predetermined Objectives for FY 2023/2024

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

Pillar 1: Digital Infrastructure

Pillar 2: Digital Services

Pillar 3: Digital skills, values and culture as well as

Pillar 4: Applied research, innovation and enterprise

The ICT Authority develops its annual work plans based on the above four pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2023/2024, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1) Digital Infrastructure	To improve access to ICT services & bridge digital divide	No. of Kms Installed across the Country.	Install 5,000 KM of Optic Fibre infrastructure across the country under the National Digital Superhighway project.	5,280 Kms achieved. 2500 Kms of Public sector (GoK Agencies and 2,780 Kms in the Private sector.

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
2) Digital Government Services, Products and Data Management	To enhance service delivery to the Public.	No. of services onboarded to E-citizen portal.	Identify, prioritize and onboard 4000 Government services online in collaboration with State Department of Citizen services.	Identified 9,362 services and fully onboarded 5,084 service on E-Citizen portal
3) Digital Skills	Increase digital literacy to ensure citizens and businesses have the skills and motivation to use digital services.	No. of interns recruited and deployed.	Recruit and induct 400 Cohort VII ICT and related disciplines PDTPs.	400 interns recruited and inducted.
		No. of officers trained.	Conduct training to 350 innovators to create awareness and enhance the capabilities on digital innovation opportunities	<ul style="list-style-type: none"> <li>. Whitebox Entrepreneurship Bootcamp training <ul style="list-style-type: none"> <li>• Entrepreneurship Training: 29th August-2nd September-216 Participants</li> <li>• Art of storytelling and pitching training: 5th and 8th September-169 Participants</li> <li>• Money Matters: Startup funding, Investor readiness and partnership engagement training: 12th and 15th September-184 Participants</li> <li>• Financial planning &amp; Record keeping training: 19th and 22nd September-148 Participants</li> <li>• Product design training: 26th and 29th September-147 Participants</li> <li>• Market Strategies: Developing marketing strategies training: 3rd and 6th October-138 Participants</li> </ul> </li> </ul>

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
				<ul style="list-style-type: none"> <li>• Market Strategies: social media and Digital marketing training: 10th and 13th October-112 Participants</li> <li>• Legal processes for early-stage entrepreneurs: training 17th and 20th October-116 Participants</li> </ul> <p>2. Whitebox Entrepreneurship Bootcamp training County Edition</p> <ul style="list-style-type: none"> <li>-Nyeri. 27th and 28th November 2022- 97 Participants</li> <li>- Nakuru Edition- 1st and 2nd November 2022- 296 Participants</li> </ul>
4) Data Protection and Cyber Management	Enhance the capacity and capability of information security enforcement	NPKI Operationalized.	Operationalize the National Public Key Infrastructure by undertaking the following.	<ul style="list-style-type: none"> <li>• 100% Completion of the GOVCA-NPKI Set-up.</li> <li>• Milestone 1&amp; 2 (Operationalization) completed &amp; accepted</li> <li>• Milestone 3 (Training) Completed and accepted</li> <li>• Project on 2-year maintenance from Jan 2023 (Milestone 4)</li> </ul>

## 8. Corporate Governance Statement

### a. Overview:

The ICT Authority has established systems to uphold high standards of corporate governance across all levels. It remains committed to complying with the Constitution, the State Corporations Act and the Mwongozo Code of Corporate Governance for State Corporations. Additionally, the Authority follows relevant circulars issued periodically on the operations and management of state corporations. The Board of Directors oversees the governance of the Authority, with Directors dedicated to fulfilling their fiduciary duties.

### b. The Board of Directors:

#### i. The role of the Board

The Board is collectively responsible for the Authority's vision, mission, strategic direction, values, and governance. The primary role of the Board remains;

- Provision of effective leadership in collaboration with the management team;
- Approval of the Authority's mission, vision, its business strategy, goals, risk policy plans and objectives;
- Approval of the Authority's strategy;
- Approval of the Authority's budget;
- Approval of the Authority's performance contract;
- Approval of the Authority's procurement plan;
- Ensuring that the relevant audits are conducted.

#### ii. Board Committees

The Board has four Board committees, to which it has delegated certain responsibilities, namely the Corporate Services Committee, Technical Committee, Enterprise Development Committee and the Audit Committee. The roles, membership and activities of these committees are described in more detail later in the Board Committee Charters. Each committee has its own terms of reference which are reviewed periodically and updated as appropriate.

#### iii. Board size, independence and appointments:

The constitution of the Authority's Board is stipulated by the Legal Notice 183 of 2013. It comprises 11 Directors, 3 of whom are government representatives (The National Treasury, the Ministry of Information, Communication and Digital Economy and the Ministry of Lands, Public works, Housing and Urban Development) and one is an Executive Director.

#### iv. Board Meetings and attendance:

A summary of Board meetings and attendance in the year under review is indicated below:

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**BOARD TECHNICAL COMMITTEE**

NAME OF BOARD MEMBER	1 <sup>st</sup> August 2023	9 <sup>th</sup> October 2023	16 <sup>th</sup> January 2024	24 <sup>th</sup> May 2024
Alfred Ngeno	Present	Present	Present	Present
Boniface Mbithi	Present	Present	Present	Present
Njogu Wachira	Absent	Present	Present	Present
Rahma Jillo	Present	Present	Present	Present
John Njogu	Absent	-----	---	-----
Clarah Ketyenya	-----	Present	Present	Present
Stanley Kamanguya	Present	Absent	Present	-----

**BOARD CORPORATE SERVICES COMMITTEE**

NAME OF BOARD MEMBER	2 <sup>nd</sup> August 2022	11 <sup>th</sup> October 2023	18 <sup>th</sup> January 2024	9 <sup>th</sup> May 2024	16 <sup>th</sup> May 2024
Ken Vincent Kaunda	Present	Present	Present	Present	Present
Edna Atisa	Present	Present	Present	Present	Present
Annette Mutuku	Present	Present	Present	Present	Present
Stephen Karani	Present	Present	Present	Present	Absent
Stanley Kamanguya	Present	Present	Present	-----	Absent

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**ENTERPRISE DEVELOPMENT COMMITTEE**

NAME OF BOARD MEMBER	3 <sup>rd</sup> August 2023	12 <sup>th</sup> October 2023	17 <sup>th</sup> January 2024	8 <sup>th</sup> May 2024
Boniface Mbithi	Present	Present	Present	Present
Njogu Wachira	Present	---	---	-----
Annette Mutuku	Present	Absent	Present	Present
Clarah Ketyenya	---	Present	Present	Present
Ken Vincent Kaunda	Present	Absent	Present	Present
Stanley Kamanguya	Present	---	---	---

**BOARD AUDIT COMMITTEE**

NAME OF BOARD MEMBER	4 <sup>th</sup> August 2023	26 <sup>th</sup> September 2023	13 <sup>th</sup> October 2024	25 <sup>th</sup> January	16 <sup>th</sup> May 2024
Rahma Jillo	Present	Present	Present	Present	Present
Stephen Karani	Present	Present	Absent	Present	Present
Alred Ngeno	Present	Present	Present	Present	----
Njogu Wachira	-----	-----	Present	Present	Present
Edna Atisa	Present	-----	Present	-----	Present
Stanley Kamanguya	Present	-----	Present	-----	-----

**FULL BOARD MEETINGS**

BOARD MEMBER	3 <sup>rd</sup> August 2023	29 <sup>th</sup> August 2023	2 <sup>nd</sup> November 2023	15 <sup>th</sup> February 2024	30 <sup>th</sup> May 2024
Hon. Sylvanus Maritim	Present	Present	Present	Present	Present
Rahma Jillo	Present	Present	Present	Present	Present
Boniface Mbithi	Present	Present	Present	Present	Present
Alfred Ngeno	Present	Present	Present	Present	Present
Annette Mutuku	Present	Present	Present	Present	Absent
Ken Vincent Kaunda	Present	Present	Present	Present	Present
Edna Atisa	Absent	Present	Present	Present	Absent
Michael Njogu Wachira	Present	Present	Present	Present	Present
Stephen Karani	Absent	Present	Present	Present	Absent
Stanley Kamanguya	Present	Present	Present	Absent	Absent

**v. Management of conflicts of interest:**

The Directors are required to promptly inform the Board of any actual or potential conflicts of interest, whether they are directly or indirectly involved. Throughout the financial year under review, the Board has adhered to its legal duty to avoid situations where Directors' interests could conflict with those of the Authority.

All business dealings with any parties, including directors or their related entities, are conducted at arm's length. The declaration of conflicts of interest is a routine item on the agenda, addressed at the beginning of each Board and committee meeting. No conflicts were reported by Directors during the year under review.

**vi. Directors' induction:**

All Directors receive a full induction that provides an overview of the Authority's operating environment and new developments thereof, accounting and financial reporting developments, as well as any regulatory requirements; upon joining the Board.

**vii. Board evaluation:**

On 11<sup>th</sup> July 2023, the Board carried out its annual evaluation of performance. The objective of the evaluation is to gauge the performance of the board, its committees and its members to gauge their performance and identify areas of improvement. The evaluation was conducted by State Corporations Advisory Committee (SCAC).

**viii. Governance, legal and compliance audits:**

Governance audit and the legal and compliance audit were not undertaken in the year under review.

**ix. Board Charter:**

The Board Charter offers guidance on matters including but not limited to the following:

- The separation of the roles, functions, responsibilities and powers of the Board and its individual members;
- Powers delegated to the Board committees;
- Matters reserved for final decision-making and approval by the Board;
- Policies and practices of the Board on matters of corporate governance, Directors' declarations and conflict of interest, conduct of Board and Board committee meetings.

The Board Charter is periodically reviewed to ensure it remains current and relevant.

## 9. Management Discussion and Analysis

### A. Financial Performance

For the year ending 30 June 2024, the total revenue was KShs 4,095,365,283 which comprised of grants of KShs 2,412,911,630 from the Parent Ministry (MoIC&DE), Public donations and contributions -KShs 170,028,574, interest income-KShs 43,970,970 and income from rendering of services of KShs 1,468,454,110 of which NOFBI Commercialization -KShs.717,348,669, Internet connectivity to public offices-KShs 10,531,511, accreditation fees- KShs 26,452,126, and E-Citizen-KShs 714,121,804. Other gains and losses include KShs. 108,532,416 unrealized exchange gain and sale of PPE. The total revenue for the previous year was KShs 2,094,339,676 which is 95% increase.

