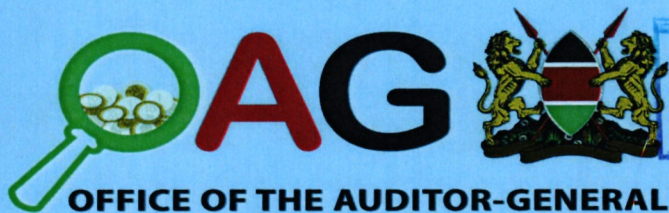


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REPORT

OF

THE AUDITOR-GENERAL

ON

**COMMUNICATIONS AUTHORITY
OF KENYA**

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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COMMUNICATIONS AUTHORITY OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2021**

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Communications Authority of Kenya was incorporated/ established in 1998 by an Act of parliament through *Kenya Information and Communications Act, 1998 (Cap 411A)*. The Authority is domiciled in Kenya with its headquarters in CA Centre, Waiyaki Way and has regional offices in Mombasa; Eldoret; Kisumu; and Nyeri.

(b) Principal Activity

The principal activity of the Authority is facilitating the development of the information and communications sectors including; broadcasting, cybersecurity, multimedia, telecommunications, electronic commerce, postal and courier services on behalf of the Government of Kenya. The Vision of the Authority is; A Digitally Transformed Nation. Its mission is “Building a connected society through enabling regulation, partnership and innovation.

(c) Key Management

The Authority’s day-to-day management is under the following key organs:

- a) Board of Directors;
- b) Director General; and
- c) Head of Departments and Divisions

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Ag. Director General	Ms. Mercy Wanjau, MBS
2.	Head of Corporate Services	Mr. Christopher Wambua
3.	Head of Finance & Accounts	CPA Joseph Kimanga
4.	Ag. Head of Procurement	Mrs. Jane Rotich
5.	Head of Risk Management & Internal Audit	CPA Rosalind Murithi
6.	Head of Human Capital & Administration	Mr. Juma Kandie
7.	Head of USF	Mr. Christopher Kemei
8.	Head of Frequency Spectrum Management	Mr. Tom Olwero
9.	Head of Licencing Compliance and Standards	Mr. Matano Ndaro
10.	Head of IT & ERM	Mr. Michael Katundu
11.	Head of Multimedia Services	Eng. Leo K. Boruett
12.	Ag. Head of Competition, Tariffs and Market Analysis	CPA Mawell M. Mosoti
13.	Head of Cyber Security	Mr. Vincent Ngundi

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Fiduciary Oversight Arrangements

The Board of Directors have the responsibility of acting in the best interest of the Authority. They are expected to act with due professional care and make good decisions; ensuring there is no conflict of interest. To enhance efficiency and effectiveness, the Board constituted 5 standing committees with clearly defined terms of reference relating to key areas of the Authority. The committees operate on delegated authority without diluting the Board's accountability

Finance Committee

The Finance Committee is established to give recommendations and advise the Board on financial management strategies and objectives to foster growth and development of the Authority.

Audit and Risk Committee

The Audit and Risk Committee is created to provide oversight by offering objective advice and recommendations to the Board on whether the Authority's governance, risk management, and internal control processes are suitably designed and working as intended to achieve objectives. The membership is Non-executive/independent board members.

Staff and Administration Committee

The Staff and Administration Committee is established mainly to give recommendations and advise to the Board on personnel matters, policies and procedures and on issues of administration of the assets of the Authority.

Technical Committee

The Technical Committee is established mainly to give recommendations and advise to the Board on Technical and Regulatory matters in the ICT sector.

Broadcasting Standards Committee

The Broadcasting Standards Committee is established to give recommendations and advise to the Board on all broadcasting matters. This committee is established vide KICA (Amendment)

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Act, 2013, section 7 (f) establish a broadcasting standards committee and such other committees as may be necessary to carry out its functions;

(e) Authority's Headquarters

P. O Box 14448 - 00800

CA Centre

Waiyaki Way

Nairobi, KENYA

(f) Authority's Contacts

Telephone: (254) 703 042 000

E-mail: info@ca.go.ke

Website: www.ca.go.ke

(g) Authority's Bankers

1. Kenya Commercial Bank

Sarit Centre Branch

P O Box 30081

Nairobi, 00800

Nairobi, Kenya

2. Co-operative Bank of Kenya

Westlands Branch

P.O. Box 66589

Nairobi, 00800

Nairobi, Kenya

3. Citibank NA Kenya

Head Office, Upper Hill

P.O Box 30071

Nairobi, 00100

Nairobi, Kenya

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

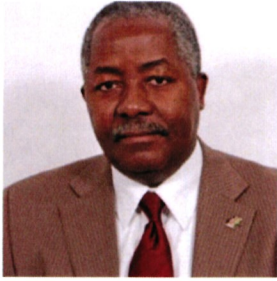
(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. THE BOARD OF DIRECTORS



Sen. Kembi Gitura, MGH born in 1954 was appointed Chairman of the Board of the Communication Authority of Kenya for a three-year term with effect from 18th April 2021.