Total expenditure for the year ending 30 June 2024 was KShs.4,231,805,711 compared to the previous year which was KShs 2,701,719,786. This was an increase of 56% from the previous year's total expenditure. This can be attributed to the increase in the development activities undertaken during the period. The reduced exchequer for development led to delays in signing of contracts and undertaking the relevant activities for the period under review.

The summary of financial performance in the last four years as below:

	2023/24	2022/23	2021/22	2020/21
	KShs	KShs	KShs	KShs
Income	4,095,173,283	2,094,339,676	1,937,549,777	2,168,500,711
Expenditure	4,231,805,711	2,702,596,331	1,900,127,213	1,941,092,108
exchange gain(loss)	107,989,394	212,248,576	95,902,215	-10,536,164
surplus/(deficit)	-244,621,821	-396,008,079	133,324,779	216,872,439

### B. Operational Performance

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

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

- Set and enforce ICT standards and guidelines for the human resource, infrastructure, processes and system and technology for the public office and public service including deployment and management of all ICT staff in the public service;

- Facilitate and regulate the design, implementation and use of ICTs in the public service;
- Promote ICT literacy and capacity;
- Promote e-Government services;
- Facilitate optimal electronic, electronic form, electronic record and equipment use in public service
- Promote ICT Innovation and enterprise;
- Establish, develop and maintain secure ICT infrastructure and systems
- Supervise the design, development and implementation of critical ICT projects across the public service.
- Implement and manage the Kenya National Spatial Data Initiative

### C. Key projects

The key Projects that are currently being implementing is East Africa Regional Transport, Trade and Development Facilitation Project (EARTTDFP), Horn of Africa Gateway Development Project-the two are regional initiatives agreed and jointly financed by the Government of Kenya and the International Development Association for the component to be implemented by the Kenya Government agencies. Others include National Optic Fiber Backbone Infrastructure Project (NoFBI), and Presidential Digital Talent Programme (PDTP).

**The Eastern African Regional Transport, Trade and Development Facilitation Project [EARTTDFP].** The South Sudan - Eastern Africa Regional Transport, Trade and Development Facilitation Program (EARTTDFP) is a regional initiative to facilitate efficient movement of persons, goods and services between Kenya and South Sudan. The Information Communication and Technology component entail's the enhancement of internet connectivity along the development corridor from Eldoret to the common border post at Nadapal- Nakodok. The ICT component is being implemented by two (2) government agencies through integrated infrastructure building model whereby KENHA is implementing the civil works of the main backbone and ICT Authority is implementing the Spurs civil works, OFC cable installation, Supply and installation of passive and active equipment as well as commissioning of the network.

EARTTDFP Project involves the construction of a Fiber Optic Cable Network alongside part of Eldoret - Nakodok Corridor. The scope of works under ICTA mandate involves Supply, Installation, Testing, Commissioning, Training, Warranty and Maintenance of two (2) optical fiber networks (backbone and access) along the Eldoret to Nadapal-nakodok road.

The EARTTDFP OFC Network Project extends along five (5) counties of Uasin Gishu, Trans Nzoia, West Pokot and Turkana from Eldoret to Nadapal/Nakodok border post. There is a meet-me point interfacing between the Kenyan side of the network and the South Sudan side of the network. The network will provide infrastructure to serve the National and County government administration offices and government institutions such as dispensaries, hospitals, citizen service offices (Huduma centers), schools, colleges and universities, security and law enforcement posts, border immigration and customs centers as well as communications service providers.

This project is 99.2 % complete with ducts installed, fibre blown and equipment installed on the Eldoret to Nadapal stretch and active equipment working. There is additional works to connect government institutions long the 630 Km Eldoret-Nadapal road-corridor. The project is ready for commissioning, now planned for August 2023.

**The Horn of Africa Gateway Development Project (HoAGDP).** The project aims to Improve movement of people, goods and digital services, facilitation of regional trade and transport, improve access to selected basic social services at designated locations along Isiolo-Mandera Road Corridor and institutional strengthening. The ICT component is being implemented by two (2) government agencies through integrated infrastructure building model whereby KENHA is implementing the civil works of the main backbone and ICT Authority is implementing the Spurs civil works, OFC cable installation, Supply and installation of passive and active equipment as well as commissioning of the network. The Authority will install fibre optic network in the 740 Km stretch of the main road and an additional 200 Km of spurs. The network will provide infrastructure to serve the National and County government administration offices and government institutions such as dispensaries, hospitals, citizen service offices (Huduma centers), schools, colleges and universities, security and law enforcement posts, border immigration and customs centers as well as communications service providers along the corridor.

The consultancy for design and supervision of installation of the Fibre Optic Cable for the 740 Km Isiolo-Mandera road (200 Km spurs) is under technical evaluation and has been provided to the bank for review. The Consultant is expected to be on-

boarded by August 2023 and take 9 months to complete design. Procurement plan and TOR cleared and procurement on-going for: Request For Proposal (RFP) document for Environmental and Social Impact Assessment. RFP for the Design and supervision of 740 Km FOC under two-stage evaluation is on-going.

**UNICEF Giga.** The initial scope of the project is to provide internet connectivity to **35 primary schools** (which translates to connectivity to an estimated **21,000** children and teachers). ICTA, Ministry of Education and UNICEF worked with different internal mapping teams to identify and assess public primary schools within the proximity of NOFBI. Based on a survey, ICTA and UNICEF selected 35 schools from a cohort of 500 schools provided by UNICEF and the Ministry of Education that fall within 1 Km or less of NOFBI. Using a combination of ICTA, UNICEF and ITU partners, these schools are being connected to the internet and tested to ensure functional and operational access to world-class digital solutions and content for learners and teachers. ICTA has brought expertise from connecting government institutions to the NOFBI infrastructure, while UNICEF brings in experience from connecting 230 public primary schools under Giga. The project has connected 34 schools out of the 35 to date.

#### **Presidential Digital Talent Programme (PDTP)**

The Presidential Digital Talent Programme (PDTP) is an internship programme that develops the ICT talent pool in Kenya through a collaboration between the public and private sectors and in compliance with the constitution and public service internship policy. The Programme was borne out of the need for government to enhance its capacity to use ICT for effective public service delivery.

It admits ICT graduates who have completed the university in the last 2 years in the fields of ICT and Engineering with 1st class or 2nd Class Upper Division. Initiated in 2015, the programme is in its seventh (**7**) year of implementation, having recruited 2500 interns with recruitment of COHORT VIII in progress. The program is implemented by ICT Authority on behalf of the Ministry of ICT and The Digital Economy.

Through this programme, the government hope to fulfil its promise on:

- a) **Making the public service efficient** and effective in service delivering to its citizens
- b) **Increase youth employability-** Enhancing skills for job creation through Public and private sector on the job experience, training and Certification
- c) Development of high-end innovative leaders for the digital and knowledge economy-
- d) **Accelerated economic impact through ICT effectiveness-** Develop a pipeline of next generation of globally competitive ICT leadership and technology expert talent that will transform Kenya through world-class service delivery.

Program has recruited 2500 interns, with over 1600 employed or in business.

## 10. Environmental and Sustainability Reporting

### i) *Sustainability strategy and profile*

The Authority's top management always makes reference to socio-political economic global dynamics, Government priorities as well as international best practices as it makes decisions on corporate sustainability Strategy & Profile.

### ii) *Environmental performance*

- **E-waste Kenya Project: towards a sustainable digital green economy and employment creation**

The increasing rate of technology advancement has resulted in the proliferation of electronic devices and appliances that have a limited lifespan. As a result, e-waste has become a major environmental concern due to the hazardous materials contained in these devices and the improper disposal of these materials.

In view of the above, The Authority has established an e-waste management facility to support the government manage issues arising out of implementation of the digital economy initiatives across the government as well as the Country. The initiative is expected to Spur economic growth through creation of 1 million indirect and direct employment opportunities through SMEs growth and distribution refurbished devices to citizens centres to assist in training digital skills to the rural communities in markets, villages, wards, and constituencies.

Additionally, provide skills development to 500,000 youths on e-waste management, repair and maintenance of ICT and accessories equipment.

The Project is in operation with over 10,000 devices collected from MCDAs, and 8,000 tested. This is intended to scale across the country to citizens and private sector organizations. The project supports the Digital eservices and Digital super highway projects.

- **Tree Planting Exercise to**

In collaboration with Kenya Forest Service, ICTA planted 31,000 Trees in Old Bonjoge Forest Block (Pemja) And Chepkumia Forest Block (Koibem) Of Kobujoi Forest Station - Aldai Constituency - Nandi County.



iii) ***Employee welfare***

The Human Resource Policy and procedure manual guides our hiring process considering the gender ratio. The manual is improved after every three (3) years or as need arises in order to address emerging issues. The amendments are done by the Board of Directors with the advice of the CEO.

To improve on employee skills, the Authority has a training policy and also a committee in place that evaluates the training projections from every employee and the budget allocated for trainings in order to ensure that every employee has attended a training not less than 5 days per financial year. The employees attend trainings that are in line with the jobs to improve on their knowledge and skills. The Authority has a performance appraisal in place whereby the employees sign targets with their supervisors at the beginning of the financial year and evaluation is done at the end of the financial year.

iv) ***Market place practices-***

a) ***Responsible competition practice.***

ICTA ensures fair competition practices in procurement of goods and services. The Authority will also ensure that we deal responsibly, openly and fairly with suppliers by ensuring that we use local suppliers as much as possible and that we will endeavour to pay them on time. The Authority will continue to forge public private partnership when undertaking the activities in order to ensure we make a significant positive difference in the society.

b) ***Responsible Supply chain and supplier relations***

The Authority will also ensure that we deal responsibly, openly and fairly with suppliers by ensuring that we use local suppliers as much as possible and that we will endeavour to pay them on time. The Authority will continue to forge public private partnership when undertaking the activities in order to ensure we make a significant positive difference in the society

c) ***Responsible marketing and advertisement***

ICTA is Ethical, Truthful and Responsible Communication Transparency: It uses clear marketing communications that does not mislead customers. Where possible, ICTA makes the boundary between content and commercial promotion clear and always identify commercial content as such.

**d) *Product stewardship***

ICTA doesn't offer any products in the market but offers ICT services to the public. To safeguard the consumer rights and interests, this can be achieved through various means, such as self-regulation, industry codes, consumer organizations, public education, and legal action. Consumer regulation is the set of laws and rules that govern the conduct of businesses towards consumers.