He holds a Bachelor of Laws Degree from the University of Nairobi and is an Advocate of the High Court of Kenya. He is a member of the Law Society of Kenya, the East Africa Law Society, and is the Senior Partner in the law firm of Kembi-Gitura & Company, Advocates.

He has many years work experience in the Public Service having served as the Member of Parliament for Kiharu Constituency, Assistant Minister for Agriculture, Assistant Minister for Foreign Affairs, Kenya Ambassador to the Kingdom of Belgium, Duchy of Luxembourg and the European Union, Senator for Murang'a County and Deputy Speaker of the Senate. He is the immediate past Board Chairman of the Kenya Medical Supplies Authority (KEMSA).



Mr Ngene B. Gituku, EBS born in 1955, is the Chairman of the Communications Authority of Kenya (CA) Board of Directors. He served as CA Chairman from 2014 to 2017, prior to which he was the Chairman of the defunct Communications Commission of Kenya (now CA) for a period of one and a half years.

He holds a BSc. Degree in Mathematics and Meteorology from the University of Nairobi and Diploma in Marketing.

He previously served as Board member at Kenya Broadcasting Corporation (KBC) and Kenya Pipeline Company (KPC). Mr. Gituku three-year term term ended on 17th April 2021.



Ms. Mercy Wanjau, MBS born in 1972, is the Acting Director General of the Communications Authority of Kenya. Mrs. Wanjau served as the Director Legal Services from 1st January 2019 till her appointment as the Acting Director-General. She holds a Masters degree in Law (LLM) from the University of Cape Town, Bachelors in Law (LLB) from the University of Nairobi. She also holds a Postgraduate Certificate in Regulation of Telecommunications in Developing and Transitional Economies.

She is a Certified Governance Auditor with ICPSK, an Associate of the Chartered Institute of Arbitrators, Council Member of the Institute of Certified Secretaries (Kenya), board member of the SOS Children's villages and an Advocate of the High Court of Kenya. She is also an Eisenhower Fellow. She was appointed to the position on 22nd August 2019.



Mrs. Esther Koimett, CBS born in 1957, is the Principal Secretary for the State Department of Broadcasting and Telecommunications, Ministry of Information, Communications and Technology (ICT). She serves on the CA Board in her capacity as Principal Secretary. She holds a Masters Degree in Business Administration (MBA) from the University of Nairobi and a Bachelors of Commerce (BCom) Degree from the University of Nairobi.

She has over 25 years work experience in the public service, having previously served as Principal Secretary in the Ministries of Tourism & Wildlife and Transport, Infrastructure, Urban Development and Public Works. She has also served in numerous Boards including, Kenya Railways Corporation, Telkom Kenya Limited and Safaricom Limited. She was appointed on 14th Jan 2020.



Dr. (Eng.) Karanja Kibicho, CBS born in 1967 is the Principal Secretary State Department of Interior, office of the president. He holds a doctorate in Mechanical Engineering from the University of Cape Town, South Africa, a Masters of Science (MSc) degree in Mechanical Engineering and a Bachelor of Science (BSc) in Mechanical Engineering.

Dr. Kibicho has taught in various institutions of higher learning, including Jomo Kenyatta University of Agriculture and Technology (JKUAT) where he served as the chairman and senior lecturer in the Department of Mechanical Engineering. He has served as an external examiner at the University of Dar es Salaam, visiting lecturer at the Central University of Technology, Free State, South Africa and a part-time Lecturer at the University of Cape Town.



Dr. Julius Muia born in 1960 is the Principal Secretary at The National Treasury. Prior to this, he was the Principal Secretary at the State Department for Planning - The National Treasury and Planning. An alumnus of the University of Nairobi's School of Business, Dr Julius Muia graduated with a First Class Honours Degree in Accounting; Master's Degree and PhD in Finance from the same university. His professional qualifications include Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach. Dr. Muia has over 25 years' experience in leadership in Kenya and UK.



Ms. Patricia Kimama Born in 1973, Ms. Patricia Kimama was first appointed to the CA Board of Directors on 29th April 2016 for a period of three years that lapsed on 28th April 2019. She was reappointed for a further three-year term effective 6th January 2020.