**v) *Corporate Social Responsibility / Community Engagements***

In order to give back to the society and positively contribute towards this issue, Cohort VII Digitalents organized for a pad drive CSR in the month of September 2023. This activity targeted school-going girls who are underprivileged to access of sanitary products. The pad drive CSR took place at Olkeri Mixed Secondary school located in Kajiado County, Kajiado North Constituency on 3<sup>rd</sup> September 2023. The school has an enrollment of 360 Total Students, 200 male and 160 females. The school had been receiving sanitary towels donations from the government, but since 2019, they had not been receiving any donations and hence deemed fit to benefit from the CSR.

A group of 27 PDTP Interns accompanied by 5 PDTP Secretariat, volunteered to provide menstrual health and sexual reproductive health rights education to the girls, and subsequently to create awareness on Drug abuse to the boys in the school. The objective of this pad drive CSR was to provide sanitary pads to school-going girls who lack access to menstrual hygiene products.

**Specific Objectives:**

1. To provide a minimum of 1000 sanitary pads to school-going girls in Olkeri Mixed Secondary School.
2. To increase awareness and education around menstrual hygiene management among the young girls.
3. To promote gender equality and empowerment by breaking the silence and taboo around menstruation.
4. To improve school attendance and productivity for girls who no longer have to miss school due to a lack of menstrual hygiene products.

The Information and Communication Technology Authority  
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ICTA also promoted staff training by taking some of its staff for different training during the year under review.





**11. Report of the Directors**

The Directors submit their report together with the audited financial statements for year ended June 30, 2024, which show the state of the Authority's affairs.

**i) Principal activities**

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

**ii) Results**

The results of the Authority's for the year ended June 30, 2024, are set out on page 6 of these financial statements.

**iii) Directors**

The members of the Board of Directors who served during the year are shown on page to xix.

**iv) Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (Natic Government) Regulations, regulatory entities shall remit into Consolidated Fund, nir per centum of its surplus funds reported in the audited financial statements after the of each financial year. The Authority does not fall under category 3 thus no *remittanc the Consolidated Fund.*

**v) Auditors**

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

By Order of the Board

.....  


**Pauline Kimotho**

**Corporation Secretary**

## **12. Statement of Directors Responsibilities**

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

The Directors are responsible for the preparation and presentation of Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Authority; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2024, and of the Authority's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the

**The Information and Communication Technology Authority  
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Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The Authority's financial statements were approved by the Board on September 27, 2024 and signed on its behalf by:



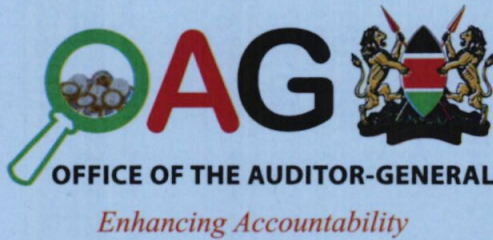
**Hon. Sylvanus Maritim  
Chairperson of the Board**



**Stanley Kamanguya, OGW  
Chief Executive Officer**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: 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 INFORMATION AND COMMUNICATION TECHNOLOGY AUTHORITY (ICTA) FOR THE YEAR ENDED 30 JUNE, 2024**

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### PREAMBLE

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

- A. Report on Financial Statements that considers 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 the 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 the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Information and Communication Technology Authority (ICTA) set out on pages 1 to 60, which comprise of the statement of financial position as at 30 June, 2024 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 effects 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 Information and Communication Technology Authority (ICTA) as at 30 June, 2024 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 Public Finance Management Act, 2012 and the Legal Notice No. 183 of 2013.

### **Basis for Qualified Opinion**

#### **1.0 Long Outstanding Receivables**

As previously reported, the statement of financial position reflects receivables from exchange transactions balance of Kshs.527,848,512 which includes Kshs.304,042,368 due from Telkom Kenya and which had been outstanding for long. However, Management did not provide explanations on why the Authority continued to advance services to Telkom Kenya while still bearing the risk of the amounts being defaulted.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.304,042,368 could not be confirmed.

#### **2.0 Long Outstanding Pasha Loans**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.527,848,512 which, as disclosed in Note 21 to the financial statements, includes an amount of Kshs.45,193,389 in respect of digital villages revolving fund (Pasha). As previously reported, the latter balance, which has been outstanding since the year 2017, represents loans advanced to entrepreneurs to set up information hubs with a condition of repayment within nine (9) years. However, during the year under review

and in the prior years, no repayment was received from the borrowers. Although the loans have remained outstanding for a long period of time and their recovery were doubtful, Management has not made an impairment provision for the loan amount. Further, interest chargeable on the loans was not included in the financial statements.

In the circumstances, the accuracy and completeness of the Digital Village Revolving Fund (Pasha) balance of Kshs.45,193,389 could not be confirmed.

### **3.0 Failure to Include Infrastructure Assets in the Property Plant and Equipment**

The statement of financial position reflects property plant and equipment balance of Kshs.58,320,805 as disclosed in Note 23 to the financial statements. The balance includes Computers and Other IT Equipment balance of Kshs.43,209,969 and furniture and fittings balance of Kshs.15,110,836. However, review of the Authority's financial records and audit inspection during the year under review, revealed that there were various infrastructure assets under various projects which have not been recognized as infrastructure assets as per IPSAS requirements and as detailed below:-

- (i) Note 14 to the financial statements on use of goods and services reflects expenditure incurred by the Authority on NOFBI II E Expenses, NOFBI Maintenance and East Africa Regional Transport and Development Facilitation (EARTTDF) Project of Kshs.65,340,410, Kshs.686,039,192 and Kshs.1,315,178,981 respectively.
- (ii) Government Digitization Platform (E-Citizen) incurred Kshs.710,126,695 as disclosed under Note 16 to the financial Statement during the year under review.

However, all of the above costs were written off instead of being capitalized as infrastructure assets and subjected to depreciation and amortization.

In the circumstance, the accuracy and completeness of the property plant and equipment balance of Kshs.58,320,805 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Information and Communication Technology Authority (ICTA) 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.

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects total receipts budget and actual on a comparable basis of Kshs.6,217,969,785 and Kshs.4,095,173,283 respectively, resulting to an underfunding of Kshs.2,122,796,502 or approximately 34% of the approved budget. However, the Information and Communication Technology Authority spent an amount of Kshs.4,223,458,233 against the actual receipts of Kshs.4,095,173,283 resulting to an over absorption of Kshs.128,284,950 or 3% of the actual receipts.

The shortfall in budgeted receipts affected the planned activities and may have impacted negatively on service delivery to the public.

My Opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion, I have determined that there are no key audit matters to report in the year under review.

### **Other Matter**

### **Unresolved Prior Year Matters**

Review of progress on follow-up of the Auditor General's recommendations revealed that several audit findings raised in the previous years' audit reports were indicated as not resolved, these findings include long outstanding receivables, long outstanding pasha loans, budgetary controls performance and non-settlement of trade payables. Although Management provided comments on the issues, no time frame or the date of when issues are expected to be resolved was provided.

### **Other Information**

Management is responsible for other information set out on page iv to xlviii which comprise of key entity information and management, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1. Long-Outstanding Payables

The statement of financial position reflects payables from exchange transaction balance of Kshs.932,785,599 as disclosed in Note 25 to the financial statement. The balance includes an amount of Kshs.241,775,164 owned to various entities which has remained outstanding for a long time. The authority stated that the issue arose due to insufficient funding for the planned programmes and activities. The Authority did not charge the long outstanding payable as a first charge as per the Public Finance Management Act, 2012.

In the circumstances, management is in breach of the law.

#### 2. E-Citizen Platform

##### 2.1. Operations of the Platform

The statement of financial performance reflects income from rendering of services of kshs.1,468,454,110 as disclosed in Note 9 to the financial statements. Included in this amount is Kshs.714,121,804 on services rendered through the Government Digitization platform (E-citizen). However, the following anomalies were noted:-

##### 2.1.1. Single Sourcing of the Maintenance Contract

Review of the maintenance contract for the E-Citizen platform revealed that the contract was single sourced to a local contractor. Although the Authority stated that the approval

for single sourcing was given by the National Treasury, the authority to single source was not provided for audit review.

### **2.1.2. Unsupported Convenience Fees**

The system charges Kshs.50 per transaction. However, no supporting documents were provided to support how the amount was arrived at.

Further, the gazette notice No.17422 dated 22 December, 2023 indicated that the nominal administrative fees per transaction shall be prorated starting from a fee of Kshs.5 for transactions below Kshs.200 and Kshs.50 for transactions over Kshs.1,000. However, these prorated charges have not been implemented and the system was charging a fixed charge of Kshs.50 per transaction irrespective of the value of transaction, during the year under review.

In the circumstances, the regularity of the convenience fee charged and the maintenance contract could not be confirmed.

## **2.2. Special Audit on E-Citizen**

My Office is currently undertaking a special audit on Government Digital Payment Platform (E-Citizen). This special audit is informed by the current strategic importance of E-Citizen in the financial management of Government. The special audit is expected to provide highlights on the credibility and reliability of the E- Citizen system including assurance on whether data processed through the system is accurate and complete.

Further, the special audit will interrogate both IT and physical security governance arrangements and the adequacy of the controls in place.

As at the time of this audit report, the special audit had not been concluded.

## **3. Payment for Email Services without a valid contract**

During the financial year, the Authority utilized Google Application Collaboration email services. The contract was first signed on the 23 March, 2015 for two hundred (200) users, at a cost of Kshs.986,000. Review of the documents provided for audit revealed that the last known renewal of the services by the Authority was done in August, 2016 and has since expired and the services have been running without a valid contract.

During the year under review an outstanding payment of Kshs.7,918,260 was made to the service provider, covering the years from 2020 to 2024. However, the duly signed contract between the Authority and the service provider for the period between 2020 to 2024 was not provided for audit review.

In the circumstances, the validity of the payment could not be confirmed.

#### **4. Non-adherence to 30% Access to Government Procurement Opportunities Procurement guideline**

During the year Under review, it was observed that the Authority had a total of Kshs.321,541,885 which represents 30% of Kshs.1,071,806,286 for non-infrastructure budgets reserved for the special groups (Youth, Women and PWDs). However, the Authority awarded the special group a total of Kshs.163,361,755 worth of supply of goods and services, which represents only 15% of the reserved amount. This is contrary to Section 53(6) of the Public Procurement and Asset Disposal Act, 2015 which states that all procurement and asset disposal planning shall reserve a minimum of thirty per cent of the budgetary allocations for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups.

In the circumstances, the Authority was in breach of law.

#### **5. Sustainability on the use Public Wi-Fi**

Note 14 on use of goods and services, reflect expenditure amount of Kshs.377,433,456 on government shared services. Included in this amount is Kshs.77,554,457 for the installation of Public Wi-Fi in different parts of the country during the year under review. The audit sampled a total of nineteen (19) installations for verification. From the sample of nineteen (19) locations, it was observed that only seven (7) were working. The others had challenges including; Access Points not working, frequent power failure especially western Kenya, vandalism, issues with IP address, malfunctioning UPS and lack of connectivity.

Further, a review of the maintenance and operational protocols revealed an apparent gap in role definition and accountability between the contractor responsible for installation and the contractor assigned maintenance work. This ambiguity appears to have led to delays or omissions in addressing site operational issues.

In the circumstances, value for money for the investment could not be confirmed.

#### **6. Lack of Climate Change Action Plan**

The Information and communications Technology Authority did not have an integrated climate change action plan in line with Article 69(f) of the Constitution of Kenya which requires establishment of systems of environmental impact assessment, environmental audit and monitoring of the environment. Further, the Authority did not ensure integration

of climate change considerations into the development planning and budgeting for the year ended 30 June, 2024.

In the circumstances, Management did not comply with the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of 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 governance were not effective.

### **Basis for Conclusion**

#### **Lack of IT Strategic and Steering Committees**

The audit review revealed that the Authority did not have an established IT Strategic and Steering Committees.

In the circumstances, Authority did not benefit from the oversight provided by these committees.

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 controls, 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 controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using applicable going concern basis of accounting unless Management is aware of the intention 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 comply 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 Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**31 December, 2024**

The Information and Communication Technology Authority  
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14. Statement of Financial Performance for the year ended 30 June 2024

	Notes	2023-2024 KShs	2022-2023 KShs
Revenue from non-exchange transactions	Note		
Grants income	6	2,412,911,630	895,782,925
Public Contributions & Donations	7	169,836,574	146,819,022
		<u>2,582,748,203</u>	<u>1,042,601,946</u>
Revenue from exchange transactions			
Other income	8	43,970,970	28,228,470
Rendering of services	9	1,468,454,110	1,023,509,259
		<u>1,512,425,080</u>	<u>1,051,737,730</u>
<b>Total revenue</b>		<u><b>4,095,173,283</b></u>	<u><b>2,094,339,676</b></u>
Expenses			
Employee costs	11	481,426,256	409,002,945
Board Expenses	12	16,089,383	15,998,822
Repairs and maintenance	13	1,139,496	1,568,314
Use of Goods & Services	14	2,857,942,254	1,761,220,951
Depreciation & Amortization expense	15	30,011,323	29,522,169
Government Digitization Platform	16	710,126,694	206,489,290
Presidential Digital Talent program	17	126,722,828	124,467,824
Bad Debts Expense	18	-	122,210,682
<b>Total expenses</b>		<u><b>4,223,458,233</b></u>	<u><b>2,670,480,997</b></u>
Other Gains(Losses)			
PPE Sales	10	-30,940	0
Unrealized Exchange Gain/(Loss)	10	108,020,334	212,248,576
<b>Surplus/(deficit) before tax</b>		<u><b>-236,274,344</b></u>	<u><b>-363,892,746</b></u>
Taxes	19	8,347,478	32,115,334
<b>Surplus/(deficit) for the year</b>		<u><b>-244,621,821</b></u>	<u><b>-396,008,079</b></u>

The notes set out on pages 10 to 54 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 54 were signed on behalf of the Board of Directors by:


The Information and Communication Technology Authority  
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for the year ended June 30, 2024.

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Stanley Kamanguya, OGW  
Chief Executive Officer

Date 30/12/24



CPA Oliver Pyoko  
Head of Finance

ICPAK M/No: 12558  
Date 30/12/24



Hon. Sylvanus Maritim  
Chairman of the Board

Date 30/12/24


*\*Comparative year means prior year/ previous period*

The Information and Communication Technology Authority  
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15. Statement of Financial Position as at 30 June 2024

	Not e	2023-2024 KShs	2022-2023 KShs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	20	2,084,537,647	2,325,723,364
Receivables from Exchange Transactions	21	527,848,512	304,042,368
Receivables from Non-Exchange Transactions	22	77,075,433	40,445,050
<b>Total Current Assets</b>		<b>2,689,461,592</b>	<b>2,670,210,783</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	23	58,320,806	28,240,002
Intangible Assets	24	-	7,380,531
<b>Total Non-Current Assets</b>		<b>58,320,806</b>	<b>35,620,533</b>
<b>Total Assets</b>		<b>2,747,782,397</b>	<b>2,705,831,315</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables from exchange transactions	25	932,785,599	678,422,488
<b>Non-Current Liabilities</b>			
NOFBI II Expansion Deferred Income	26	896,309,916	896,309,916
<b>Total liabilities</b>		<b>1,829,095,516</b>	<b>1,574,732,404</b>
<b>Net assets</b>			
Accumulated (Deficit)/Surplus	27	918,686,881	1,131,098,911
<b>Total net assets and liabilities</b>		<b>2,747,782,396</b>	<b>2,705,831,315</b>

The financial statements set out on pages 1 to 54 were signed on behalf of the Board of Directors by:

  
Stanley Kamanguya, OGW  
Chief Executive Officer

  
CPA Oliver Pyoko  
Head of Finance

  
Hon. Sylvanus Maritim  
Chairman of the Board

Date 30/12/24

ICPAK M/No: 12558

Date 30/12/24

Date 30/12/24.

16. Statement of Changes in Net Assets for the year ended 30 June 2024

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
	KShs	KShs	KShs	KShs	KShs	KShs	KShs
At July 1, 2022	-	-	-	1,526,230,490	-	-	1,526,230,490
Prior year Adjustments				(45)			(45)
Total comprehensive income				(395,131,534)			(395,131,534)
At June 30, 2023	-	-	-	1,131,098,911	-	-	1,131,098,911
At July 1, 2023	-	-	-	1,131,098,911	-	-	1,131,098,911
Prior year Adjustments				32,209,791			32,209,791
Total comprehensive income				(244,621,821)			(244,621,821)
At June 30, 2024	-	-	-	918,686,881	-	-	918,686,881

Note:

1. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

The Information and Communication Technology Authority  
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17. Statement of Cash Flows for the year ended 30 June 2024

	Notes	2023-2024 KShs	2022-2023 KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	2,412,911,630	895,782,925
Public contributions and donations	7	169,836,574	146,819,022
Other income	8	43,970,970	28,228,470
Rendering of services	9	1,468,454,110	1,023,509,259
<b>Total receipts</b>		<b>4,095,173,283</b>	<b>2,094,339,676</b>
<b>Payments</b>			
Employee costs	11	481,426,256	409,002,945
Board Expenses	12	16,089,383	15,998,822
Repairs and maintenance	13	1,139,496	1,568,314
Government Digitization Platform (E-Citizen)	16	710,126,694	206,489,290
Presidential Digital Talent program	17	126,722,828	124,467,824
Use of goods and services		2,948,142,750	1,244,186,064
<b>Total payments</b>		<b>4,283,647,406</b>	<b>2,001,713,260</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>-188,474,123</b>	<b>92,626,416</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	23	-52,711,595	-18,353,152
Proceeds from sale of PPE			
Purchase of investments			
Sale of investments			
<b>Net cash flows from/(used in) investing activities</b>		<b>-52,711,595</b>	<b>-18,353,152</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			-
Repayment of borrowings			-
Proceeds from issue of shares			-
<b>Net cash flows from financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp;Cash equivalents</b>		<b>-241,185,718</b>	<b>74,273,264</b>
Cash and cash equivalents at 1 July 2023	20	2,325,723,364	2,251,450,100
<b>Cash and cash equivalents at 30 June 2024</b>	<b>20</b>	<b>2,084,537,647</b>	<b>2,325,723,364</b>

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).



18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original annual Budget	Adjustments	Final Annual Budget	Actual on comparable basis	Performance difference	% of utilization
	KShs	KShs	KShs	KShs	KShs	
	a	b	c=a+b	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
GOK Recurrent	562,000,000	-20,000,000	542,000,000	472,000,001	69,999,999	87%
Presidential Digital Talent Programme	116,000,000	-	116,000,000	115,999,997	3	100%
Government Shared Services Grants	534,000,000	-180,000,000	354,000,000	354,000,000	-	100%
NOFBI IIE	92,000,000	-30,000,000	62,000,000	61,999,999	1	100%
Last Mile Public WiFi	78,000,000	-	78,000,000	0	78,000,000	0%
EARTTDFP IDA Grants	873,000,000	732,201,611	1,605,201,611	1,319,876,092	285,325,519	82%
HOAGDP IDA Grants	525,000,000	-425,000,000	100,000,000	29,035,541	70,964,460	29%
KDEAP IDA Grants	400,000,000	-	400,000,000	-	400,000,000	0%
EARTTDF Counterpart Funds	100,000,000	-70,000,000	30,000,000	30,000,000	-	100%
HOAGDP Counterpart Funds	50,000,000	-20,000,000	30,000,000	30,000,000	-	100%
E-Citizen	1,200,000,000	-	1,200,000,000	714,121,804	485,878,196	60%
NOFBI Maintenance	330,000,000	350,000,000	680,000,000	717,348,669	-37,348,669	105%
Shared Services AIA Income	10,000,000	-	10,000,000	10,531,511	-531,511	105%
Accreditation Fees	10,000,000	-	10,000,000	26,452,126	-16,452,126	265%
Connected Summit	171,090,000	161,843,362	332,933,362	165,421,578	167,511,784	50%
UNICEF GIGA Project	614,996	2,500,000	3,114,996	3,114,996	0	100%
Interest Income	0	0	0	43,970,970	-43,970,970	
E-Waste Expenses	59,235,812	0	59,235,812	0	59,235,812	0%
Digital Citizen Skills	-	605,484,004	605,484,004	0	605,484,004	0%
Other Donations & Public Contributions	-	-	0	1,300,000	-1,300,000	
<b>Total income</b>	<b>5,110,940,808</b>	<b>1,107,028,977</b>	<b>6,217,969,785</b>	<b>4,095,173,283</b>	<b>2,122,796,502</b>	
<b>Expenses</b>						
Employee costs	476,645,529	-	476,645,529	481,426,256	-4,780,727	101%
Directors' costs	12,044,000	- 483,652	11,560,348	16,089,383	-4,529,035	139%
Routine maintenance	3,000,000	- 840,400	2,159,600	1,139,496	1,020,105	53%
General expenses	80,310,471	- 18,675,948	61,634,523	76,897,289	-15,262,766	125%