Ms. Kimama holds a Post Graduate Degree in Senior Management Leadership Program from the Strathmore University, a Master's Degree in Project Management from George Washington University, a Master's Degree in Business Administration (Strategic Management) from the Daystar University and an Undergraduate Degree in Bachelors of Science from Moi University.

She has 20 years' experience in career spanning the banking, telecommunication and water industries. She has held roles in business transformation, project, sales, service and operational management. She has extensive experience in operation strategy and business transformation, and is currently the Chief Operations Officer at Britam Asset Managers. She serves as the Chairperson of the Staff & Administration committee and Finance committee.



Prof. Levi Obonyo born in 1966, is an Associate Professor of Communication and Media Studies, and also the Dean of the School of Communication, Language and Performing Arts at Daystar University.

Prof. Obonyo holds a PhD in Mass media and Communications from Temple University Philadelphia, USA. He also holds a Postgraduate Diploma in Tertiary Education from Potchefstroom University for Christian Higher Education, South Africa.

He is a former Chairman of the Media Council of Kenya. He currently serves as a member of the Advisory Council to Kenya National Commission to UNESCO (KNATCOM) specializing on communications.

He joined the CA Board on 20th May 2014 and reappointed in 29th April 2016 for a further term of three (3) years that lapsed on 28th April 2019.

He was reappointed for a further term of three (3) years effective 6th January 2020. He serves as the Chairperson of the Technical and Broadcasting Stands committee.



Ms. Kentice Tikolo, OGW born in 1964, is a communications expert with over 15 years' experience in Strategic Corporate Communications and Public Relations.

She is the founder and Managing Director of Impact Africa Limited, a strategic Public Relations & Communications firm, based in Nairobi, Kenya. Prior to going to private business, Ms. Tikolo worked at the Kenya Wildlife Service as the Head of Corporate Communications.

Ms. Tikolo holds a Master of Science degree in Public Relations from the University of Stirling in Scotland, and a first degree in Education from Kenyatta University.

She was appointed to the CA Board on 29th April 2016 for a period of three (3) years that lapsed on 28th April 2019. She was reappointed for a further term of three (3) years effective 6th January 2020. She serves as the Chairperson of the Audit & Risk committee.

ALTERNATE BOARD DIRECTORS



Mr. Christopher Guyo born in 1967, is the Alternate Director to the Cabinet Secretary, The National Treasury. He is a seasoned Human Resource professional with over 18 years experience.

Mr. Guyo has previously worked at Barclays Bank of Kenya Ltd as a Senior HR Business Partner- Retail and Business Banking. He had earlier worked in senior positions at Chevron Kenya Ltd, Shell- managed, Kenya Petroleum Refineries and Post Bank.

He holds MBA in Human Resource Management from the University of Nairobi and currently pursuing his Doctor in Business Administration at the Catholic University of Eastern Africa. He also holds a Bachelor of Education (Arts) degree from Moi University, Higher National Diploma in HRM, and Practitioners Diploma in Executive Coaching from Academy of Executive Coaching and an Advanced Certificate in Strategic HR Management from Cornell University, USA. Mr. Guyo is a member of the Institute of Human Resource Management (IHRM) - Kenya,

and HR Council member for the Kenya Institute of Management. He was appointed effective 17th July 2020.



Mr. Peter Wanjohi born in 1965, is the Alternate Director to the Principal Secretary, Interior and Coordination of National Government. He is a holder of a Bachelor of Business Administration degree from New Port University. He has extensive experience in planning and coordinating international, regional and local conferences and is currently Director of State functions.

He has also been a member of several committees such as member of Kenya Vision 2030, National Communication Dissemination Strategy and also a member of the Task force on restructuring of Human Resource requirement of the permanent Presidential Music Commission, 2006.

He was appointed effective 7th February 2018.



Juliana Nashipae Yiapan, MBS. Ms Yiapan is the Alternate Director to the Principal Secretary, State Department of Broadcasting and Telecommunications, MoICT.

She holds a Master of Business Administration (Public Service International) from The University of Birmingham in UK; is a University of Nairobi Scholar with a Master of Arts in Political Science and Public Administration as well as a Bachelor of Arts Degree in Government.

She is an accomplished Administrative Officer and Policy Analyst with an illustrious service, through the ranks, spanning over 20 years in the Public Service, more specifically at the Ministry of ICT, Innovation and Youth Affairs, Executive Office of the President and Office of the Deputy President, Attorney General's Chambers and Public Service Commission.

In 2016 she was conferred a National Honour, 2nd Class in the Order of the Burning Spear, Moran of the Order of the Burning Spear (MBS) for her distinguished and dedicated service to the Nation.

She also earned the Government of Kenya Scholarship to the University of Birmingham, UK and University of Nairobi Postgraduate Scholarship.