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	Original annual Budget	Adjustments	Final Annual Budget	Actual on comparable basis	Performance difference	% of utilization
	KShs	KShs	KShs	KShs	KShs	
Depreciation & Amortization	-	-	-	30,011,323	-30,011,323	
Government Digitization Platform (E-Citizen)	1,200,000,000	-	1,200,000,000	710,126,694	489,873,306	59%
Presidential Digital Talent program	116,000,000	-	116,000,000	126,722,828	-10,722,828	109%
<b>Other Expenses</b>						
Government Shared Services	544,000,000	-180,000,000	364,000,000	377,455,856	-13,455,856	104%
NOFBI II Expansion	92,000,000	-30,000,000	62,000,000	65,340,410	-3,340,410	105%
NOFBI Maintenance	330,000,000	350,000,000	680,000,000	686,039,192	-6,039,192	101%
Last Mile Public WiFi	78,000,000	-	78,000,000	-	78,000,000	0%
EARTTDF IDA Grants Expenses	873,000,000	732,201,611	1,605,201,611	1,315,178,981	290,022,630	82%
HOAGDP IDA Grants Expenses	525,000,000	-425,000,000	100,000,000	39,319,564	60,680,436	39%
KDEAP IDA Grants	400,000,000	-	400,000,000	5,080,356	394,919,644	1%
EARTTDF Counterpart Expenses	100,000,000	-70,000,000	30,000,000	33,534,679	-3,534,679	112%
HOAGDP Counterpart Expenses	50,000,000	-20,000,000	30,000,000	10,565,398	19,434,602	35%
Connected Summit expenses	171,090,000	161,843,362	332,933,362	203,637,451	129,295,911	61%
UNICEF GIGA Project Expenses	614,996	2,500,000	3,114,996	10,357,657	-7,242,661	333%
Bad Debts Expense	-	-	-	-	-	
E-Waste Expenses	59,235,812	-	59,235,812	34,535,421	24,700,391	58%
Digital Citizen Skills	-	605,484,004	605,484,004	-	605,484,004	0%
<b>Total expenses</b>	<b>5,110,940,808</b>	<b>1,107,028,977</b>	<b>6,217,969,785</b>	<b>4,223,458,233</b>	<b>1,994,511,552</b>	
<b>Other Gains(Losses)</b>						
PPE Sales	-	-	-	-30,940	30,940	
Unrealized Exchange Gain/(Loss)	-	-	-	108,020,334	-108,020,334	
Surplus/(deficit) before tax	-	-	-	-236,274,344	20,295,556	
Taxes	-	-	-	8,347,478	-8,347,478	
Surplus/(deficit) for the year	-	-	-	-244,621,821	28,643,034	

**Budget notes**

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
  - GoK recurrent variance due to budget cuts.
  - EARTTDFP IDA grants-variance due to the project coming to an end.
  - E-citizen funds-variance due to over-budgeting.
  - Board cost-variance due to budget cuts.
  - Repairs & maintenance- no major repairs were conducted during the period under review.
  - General expenses-variance due to budget cuts and price changes of consumables.
  - HOAGDP Expenses-low consumption is due to the initial stages of the project.
  - UNICEF Giga project- over expenditure is due to un accrued expenditures from 2022/23 fy.
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
  - changes between original and final budget is due to supplementary budget revisions.
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis
  - ICTA uses accrual accounting basis

## 19. Notes to the Financial Statements

### 1. General Information

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

### 2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. *The* financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There were no new and amended standards issued in the financial year.

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b><i>The standard has no impact in the Authority</i></b></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b><i>The standard has no impact in the Authority</i></b></p>
IPSAS 45- Property	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets,</p>

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Standard	Effective date and impact:
Plant and Equipment	<p>infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><b><i>The standard has no impact in the Authority.</i></b></p>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>The standard has no impact in the Authority</i></b></p>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

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Standard	Effective date and impact:
	<i>The standard has no impact in the Authority</i>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b><i>The standard has no impact in the Authority</i></b></p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b><i>The standard has no impact in the Authority</i></b></p>

***iii. Early adoption of standards***

The Authority did not early - adopt any new or amended standards in the financial year.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

**Fees, taxes and fines**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

**Rendering of services**

The *Entity* recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for the Current FY was approved by the National Assembly on *June 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of *nil* on the 2024 budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Budget information (continued)**

The *Authority's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

**c) Taxes**

**Current income tax**

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Sales tax**

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

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and r investment property is measured at fair value with gains and losses recognised through surplus or deficit.* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) **Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) **Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Entity*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *Entity* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *Entity* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**g) Intangible assets**

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

**h) Research and development costs**

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

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

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

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Authority does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Authority recognizes a loss allowance for such losses at each reporting date. There was no critical estimates and significant judgments made by management in determining the expected credit loss (ECL) during the period under review.

**b) Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**j) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

**k) Provisions**

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**l) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**m) Contingent liabilities**

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**n) Contingent assets**

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

**o) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements. The Authority has no reserved maintained.

**p) Changes in accounting policies and estimates**

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

**q) Employee benefits**

**Retirement benefit plans**

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**r) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**s) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**t) Related parties**

The Authority 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 Authority, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**u) Service concession arrangements**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Service concession arrangements (Continued)**

To the extent that an asset has been recognized, the Authority also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**v) Cash and cash equivalents**

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

**w) Comparative figures**

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

**x) 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, 2024.

Summary of Significant Accounting Policies (Continued)

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual value**

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

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. . The Authority maintains provision for bad debts only.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2023-2024	2022-2023
	KShs	KShs
<b>Unconditional Grants</b>		
GoK Recurrent Funds	472,000,001	426,400,000
Presidential Digital Talent Programme	115,999,997	112,200,000
Shared Services	354,000,000	-
GoK NOFBI	61,999,999	-
Digital Literacy Programme	-	2,500,000
EARTTDF Counterpart Funds	30,000,000	25,000,000
HOAGDP Counterpart Funds	30,000,000	10,000,000
EARTTDF IDA Grants	1,319,876,092	299,973,944
HOAGDP IDA Grants	29,035,541	15,380,617
Other Organizational Grants (CA)	-	4,328,365
<b>Total Government Grants and Subsidies</b>	<b>2,412,911,630</b>	<b>895,782,925</b>

*The funds are for recurrent and development expenses for the Authority*

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name Of the Entity Sending the Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2023-2024	Total transfers 2022-2023
	KShs	KShs	KShs	KShs	
State Department of ICT & Digital Economy	2,412,911,630	-	-	2,412,911,630	891,454,560
Communications Authority	-	-	-	-	4,328,365
<b>Total</b>	<b>2,412,911,630</b>	<b>-</b>	<b>-</b>	<b>2,412,911,630</b>	<b>895,782,925</b>

*(The details of the reconciliation have been included under appendix IV)*

Notes to the Financial Statements (Continued)

7. Public Contributions and Donations

Description	2023-2024	2022-2023
	KShs	KShs
UNICEF	3,114,996	38,726,548
Connected Summit Contributions	165,421,578	107,792,474
Others-ICTA @10	1,300,000	-
Huawei Technologies	-	300,000
	<b>169,836,574</b>	<b>146,819,022</b>
<b>Reconciliation of public contributions and donations</b>		
Balance unspent at beginning of quarter		
Current year receipts	169,836,574	146,819,022
Conditions met - transferred to revenue		
Conditions to be met - remain liabilities	<b>169,836,574</b>	<b>146,819,022</b>

The Connected summit is a yearly event aimed at connecting all ICT entities worldwide which is sponsored by well-wishers and delegates contribute towards the event.

The UNICEF GiGa Project funds were to provide internet connectivity to **35 primary schools** (which translates to connectivity to an estimated **21,000** children and teachers). ICTA celebrated 10 years in service thereby some well-wishers contributed to the function, ICTA@10.

8. Other Income

Description	2023-2024	2022-2023
	KShs	KShs
Interest Income (Banks)	43,970,970	28,228,470
<b>Total other income</b>	<b>43,970,970</b>	<b>28,228,470</b>

- *Other income relates to* Interest income earned through the bank accounts the Authority has with the local Bankers.

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Notes to the Financial Statements (Continued)

9. Rendering Of Services

Description	2023-2024	2022-2023
	KShs	KShs
NOFBI Commercialization	717,348,669	791,750,838
Shared Services Income	10,531,511	2,958,528
Accreditation Fees & Penalties	26,452,126	21,301,115
Government Digitization Platform (E-citizen)	714,121,804	207,498,779
<b>Total other income</b>	<b>1,468,454,110</b>	<b>1,023,509,259</b>

- Revenue from NOFBI Commercialization relates to the sale/lease of NOFBI cable to the Telcos
- Revenue from Shared services- Internet connectivity to MDAs
- E-citizen-convenience fees collected for offering services through digitization platform.
- Accreditation Fees and Penalties funds collected *for accreditations of IT suppliers.*

10. Other Gains (Loss)

Description	2023-2024	2022-2023
	KShs	KShs
PPE Sales	-30,940	-
Exchange Gain/(Loss)	108,020,334	212,248,576
<b>Total other income</b>	<b>107,989,394</b>	<b>212,248,576</b>

The unrealized exchange gain is due to revaluation of the foreign currency-maintained bank accounts to KShs for reporting purposes. No transaction took place

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Notes to the Financial Statements (Continued)

11. Employee Cost

Description	2023-2024	2022-2023
	KShs	KShs
Basic Salaries and wages	132,268,995	103,307,915
Housing benefits and allowances	81,425,997	69,201,186
Other Staff Costs	4,832,091	1,218,499
Contract Staff Salaries	181,013,384	186,310,154
Employee related costs - contributions to pensions, NSSF and Gratuity	30,522,103	28,072,967
NHDF- Employer Contribution	4,758,731	-
NITA LEVY	130,200	-
Medical Expenses	41,127,640	14,215,410
Group life insurance/WIBA	4,220,305	4,789,365
Staff Welfare Expenses	1,126,810	1,010,904
<b>Total Employee costs</b>	<b>481,426,256</b>	<b>409,002,945</b>

*In the previous years 'recruitment cost was included in the employee cost; the expenditure has been reclassified and will be reported under Use of Goods and Services.*

12. Board Expenses

Description	2023-2024	2022-2023
	KShs	KShs
Chairman's Honoraria	984,194	960,000
Sitting Allowances	7,371,000	6,400,000
Other allowances	7,734,189	8,638,822
<b>Total Director Costs</b>	<b>16,089,383</b>	<b>15,998,822</b>

13. Repairs and Maintenance

Description	2023-2024	2022-2023
	KShs	KShs
Motor Vehicles	287,596	902,049
Furniture and fittings	210,000	126,565
Computers, Networks & Accessories	641,900	539,700
<b>Total repairs and maintenance</b>	<b>1,139,496</b>	<b>1,568,314</b>

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Notes to the Financial Statements (Continued)

14. Use of Goods and Services

Description	2023-2024	2022-2023
	KShs	KShs
Travel, motor car, accommodation, subsistence and other allowances	5,103,588	4,495,110
Advertising, Printing and Supplies	701,164	1,248,959
Membership fees, dues and subscriptions	576,026	1,320,071
Fuel and oil	-	909,885
Office and General Supplies	3,118,851	1,739,807
Hospitality supplies and Services	2,832,791	2,319,592
Training & Capacity Building	6,080,107	5,898,674
Contracted and Utilities Supplies	1,683,284	2,380,437
Motor Vehicle Insurance	-	30,176
Toners & Cartridges	-	934,040
Audit fees	1,600,000	1,600,000
Legal expenses	-	1,591,350
Recruitment	1,150,575	876,545
Rent & Parking	48,694,545	-
Accreditation Expenses	4,470,460	4,771,454
Finance Department Expenses	-	992,800
CEO, HR & Administration Dept	119,700	900,000
Internal Audit Department Expenses	-	465,900
Bank Charges	764,549	1,092,270
Innovation Expenses	1,650	3,456,814
Government Shared Services	377,433,456	243,797,013
Government Shared Services A-I-A	22,400	-
NOFBI II E Expenses	65,340,410	78,140,329
NOFBI Maintenance	686,039,192	544,439,889
Digital Literacy Program	-	177,141,772
EARTTDF Project Expenses	1,315,178,981	421,091,968
EARTTDF Counterpart Expenses	33,534,679	39,723,088
HOAGD Project Expenses	39,319,564	44,354,344
HOAGDP Counterpart Expenses	10,565,398	8,408,120
KDEA Project Expenses	5,080,356	-
Connected Summit Expenses	203,637,451	108,408,641
Nairobi Expressway Expenses	-	18,016,320
UNICEF GIGA Project	10,357,657	27,271,061
E-Waste Expenses	34,535,421	13,404,522
<b>Total Use of Goods and Services</b>	<b>2,857,942,254</b>	<b>1,761,220,951</b>

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Notes to the Financial Statements (Continued)

15. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	KShs	KShs
Property, Plant and Equipment	22,630,792	19,681,461
Intangible assets Amortization	7,380,531	9,840,708
Investment property carried at cost		
<b>Total depreciation and amortization</b>	<b>30,011,323</b>	<b>29,522,169</b>

*The variance is due to some assets being fully depreciated during the period, and purchase of new assets.*

16. Government Digitization Platform (E-Citizen)

Description	2023-2024	2022-2023
	KShs	KShs
Support, Maintenance and Gateway Services	501,513,648	203,503,333
Onboarding of new services	52,902,396	2,220,857
General Operations	155,710,651	765,100
<b>Total Government Digitization Platform (E-Citizen)</b>	<b>710,126,694</b>	<b>206,489,290</b>

*(The variations for the previous year were 5 months compared to 12 months in the period under review.)*

17. Presidential Digital Talent Program (PDTP)

Description	2023-2024	2022-2023
	KShs	KShs
Presidential Digital Talent Program - Interns	113,015,824	102,250,807
Presidential Digital Talent Program - Operations	13,707,004	22,217,017
<b>Total PDTP Expenses</b>	<b>126,722,828</b>	<b>124,467,824</b>

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Notes to the Financial Statements (Continued)

18. Provision for Bad Debts

Description	2023-2024 KShs	2022-2023 KShs
Bad Debts during the year (Note30A)	-	122,210,682
<b>Total Bad Debts Provision</b>	<b>-</b>	<b>122,210,682</b>

19. Taxation

Description	2023-2024 KShs	2022-2023 KShs
With Holding Taxes Paid	6,595,646	4,366,983
Income Tax for the year	1,751,832	27,748,351
<b>Total Taxes</b>	<b>8,347,478</b>	<b>32,115,334</b>

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Notes to the Financial Statements (Continued)

20. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	KShs	KShs
Current account	785,406,511	946,195,173
Escrow Account	1,299,131,135	1,379,528,192
Cash at Hand/cash in transit	-	-
<b>Total cash and cash equivalents</b>	<b>2,084,537,647</b>	<b>2,325,723,364</b>

Detailed Analysis of the Cash and Cash Equivalents

Description		2023-2024	2022-2023
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Citi Bank GOK Account	0300085016	-5	18,438,677
Citi Bank PDTP Account	0300085024	-	8,379
Citi Bank EARTTDFP Account	0300085035	-	2,584,517
Citi Bank HOAGDP Account	0300085415	-	44,714,040
Citi Bank GOK Account (USD)	0300085043	10	3,822,526
Kenya Commercial bank (KShs)	1219615692	305,468,516	504,313,055
KCB Connected Summit Account	1303722755	-22,425,119	(201,007)
ICTA Government Digitization Account KES	1310084726	89,149,642	11,019,477
ICTA Government Digitization Account USD	1310084858	103,078,799	36,306,720
KCB-ICTA GOK FUNDS	1312872519	229,496,386	243,222,551
KCB-ICTA PDTP ACCOUNT	1312872640	44,947,315	81,966,238
KCB ICT AUTHORITY EARTTDFP	1322542651	1,529,949	-
KCB ICT AUTHORITY HOAGDP	1322543372	34,161,017	-
		<b>785,406,511</b>	<b>946,195,173</b>
<b>b) Escrow Account</b>			
Kenya Commercial bank (USD)	1219130680	1,299,131,135	1,379,528,192
<b>c) Others(specify)</b>			
Cash In Transit		-	-
Cash in hand		-	-
<b>Grand total</b>		<b>2,084,537,647</b>	<b>2,325,723,364</b>

\*Exchange rate @June 30,2023: 129.527 against the dollar.

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Notes to the Financial Statements (Continued)

21. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2023-2024	2022-2023
	KShs	KShs
NOFBI Commercialization	704,994,989	486,524,234
Accreditation Fees	-	135,400
Shared Services	8,902,682	3,431,893
Digital Villages Revolving Fund (Pasha)	45,193,389	45,193,389
Less: Provision for Bad Debts	-231,242,548	-231,242,548
<b>Total current receivables</b>	<b>527,848,512</b>	<b>304,042,368</b>

Receivables relate to commercialization of the NOFBI cable, and connecting internet to MDAs.

(b) Receivables from Exchange Transactions (Long-term)

There were no Receivables from Exchange Transactions (Long-term).

(c) Ageing analysis for Receivables from exchange transactions

Description	Insert Current FY		Insert Comparative FY	
	KShs		KShs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	364,247,411	48%	353,736,576	60%
Between 1- 2 years	8,902,682	1%	3,431,893	1%
Between 2-3 years	-		-	%
Over 3 years	385,940,967	51%	231,242,548	39%
<b>Total (a+b)</b>	<b>759,091,060</b>		<b>588,411,017</b>	

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Notes to the Financial Statements (Continued)

(d) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ Provision	2023-2024	2022-2023
	KShs	KShs
At the beginning of the year	231,242,547	109,031,865
Additional provisions during the year	-	122,210,682
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	231,242,547	231,242,547

22. Receivables from Non-Exchange Transactions

Description	2023-2024	2022-2023
	KShs	KShs
<b>Current receivables</b>		
Accounts Receivable	-0	420,000
Connected Summit Receivable	63,060,427	20,737,491
Staff Advances	1,061,086	1,383,948
Unsurrendered Imprests	6,972,658	17,823,412
Prepayments	5,860,112	-40,950
Deposits Receivables	121,150	121,150
Grants/Revenue Receivable	-	-
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>77,075,433</b>	<b>40,445,050</b>

Ageing Analysis-Receivables from non-exchange transactions

Description	2023-2024		2022-2023	
	KShs		KShs	
	2023-2024	% of the total	2022-2023	% of the total
Less than 1 year	76,954,283	100%	40,445,050	100%
Between 1- 2 years		0	0	%
Between 2-3 years	121,150	0%	0	%
Over 3 years		0	0	%
<b>Total (a+b)</b>	<b>77,075,433</b>	<b>%</b>	<b>40,445,050</b>	<b>%</b>

Notes to the Financial Statements (Continued)

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Impairment allowance/ Provision	2023-2024	2022-2023
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

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Notes to the Financial Statements (Continued)

23. Property, Plant and Equipment

	Motor Vehicles	Computers and Other IT Equipment	Furniture and Fittings	Total
Cost	KShs	KShs	KShs	KShs
At 1st July 2022	89,488,897	54,870,087	97,550,536	241,909,520
Additions		18,353,152		18,353,152
Disposals				-
At 30th June 2023	89,488,897	73,223,239	97,550,536	260,262,672
Additions		42,064,449	10,647,146	52,711,595
Disposals				-
At 30th June 2024	89,488,897	115,287,688	108,197,682	312,974,267
Depreciation				
At 1st July 2022	76,166,549	47,259,021	88,915,639	212,341,209
Depreciation	8,718,124	9,429,956	1,533,381	19,681,461
Disposals				-
Impairment	-	-	-	-
At 30th June 2023	84,884,674	56,688,977	90,449,019	232,022,670
Depreciation	4,604,224	15,388,742	2,637,826	22,630,792
Disposals				-
Impairment	-	-	-	-
At 30th June 2024	89,488,898	72,077,719	93,086,846	254,653,462
Net book values				
At 30th June 2024	(1)	43,209,969	15,110,836	58,320,805
At 30th June 2023	4,604,223	16,534,262	7,101,517	28,240,002

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Valuation

There was no revaluation on Plant, Property and Equipment during the year under review.