She was appointed effective 3rd May 2019.

III. MANAGEMENT TEAM



Ms. Mercy Wanjau, MBS born in 1972, is the Acting Director General of the Communications Authority of Kenya. Mrs. Wanjau served as the Director Legal Services from 1st January 2019 till her appointment as the Acting Director-General. She holds a Masters degree in Law (LLM) from the University of Cape Town, Bachelors in Law (LLB) from the University of Nairobi. She also holds a Postgraduate Certificate in Regulation of Telecommunications in Developing and Transitional Economies.

She is a Certified Governance Auditor with ICPSK, an Associate of the Chartered Institute of Arbitrators, Council Member of the Institute of Certified Secretaries (Kenya), board member of the SOS Children’s villages and an Advocate of the High Court of Kenya. She is also an Eisenhower Fellow. She was appointed to the position on 22nd August 2020.



CPA Joseph Kimanga is the Director, Finance & Accounts, He holds a Masters degree in Business Administration (Finance) and a Bachelor of Education (Arts) degree in Economics & Business Studies. He is a Certified Public Accountant of Kenya-CPA (K).



CPA. Rosalind Murithi is the Director, Risk Management and Internal Audit. She holds a Master of Business Administration, and Bachelor of Commerce Degree. She is a Certified Public Accountant of

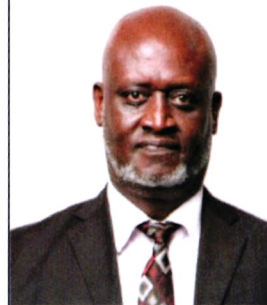
Kenya - CPA (K).










Mr. Juma Kandie is the Director, Human Capital & Administration. He holds Msc. in Human Resource Management, a Bachelor of Commerce degree as well as a Post Graduate Certificate in Strategy.



Mr. Christopher Kemei is the Director, Universal Service Fund. He holds Masters degree in Operational Telecommunications



Mr. Tom Olwero is the Director, Frequency Spectrum Management. He holds a B.Sc. in Electrical Engineering and a Masters of Business Administration (Management).

 <p>Mr. Matano Ndaro is the Director, Licensing Compliance and Standards. He is currently pursuing a Masters degree of Business Administration degree and holds a Bachelor of Arts degree in Economics and a Post graduate Diploma in Regulation of Telecommunications.</p>	 <p>Mr. Michael Katundu is the Director, Information Technology and Enterprise Resource Management. He is a holder of a MSc. and BSc. in Computer Science.</p>
 <p>Eng. Leo K. Boruett is the Director, Multimedia services. He holds a MPhil Degree in Information Engineering; BSc Degree in Electrical and Electronics Engineering; Registered Professional Engineer-EBK; and an Executive Masters Degree in Business Administration</p>	 <p>Mr. Christopher Wambua is the Director, Consumer and Public Affairs. He holds a master's degree in International Studies, a postgraduate diploma in Mass Communications, a post-graduate diploma in Public Relations from the Chartered Institute of Public Relations and a degree in Education.</p>
 <p>CPA Maxwell Mogaka Mosoti is the Ag. Director, Competition, Tariffs and Market Analysis. He is a Certified Public Accountant of Kenya. He holds a Bachelor of Business Administration degree and Master of Science in Finance degree from the University of Nairobi.</p>	 <p>Mrs. Jane Rotich is the Ag. Assistant Director, Procurement. She holds two Masters degree in Business Administration (Strategic Procurement) and, a Masters degree in Business Administration. She also holds a Bachelor of Arts degree and a Postgraduate diploma in Purchasing and Supplies.</p>
 <p>Mr. Vincent Ngundi is the Assistant Director, Cyber Security and E-Commerce. He holds a Bachelor of Science degree in Computer Science, and a Global Executive MBA.</p>	

IV. CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, Management and Staff of the Communications Authority of Kenya, it is my pleasure to present this report, on the activities undertaken during the Financial Year 2020/2021 ended 30th June 2021, towards actualization of our mandate.

During this period, the Authority's mandate has diversified in leaps and bounds fuelled by the dynamic nature of the industry. During the FY 2020/21, the Authority committed to implement activities under 38 broad performance indicators. Following a self-evaluation exercise conducted at the end of the reporting period, the Authority achieved a performance of **Good**.

ICTs continue to create an enabling environment for social and economic development contributing positively to the country's Gross Domestic Product (GDP). More specifically ICTs have been one of the key drivers towards the achievement of the United Nations Sustainable Development Goals (SDGs), the Country's Vision 2030 and realization of the Big Four Agenda and the Digital Economy Blueprint.