**23 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	KShs	KShs	KShs
Motor Vehicles	89,488,898	89,488,898	0
Computers And Related Equipment	115,287,688	72,077,719	43,209,969
Furniture and Fittings	108,197,682	93,086,846	15,110,836
<b>Total</b>	<b>312,974,268</b>	<b>254,653,462</b>	<b>58,320,806</b>

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Motor Vehicles including Motorcycles	89,488,897	4,604,224
Computers and Related Equipment	52,233,567	15,388,742
Office Equipment, Furniture and Fittings	85,283,491	2,637,826
<b>Total</b>	<b>227,005,955</b>	<b>22,630,792</b>

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Notes to the Financial Statements (Continued)

24. Intangible Assets

Description	2023-2024	2022-2023
ERP System	KShs	KShs
<b>Cost</b>		
At beginning of the year	32,802,360	32,802,360
Additions		
At end of the year	32,802,360	32,802,360
Additions-internal development		
At end of the year	32,802,360	32,802,360
<b>Amortization and impairment</b>		
At beginning of the year	25,421,829	15,581,121
Amortization	7,380,531	9,840,708
At end of the year	32,802,360	25,421,829
Impairment loss		
At end of the year	32,802,360	25,421,829
<b>NBV</b>	-	7,380,531

25. Trade and Other Payables

Description	2023-2024	2022-2023
	KShs	KShs
Trade payables	896,307,066	612,246,957
Audit Fees Payable	1,600,000	3,200,000
Tax Payable	-967,624	25,209,223
Staff Gratuity	35,846,156	37,290,974
DLP Devices Replacement Payables	-	235,334
NOFBI Infrastructure Fees & Penalties Payable	-	240,000
<b>Total trade and other payables</b>	<b>932,785,598</b>	<b>678,422,488</b>

Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	695,914,728	75%	516,997,698	76%
1-2 years	35,846,156	4%	26,835,690	4%
2-3 years	120,546,656	13%	4,803,344	1%
Over 3 years	80,478,059	9%	129,785,756	19%
<b>Total (tie to above total)</b>	<b>932,785,598</b>		<b>678,422,488</b>	

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Notes to the Financial Statements (Continued)

26. NOFBI II Expansion Deferred Income

Description	2023-2024	2022-2023
	KShs	KShs
NOFBI II Expansion Deferred Income	896,309,916	896,309,916
<b>Total trade and other payables</b>	<b>896,309,916</b>	<b>896,309,916</b>

*The amount will be recognized as income once the billing for the loan is due.*

The deferred income movement is as follows:

	2023-2024	2022-2023
	KShs	KShs
Balance Brought Forward	896,309,916	896,309,916
Additions	-	-
Transfers To Capital Fund	-	-
Transfers To Income Statement	-	-
<b>Balance Carried Forward</b>	<b>896,309,916</b>	<b>896,309,916</b>

27. Accumulated Surplus (Deficit)

Description	2023-2024	2022-2023
	KShs	KShs
Accumulated Surplus/ (Deficit) b/d	1,131,098,911	1,526,230,490
Prior Year Adjustments	32,209,791	-45
(Deficit)/Surplus for the year	-244,621,821	-395,131,534
<b>Accumulated (Deficit)/Surplus c/d</b>	<b>918,686,881</b>	<b>1,131,098,911</b>

27.(b) Prior Year Adjustments

Description	2023-2024	2022-2023
	KShs	KShs
Trade Payables	8,120,695	-45
Accrued Gratuity	5,818,234	
Tax Payable	18,270,863	
<b>Total Adjustments</b>	<b>32,209,791</b>	<b>(45)</b>

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Notes to the Financial Statements (Continued)

28. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2023-2024	2022-2023
	KShs	KShs	KShs	KShs	KShs
Current Benefit Obligation	21,730,442	-	-	21,730,442	17,163,739
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total Employee Benefits Obligation</b>	<b>21,730,442</b>	<b>-</b>	<b>-</b>	<b>21,730,442</b>	<b>17,163,739</b>

**Retirement benefit Asset/ Liability**

The Entity operates a defined benefit scheme for all full-time employees from March 1, 2018. The scheme is administered by Jubilee Insurance. The scheme is based on 10 percentage of salary of an employee and a 20% of employer contribution. Being a Defined Contribution Scheme, there is no requirement for annual actuarial valuations as per the RBA regulations.

The Authority also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1,080 per employee per month

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Notes to the Financial Statements (Continued)

29. Surplus Remission (*for category 3 entities*)

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority is not under category 3 entities.

30. Cash Generated from Operations

	2023-2024	2022-2023
	KShs	KShs
Surplus for the year before tax	-244,621,821	-395,131,534
Adjusted for:		
Depreciation/amortization	30,011,323	29,522,169
Non-cash grants received		
Prior Year Adjustments	32,209,791	-45
<b>Working capital adjustments</b>	<b>-182,400,707</b>	<b>-365,609,410</b>
Increase in receivables	-260,436,527	152,271,096
Increase in deferred income		0
Increase in payables	254,363,111	305,964,687
Increase in payments received in advance		
<b>Net cash flow from operating activities</b>	<b>-188,474,123</b>	<b>92,626,373</b>

31. Financial Risk Management

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

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Notes to the Financial Statements (Continued)

Financial Risk Management(Continued)

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

	Total amount	Fully performing
	KShs	KShs
<b>As at 30 June 2024</b>		
Receivables from exchange transactions	527,848,512	527,848,512
Receivables from non-exchange transactions	77,075,433	77,075,433
Bank balances	2,084,537,647	2,084,537,647
<b>Total</b>	<b>2,689,461,592</b>	<b>2,689,461,592</b>
<b>As at 30 June 2023</b>		
Receivables from exchange transactions	304,042,368	304,042,368
Receivables from non-exchange transactions	40,445,050	40,445,050
Bank balances	2,325,723,364	2,325,723,364
<b>Total</b>	<b>2,670,210,783</b>	<b>2,670,210,783</b>

Notes to the Financial Statements (Continued)

**Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Authority has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from debtors. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
<b>As at 30 June 2024</b>				
Trade payables	1,600,000		931,185,598	932,785,598
Current portion of borrowings				-
Provisions				-
Deferred income			896,309,916	896,309,916
Employee benefit obligation				-
<b>Total</b>	<b>1,600,000</b>	<b>-</b>	<b>1,827,495,515</b>	<b>1,829,095,515</b>
<b>As at 30 June 2023</b>				
Trade payables	1,600,000		676,557,224	678,157,224
Current portion of borrowings				-
Provisions				-
Deferred income			896,309,916	896,309,916
Employee benefit obligation				-
<b>Total</b>	<b>1,600,000</b>	<b>-</b>	<b>1,572,867,140</b>	<b>1,574,467,140</b>

### Financial Risk Management

#### iii) Market risk

The Authority has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Authority's exposure to market risks or the way it manages and measures the risk.

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Notes to the Financial Statements (Continued)

a) Foreign currency risk

The Authority has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Authority manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**Financial Risk Management**

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

**Current FY**

Description	In KShs	Other currencies	Total
	KShs	KShs	KShs
<b>As at 30<sup>th</sup> June 2024</b>			
<b>Financial Assets</b>			
Cash		1,402,209,934	1,402,209,934
Debtors		-	-
<b>Total Financial Assets</b>	-	<b>1,402,209,934</b>	<b>1,402,209,934</b>
<b>Financial Liabilities</b>			-
Trade And Other Payables	-	896,309,916	896,309,916
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	<b>896,309,916</b>	<b>896,309,916</b>
<b>Net Foreign Currency Asset/(Liability)</b>	-	<b>505,900,018</b>	<b>505,900,018</b>
<b>As At 30 June 2023</b>			
<b>Financial Assets</b>			
Cash		1,419,657,438	1,419,657,438
<b>Total Financial Assets</b>	-	<b>1,419,657,438</b>	<b>1,419,657,438</b>
<b>Financial Liabilities</b>			
Trade And Other Payables		896,309,916	896,309,916
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	<b>896,309,916</b>	<b>896,309,916</b>
<b>Net Foreign Currency Asset/(Liability)</b>	-	<b>523,347,521</b>	<b>523,347,521</b>

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Notes To the Financial Statements (Continued)

Financial Risk Management (Continued)

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

	Change in	Effect on Profit	Effect on
	currency rate	before tax	Equity/Net assets
	KShs	KShs	KShs
<b>2024</b>			
USD	10%	50,590,002	50,590,002
<b>2023</b>			
USD	10%	141,965,744	141,965,744

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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Notes To the Financial Statements (Continued)

Financial Risk Management (Continued)

**Sensitivity analysis**

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 2,469,273 (2022/23 FY: KShs 3,630,162). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 12,346,367 (2022/23 FY - KShs 18,150,810)

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Authority's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Authority considers relevant and observable market prices in its valuations where possible.

The Authority has no financial instruments.

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Notes to the Financial Statements (Continued)

Financial Risk Management

iv) Capital Risk Management

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

	2023-2024	2022-2023
	KShs	KShs
Revaluation reserve	-	0
Retained earnings	918,686,881	916,381,355
Capital reserve	-	
<b>Total funds</b>	<b>918,686,881</b>	<b>916,381,355</b>
Total borrowings		
Less: cash and bank balances	-2,084,537,647	-2,325,723,364
<b>Net debt/ (excess cash and cash equivalents)</b>	<b>-1,165,850,766</b>	<b>-1,409,342,009</b>
<b>Gearing</b>	<b>-127%</b>	<b>-154%</b>

32. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) The Ministry of IC & DE.
- ii) Key management.
- iii) Board of directors.

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Notes to the Financial Statements (Continued)

	2023-2024	2022-2023
	KShs	KShs
<b>Transactions with related parties</b>		
<b>a) Grants from the Government</b>		
Grants from National Gov't	2,412,911,630	895,782,925
Donations in kind		
<b>Total</b>	<b>2,412,911,630</b>	<b>895,782,925</b>
<b>b) Key management compensation</b>		
Directors' emoluments	16,089,381	15,998,822
Compensation to the CEO	8,086,560	6,064,920
Compensation to key management staff	18,529,173	14,087,203
<b>Total</b>	<b>42,705,114</b>	<b>36,150,945</b>

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**33. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

The Authority did not have any contingent asset as at the close of the 2023/2024 financial year.

**Contingent Liabilities**

During the financial years 2016/17 and 2017/2018 the Authority lost some funds through some staff whose contracts were later terminated. The matter is in court. The amount is subject to the court ruling.

The below are the cases that the Authority has pending

NO	CASE	SUMMARY	STATUS	EXPOSURE
1.	HCCC EOO2 of 2020 Professional Marketing Services Limited vs ICTA	Claim for unpaid invoices totalling KShs <b>35,790,748.00</b> provision of public relations, communication and event management services. The Authority's position on the matter is that there was no contract in place no evidence produced to support the claims.	Hearing did not proceed on 9 <sup>th</sup> October 2024. Next hearing set for 25 <sup>th</sup> February 2025	KShs <b>35,790,748.00</b> plus interest and advocate fees
2.	Civil Suit No. 1281 Of 2020 Leisure Lodge Limited and Another Vs The ICT Authority	Unpaid invoices for provision of services for Connected Conference 2017 totalling KShs <b>5,391,566.00</b> . The Authority's position on the matter is that there was no contract in place and no documents were produced to support the claim.	Filed an application for dismissal for want of prosecution. Waiting for a date of hearing of the application.	KShs <b>5,391,566.00</b> plus interest and advocate fees
3.	ELC No 51 of 2019(Migori)Naftali Bondo Oyugi Versus Information & Communications Technology Authority (ICTA) And Safaricom Limited	Claim for Special damages of KShs <b>50,000/-</b> and general damages for trespass of NOFBI on the Plaintiff's land. The Authority's position is that the cable is outside of the Plaintiff's land.	The hearing of the matter did not proceed on 15 <sup>th</sup> August 2024. The matter shall now be heard on 12 <sup>th</sup> November 2024.	Kshs 50,000 plus general damages, interest and advocate fees.