The Authority's 4th Strategic Plan (2018-2023) has continued to play an instrumental role in steering the Authority towards building a connected society through enabling regulation, partnership and innovation in ICTs. To ensure that the strategic Plan is aligned to current developments in the sector and align it to ensuing realities following the onset of COVID-19, the Authority undertook a mid-term review of the Strategic Plan during the financial year.

The importance of investing in ICT infrastructure and the digital economy has been clearly necessitated by the COVID-19 crisis. The crisis has encouraged the development of the digital economy. The Authority, will continually encourage this trend, so that we are better equipped to deal with future crises as well as ensure protection of consumers of ICTs. In this regard, the Authority, through the Universal Service Fund commenced the implementation of the second phase of both the cellular mobile networks project, and the school connectivity projects.

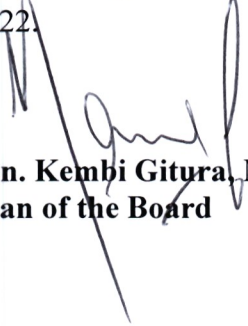
With the growth of Kenya's digital economy as envisioned under the *Digital Economy Blueprint: Powering Kenya's Transformation (2019)*, the need for security in cyberspace cannot be gainsaid. The Authority reaffirms its commitment to implement and enforce the National Cyber Security Management framework through the National KE-CIRT/CC by detection and law enforcement on the perpetrators.

During the reporting period, the Authority registered a number of notable achievements, key amongst them: commencement of the implementation of the Device Management System (DMS), the launch of the KE-CIRT Application, for reporting of cybersecurity threats and Development of the 5G Roadmap and Strategy for implementing the World Radio Conference (WRC)-2019 recommendations. Additionally, the Authority continued to work harmoniously with stakeholders, with the aim of nurturing collaborative frameworks and strategic partnerships for the roll out of essential digital services in the public sector through deployment of broadband infrastructure.

**Communications Authority of Kenya
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For the year ended June 30, 2021**

I would like to express my sincere gratitude to the Ministry of ICT, Innovation and Youth Affairs, ICT service providers, strategic partners, all other stakeholders and the general public for continued in valuable support to the Authority as it strives to ensure a digitally transformed society.

I further wish to acknowledge the dedicated service and commitment of the members of the Board, Management and the Staff of the Authority for their invaluable contribution and enthusiasm in supporting the organization's mandate. I look forward to more fruitful engagements in the new FY 2021/2022.



**Hon. Sen. Kembi Gitura, MGH
Chairman of the Board**

V. REPORT OF THE DIRECTOR GENERAL

The Kenyan ICT sector continues to record growth with significant increase in the number of Kenyans accessing various ICT services. As the ICT industry regulator, the Authority continues to discharge its' mandate in issuance of licenses, managing frequency spectrum, ensuring a level playing field, facilitating a safer cyber space and providing consumer education, among others.

During the Financial Year ended June 2021, the active Sim Card users stood at 62 million translating to a mobile telephone penetration rate of 130.2%, while the broadband subscriptions users hit 26 million, 54.1% increase compared to the previous year.

The growth is attributed to the various regulatory initiatives undertaken by the Authority, that not only spurred the uptake of ICTs services by consumers but also provided a conducive investment environment.

In the financial year under review, the Authority processed 805 new licenses from a pool of 917 applications, 587 of these having being received within the financial year, while 330 were applications carried forward from FY 2019/20. The Authority also received and approved 6 interconnection applications.

To ensure license condition compliance, the Authority conducted 180 inspections and undertook enforcement action through issuance of license revocation notices to 21 Postal and Courier operators due to violation of license conditions. The overall level of compliance within the period was 61.7% against an annual target of 60%.

In the broadcasting sector, the proportion of the population under Digital Terrestrial Television (DTT) network coverage stood at 91.2% of the population. The number of commercial free-to-air (FTA) television stations on air stood at 130. The number of other television broadcasting categories remained at three (3) and two (2) for Public FTA TV and Community FTA TV respectively. The number of FM radio stations was 131 for Commercial FM radio, 13 for Public FM radio and 42 for Community FM radio stations.

The Authority, through the Universal Service Fund, (USF) finalized construction of voice infrastructure projects in seven (7) (Badasa, Songa, Kituruni, Bonge, Gase, El-Rhamu and Kutaya) out of the eleven (11) pending sub-locations.

The Authority also carried out Quality of Service (QoS) measurement and enforcement across the country. The overall level of QoS stood at 85.61 per cent as at the end of the Financial Year.

The Authority through, the National KE-CIRT/CC continues to carry out cyber awareness in an effort to counter harmful online practices. During the year, KE-CIRT detected 158,406,733 cyber-threats and issued 95,283 cyber-threat advisories to various stakeholders. In line with the Government objective on reduction of the impact of the Covid- 19 pandemic, the Authority developed a mobile android and iOS based application platform to enable enquiries and reporting of cyber security incidents.

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In order to create greater awareness on the Authority's mandate of consumer protection, a number of consumer awareness initiatives were carried out, including, development of Consumer Protection Guidelines and Industry customer care standards and the industry Guidelines on Child Online Protection. The Authority also implemented consumer education during the Safer Internet Day, International Day of the Girl, KARA Forum on Child Online Protection during the annual ICT week.

The financial position of the Authority as at 30th June 2021 is as follows; the Authority had collected a cumulative total of Kshs.9,853,393,000.00 of which annual frequency fees was 7,951,554,000.00, annual operating licensing fees was 1,428,850,000.00 and finance income was Kshs. 461,445,000.00. The Authority utilized a total of Kshs.5,616,381,000.00. This utilization comprised of operating expenditure of kshs.5,456,381,000.00 and a capital expenditure Kshs.159,844,000.00.

As at the end of FY 2020/21, the Authority's pending bills stood at Kshs.44.67million, representing 0.91 percent of the Authority's contracted budget against a ceiling of 1 per cent.

The Telecommunications sector remains intrinsic to the country's economic growth, with data infrastructure becoming an essential enabler for other sectors. These significant achievements point towards a positive future for the ICT sector in Kenya.



Mrs. Mercy Wanjau, MBS
Ag. Director General

VI. REVIEW OF PERFORMANCE FOR FY 2020/2021

CA has Three (3) strategic pillars and eight (8) objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- ✓ Pillar 1: Access and Market Development
- ✓ Pillar 2: Enabling Environment
- ✓ Pillar 3: Capacity Development

CA develops its annual work plans based on the above 3 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 2020/2021 period for its 3 strategic pillars, as indicated in the diagram below:

KRAs	Strategic Objectives	Key Performance Indicators	Activities	Achievements
Access and Market Development	Achieve Universal Access to ICT Services	<ul style="list-style-type: none"> • Roll out of ICT services in the underserved and un-served areas • Increased connectivity to ICT services 	<ul style="list-style-type: none"> • Support infrastructure development (mobile network connectivity) • Identify the actual smart phone users and mobile telephony users (total population with a mobile telephony) as a percentage of total population 	<ul style="list-style-type: none"> • Cumulatively Infrastructure rolled out in 75 out of 78 target sub-locations. • Signed contracts with 5 service providers for the roll out of phase II voice infrastructure project and approved initial project designs. • Updated the Access gaps report in partnership with DFID. • Automation of the National Police Service Occurrence Books at 57 % level of implementation • The smart phone penetration and mobile ownership stands at 39.3 and 47.3 per cent of the population respectively.
	Ensure Efficient ICT Markets	<ul style="list-style-type: none"> • Increased competitive landscape • Increased number of Licensees 	<ul style="list-style-type: none"> • Monitor the ICT market:- Management of tariffs and promotions/special offers • License additional 	<ul style="list-style-type: none"> • Received and processed 55 applications for tariffs • Received and processed 57 applications for promotions and special offers. • Received and processed 587 applications for

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KRAs	Strategic Objectives	Key Performance Indicators	Activities	Achievements
		<ul style="list-style-type: none"> Increased Quality of voice service 	<ul style="list-style-type: none"> operators and service providers Measurements and monitoring quality of service 	<p>License</p> <ul style="list-style-type: none"> The overall level of QoS stood at 85.61 per cent as at the end of the Financial Year.
	Ensure Sustainable Development of ICTs	<ul style="list-style-type: none"> Manage Radio Frequency Spectrum resources No. of cyber threats and no. of cyber security advisories issued 	<ul style="list-style-type: none"> Manage Radio Frequency Spectrum resources Undertake technology watch and share cyber threat information, alerts and warnings 	<ul style="list-style-type: none"> Undertook 257 on-site inspections on radio spectrum monitoring, surveillance and recorded a compliance rate of 84 per cent. Detected 158,406,733 cyber threats and issued 95,283 alerts to the affected Institutions.
Enabling Environment	Ensure Appropriate Regulatory Environment	<ul style="list-style-type: none"> Frequency monitoring and enforcement framework Consumer Protection Guidelines and Industry customer care standards Spectrum Management Guidelines and Implementation Strategy 	<ul style="list-style-type: none"> Develop a frequency monitoring and enforcement framework Develop Consumer Protection Guidelines and Industry customer care standards Develop Spectrum Management Guidelines and Implementation Strategy 	<ul style="list-style-type: none"> Frequency monitoring and enforcement framework developed Consumer Protection Guidelines and Industry customer care standards developed Spectrum Management Guidelines developed