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NO	CASE	SUMMARY	STATUS	EXPOSURE
4.	Petition No 233 Of 2022; Legal Advice Centre (Kituo Cha Sheria) &Anor Vs Ag& 54(1e) Others	A constitutional petition seeking to have internet access declared as essential to enjoyment of basic human rights	Parties filed their submissions and are waiting for a date for highlighting of submissions.	
5.	E511 of 2021 Magdalene Mjomba VS ICTA	ICTA filed an application to set aside a judgement entered against it on 21 <sup>st</sup> July 2022 awarding damages for termination of contract to 4 Consultants engaged under the TCIP Program. Magdalene Mjomba- Kshs 13,912,040 less amounts already paid and taxes. Kwame Shiroya- Kshs 20,407,270 Zablon Ringera- Kshs 25,446,070 Anthony Mugambi- Kshs 31,786,790	The firm of Adrian Kamotho Njenga Advocates has been appointed to represent the Authority and was onboarded. The process of transfer of file from AG's office to advocate on record is underway. The matter is next in court on 28 <sup>th</sup> October 2024.	KShs 91,552,170 plus interest and advocate fees

**34. Capital Commitments**

There were no capital commitments outstanding.

**35. Events after the Reporting Period**

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

**36. Ultimate And Holding Entity**

The Authority is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Information, Communication & Digital Economy. Its ultimate parent is the Government of Kenya.

**37. Currency**

The financial statements are presented in Kenya Shillings (KShs) rounded to the nearest KShs.

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20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

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

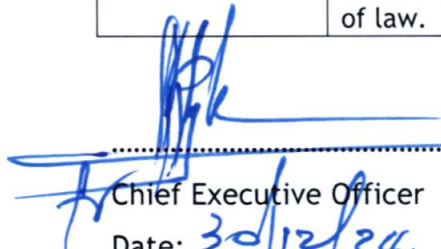
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:(Resolved / Not Resolved)	Timeframe:(Put a date when you expect the issue to be resolved)
1. Long outstanding receivables	<p>The statement of financial position reflects receivables from exchange transactions balance of KShs 304,042,368 which includes KShs 248,427,178 due from Telkom Kenya and which had been outstanding for long. However, management did not provide explanations on why the Authority continued to advance services to Telkom Kenya while still bearing the risk of the amounts being defaulted.</p> <p>In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions balance of KShs 304,042,360 could not be confirmed.</p>	<p>The management discontinued offering services to Telkom Kenya due to non-payment of the invoices advanced to them. The management has a committee in place which is discussing on how to recover the amounts from them. With the establishment of a Nation Pending Bills &amp; Verification Committee, we expect that the matter will be resolved conclusively</p>	Not resolved	June 2025
2. Long outstanding pasha loans.	<p>The statement of financial position reflects receivables from exchange transactions balance of KShs 304,042,368 which as disclosed in Note 25 to the financial statements, includes an amount of KShs 45,193,389 in respect of Digital Villages revolving fund (Pasha). As previously reported, the latter balance has been outstanding since</p>	<p>The management made provision for bad debts for the amounts. the National Assembly's Public Investments Committee has discussed the matter with the Authority.</p>	Not resolved	June 2025

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	<p>the year 2017, represents loans advanced to entrepreneurs to set up information hubs with a condition of repayment within 9 years. However, during the year under review and in the prior years, no repayment had been received from the borrowers. Although the loans have remained outstanding for a long period and its recovery was doubtful, Management has not made an impairment provision for the loan amount. Further, interest chargeable on the loans was not included in the financial statements.</p> <p>In the circumstances, the accuracy and completeness of the Digital Villages revolving fund Pasha Fund balance of Kshs.45,193,389 could not be confirmed.</p>	<p>The Authority is awaiting the report for the same from the Public Investments Committee</p>		
<p><b>Budgetary Control Performance</b></p>	<p>The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.2,984,654,913 and Kshs.2,094,339,676 respectively, resulting to an underfunding amount of Kshs.890,315,237 or 29.8 % of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis amounts of Kshs. 3,067,538,917 and Kshs.2,669,604,452 respectively, resulting to an under-expenditure amount of Kshs.397,934,464 or 12.9 % of the budget.</p>	<p>The underfunding was due to supplementary budget cuts during the last quarter of the financial year as shown in the table below. Budget cuts were unforeseen however, management will strive to ensure regular discussions are held with National Treasury to request for additional funding during and after budget cuts. The</p>	<p>Not resolved</p>	<p>June 2025</p>

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	The underfunding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.	over-expenditures were catered for as first charge in the 2023/2024 FY. The under expenditures is due to non-receipt of development funds from exchequer.		
Non settlement of trade payables	<p>The statement of financial position reflects trade and other payables balance of KShs 678,422,488 which as disclosed in Note 29 to the financial statements, includes trade payables balance of 612,246,956 out of which payables totalling to KShs 261,150,870 had been outstanding for more than one(1) year some dating back to the FY 2016/17. The latter amount was still outstanding as at the time of Audit in March 2024 contrary to the Regulation 42(1)(a) of the Public Finance Management (national Government), Regulation (2015) which provides that debt service payments should be the first charge on the consolidated fund and the Accounting Officer shall ensure this is done to the extent possible that the government does not default on debt obligations.</p> <p>In the circumstances, management was in breach of law.</p>	The long outstanding payables are paid as and when the Authority has verified and have funds to clear them.	Not resolved	June 2025

  
 Chief Executive Officer  
 Date: 30/12/24



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**Appendix II: Projects implemented by ICT Authority**

Projects implemented by the State Corporation Funded by development partners and/ or the Government are:

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements
1. East Africa Regional Transport, Trade and Development Facilitation Project (EARTTDF)	IDA Credit No.: 5638-KE	World Bank	8 years	yes	Yes	Yes
2. Horn of Africa Gateway Development Project	IDA Credit No.: 6768-KE	World Bank	7 Years	yes	Yes	Yes

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Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	1. East Africa Regional Transport, Trade and Development Facilitation Project (EARTTDF)	2,950 million	2,866,679,155	99.90%	1,605,201,611	1,315,215,102	IDA/GoK
2	2. Horn of Africa Gateway Development Project	2,757 million	152,970,485	5%	100,000,000	39,319,564	IDA/GoK

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Information Communication & Digital Economy	17/08/2023	Recurrent	56,500,000	56,500,000	-	-	-	-	56,500,000
Ministry of Information Communication & Digital Economy	04/09/2023	Recurrent	56,500,000	56,500,000	-	-	-	-	56,500,000
Ministry of Information Communication & Digital Economy	26/09/2023	Donor Fund	221,537,951	221,537,951	-	-	-	-	221,537,951
Ministry of Information Communication & Digital Economy	17.10.2023	Recurrent	56,500,000	56,500,000					56,500,000
Ministry of Information Communication & Digital Economy	24.11.2023	Development/ Others	156,500,000	156,500,000					156,500,000
Ministry of Information Communication & Digital Economy	24.11.2023	Counterpart Funds	37,500,000	37,500,000					37,500,000
Ministry of Information Communication & Digital Economy	14.11.2023	Recurrent	56,500,000	56,500,000					56,500,000
Ministry of Information Communication & Digital Economy	06.12.2023	Recurrent	56,500,000	56,500,000					56,500,000
Ministry of Information Communication & Digital Economy	22.12.2023	Donor Fund	29,035,541	29,035,541					29,035,541

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Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Information Communication & Digital Economy	22.12.2023	Donor Fund	417,479,626	417,479,626					417,479,626
Ministry of Information Communication & Digital Economy	27.12.2023	Donor Fund	172,444,494	172,444,494					172,444,494
Ministry of Information Communication & Digital Economy	29.12.2023	Recurrent	56,500,000	56,500,000					56,500,000
Ministry of Information Communication & Digital Economy	27.02.2024	Recurrent	26,500,000	26,500,000					26,500,000
Ministry of Information Communication & Digital Economy	27.02.2024	Development	91,500,000	91,500,000					91,500,000
Ministry of Information Communication & Digital Economy	27.02.2024	Development	156,500,000	156,500,000					156,500,000
Ministry of Information Communication & Digital Economy	06/03/2024	Recurrent	26,500,000	26,500,000					26,500,000
Ministry of Information Communication & Digital Economy	28/02/2024	Development	17,500,000	17,500,000					17,500,000
Ministry of Information Communication & Digital Economy	17/04/2024	Recurrent	26,500,000	26,500,000					26,500,000
Ministry of Information Communication & Digital Economy	13/05/2024	Recurrent	56,499,998	56,499,998					56,499,998

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Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Information Communication & Digital Economy	24/05/2024	Development	11,499,999	11,499,999					11,499,999
Ministry of Information Communication & Digital Economy	24/05/2024	development	5,000,000	5,000,000					5,000,000
Ministry of Information Communication & Digital Economy	27/05/2024	Donor Fund	55,131,552	55,131,552					55,131,552
Ministry of Information Communication & Digital Economy	12/06/2024	Recurrent	56,500,000	56,500,000					56,500,000
Ministry of Information Communication & Digital Economy	28/06/2024	Recurrent	56,500,000	56,500,000					56,500,000
The National Treasury	09-Jul-2024	Donor Fund	375,652,252	375,652,252					375,652,252
The National Treasury	09-Jul-2024	Donor Fund	77,630,218	77,630,218					77,630,218
			<b>2,412,911,630</b>	<b>2,412,911,630</b>	-	-	-	-	<b>2,412,911,630</b>

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Appendix V- Inter-Entity Confirmation Letter

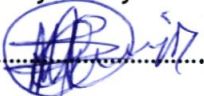
Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:  
 Name ..... Sign ..... Date .....

Head of Accounts Department - Beneficiary Entity:  
 Name Oliver Fyock Sign  Date 20/12/24.

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (KShs.)	Comments

*The Authority did not incur any Disaster Management Expenditure.*