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For the year ended June 30, 2021**

KRAs	Strategic Objectives	Key Performance Indicators	Activities	Achievements
	Enhance Consumer Protection and Empowerment	<ul style="list-style-type: none"> • Framework for the handling for Child Online Protection Complaints • No. of days to Type-approve ICT equipment • No. of reviewed corporate and consumer publications • No. of Published Sector Statistics Reports 	<ul style="list-style-type: none"> • Develop a framework for the handling for Child Online Protection Complaints • Carry out standards and type approval inspections • Develop and review corporate and consumer publications • Prepare ICT sector Statistics 	<ul style="list-style-type: none"> • Industry Guidelines on Child Online Protection developed • Type-approved all telecommunications equipment received during the FY 2020/21 in an average of 18 days • 22 publications delivered on 8th Dec 2020. • Prepared and published the ICT Sector Statistics Report for the 4th Quarter of the FY 2019/20 and 1st, 2nd and 3rd Quarter of the FY 2020/21.
	Enhance Communication, Stakeholder Engagement and Partnership	<ul style="list-style-type: none"> • Implementation of the Corporate Communications Strategy • Celebration of CA's 20th Anniversary • Implementation of Regional and International Obligations • Implementation of MoUs • Mobile Application platform for making enquiries and reporting cyber security incidents 	<ul style="list-style-type: none"> • Stakeholder Engagement initiatives • Plan and implement the commemoration of CA 20th Anniversary • Establish partnerships at local, regional and international level • Support review, development and implementation of Memorandum of Understandings • Develop a 	<ul style="list-style-type: none"> • Implemented Stakeholder Engagement initiatives • Developed Mini-documentaries which were aired on TV and digital platforms. • TV and other media interviews undertaken and aired • Implemented regional and international obligations arising from policy forums. • MoU with NPS, KICD, NCIC developed and signed. • Developed a mobile application platform, the KE-CIRT App, for android and iOS users. The KE-CIRT App is available on the play-store and App store for free download. Launch of the applications

**Communications Authority of Kenya
Annual Report and Financial Statements
For the year ended June 30, 2021**

KRAs	Strategic Objectives	Key Performance Indicators	Activities	Achievements
			mobile Application platform for making enquiries and reporting cyber security incidents	for more public awareness was done on 18th June 2021.
Capacity Development	Attain High Institutional Capacity and Performance Excellence	<ul style="list-style-type: none"> • Increase Automation levels through BPRA project. • Annual Trainings of staff on Current Trends in ICT • Level of adherence to Risk management controls • Upgrade of working tools 	<ul style="list-style-type: none"> • Finalize the full operationalization of all the modules of ERP • Train staff based on the skills gap (performance gap and training needs) • Co-ordinate Risk Management and conduct Risk Assessment • Procure working tools to meet work demands as per the Procurement plan 	<ul style="list-style-type: none"> • Data loading Hyperion & OBIEEE completed & bank Integration finalized • 15 Training Intervention Programs were implemented during the year covering 311 staff (131 Female, 180 Male). • The Authority conducted risk assessment. • Procured working tools for staff including desktop computers and laptops for staff among others.
	Embrace Research and Innovation Culture	<ul style="list-style-type: none"> • Operational Research and Innovation Centre • Promote Innovation and Incubation 	<ul style="list-style-type: none"> • Undertake research and develop innovative regulatory solutions • Develop and implement an innovation framework 	<ul style="list-style-type: none"> • 4 in-house Webinars on innovation and research facilitated by key industry players were undertaken • Draft Research and Innovation framework developed

VII. CORPORATE GOVERNANCE STATEMENT

The Board of Directors have the responsibility of acting in the best interest of the Authority. They are expected to act with due professional care and make good decisions; ensuring there is no conflict of interest. To enhance efficiency and effectiveness, the Board constituted (5) standing committees with clearly defined terms of reference relating to key areas of the Authority. The committees operate on delegated authority without diluting the Board's accountability

i. Finance Committee

The Finance Committee is established to give recommendations and advise the Board on financial management strategies and objectives to foster growth and development of the Authority.

ii. Audit and Risk Committee

The Audit and Risk Committee is created to provide oversight by offering objective advice and recommendations to the Board on whether the Authority's governance, risk management, and internal control processes are suitably designed and working as intended to achieve objectives. The membership is non-executive/independent board members.

iii. Staff and Administration Committee

The Staff and Administration Committee is established mainly to give recommendations and advise to the Board on personnel matters, policies and procedures and on issues of administration of the assets of the Authority.

iv. Technical Committee

The Technical Committee is established mainly to give recommendations and advise to the Board on Technical and Regulatory matters in the ICT sector.

v. Broadcasting Standards Committee

The Broadcasting Standards Committee is established to give recommendations and advise to the Board on all broadcasting matters. This committee is established vide KICA (Amendment) Act, 2013, section 7 (f) establish a broadcasting standards committee and such other committees as may be necessary to carry out its functions;.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

b) Board Members attended Meetings as follows:

	Name of Board Member	Full Board	Finance Committee	Technical Committee	Broad casting	Staff and Administrative Matters Committee	Board Audit and Risk Committee	Total	%
No. of Meetings		14	6	12	5	6	4	47	
1	Ben Gituku	10	-	-	-	-	-	10	100%
2	Sen. Kembi-Gitura	4	-	-	-	-	-	4	
3	Levi Obonyo	14	5	12	5	6	-	42	98%
4	Patricia Kimama	14	6	-	-	6	-	26	100%
5	Kentice Tikolo	14	-	12	5	-	4	35	100%
6	Christopher Huka Guyo	14	6	9	5	4	3	41	87%
7	Peter Wanjohi	14	6	12	5	6	4	47	100%
8	Juliana Yiapan	14	6	12	5	6	4	47	100%
9	Kennedy Ondieki	-	-	2	-	1	-	3	100%

(d) Board and Members' Performance

The Board of Directors carries out an annual Board Evaluation exercise facilitated by the State Corporations Advisory Committee. The Board Evaluation session for the current Financial Year was carried out on 22nd July, 2021. The results of the exercise are awaited. The result of the evaluation is deliberated by Members of the Board, and action plan for areas of low performance is also agreed upon.

The operations of the Board are guided by a Board Charter, which outlines and elaborates on the various Committees of the Board and their Terms of Reference. The Board Charter also outlines the modalities of execution of Board business.

(e) Members Trainings and Induction

During the Financial Year under review, Members of the Board attended the following trainings as part of continuous capacity building for members:

1. Workshop for Board Audit and Finance Committees by Institute of Internal Auditors – 18th – 20th November, 2020
2. Training on 5G by Huawei – 2nd December, 2021
3. Governance and Leadership in Disruptive Environment Workshop – 24th to 26th March 2021

Management arranges for induction sessions/retreats for newly appointed members. During the Financial Year, Management arranged for a one-week induction for the newly appointed Chairman, Sen. Kembi Gitura. The induction retreat was held between 2nd and 5th June 2021.

(f) Board Succession Plan

Succession planning for the Board is managed by ensuring that there is a staggered recruitment and appointment of Board Members by the appointing authority. The First batch of the Board members was appointed on 6th January 2021 anticipating the other batch of four (4) Board members will be done later to ensure continuity and succession planning at the Board Level..

(g) Process of Appointment and Removal of Directors

Following the enactment of the Miscellaneous Amendment Act, 2018, the Appointment of the Chairman of the Board rests with the President, while the Members of the Board are appointed by the Cabinet Secretary. The Act was challenged in court and declared unconstitutional for want of concurrence by the Senate before enactment, amongst other grounds (*Petition No. 284 of 2019 and 383 of 2019 (Consolidated), Senate and 4 others Vs. Speaker of the National Assembly and Others*).

The position however still obtains as at the date of reporting, as the court contemporaneously suspended the decision for nine (9) months with effect from 30th October, 2020. Previously, both the Chairman and the Board Members were competitively recruited.

Section 6(2) of the Kenya Information and Communications Act (KICA) provide that in appointing the members of the Board under subsection (1)(e), the Cabinet Secretary shall ensure-

- (a) That the appointees to the Board reflect the interests of all sections of society;
- (b) Equal opportunities for persons with disabilities and other marginalised groups; and
- (c) That not more than two-thirds of the members are of the same gender. Section 6D of the Act also provides on how members may vacate office.

(h) Roles and functions of the Board

The Board of Directors has the oversight role on the governance of eth Authority in the discharge of its roles. It provides strategic direction and guidance for the Authority. The specific powers of the Board are provided for under section 7 of KICA

(i) Conflict of Interest

The Authority has a Conflict-of-Interest Policy. The Board of Directors and Management are acutely aware of the need for disclosure of Conflict of interest in all matters in which members deliberate upon. A conflict-of-interest Register is maintained in respect of all meetings, and Board Members are required to acknowledge absence of conflict of interest in all matters on Agenda. This applies to all Management Meeting.

(j) Board remuneration

Board Members of the Authority are remunerated strictly on the basis of applicable Circulars on remuneration of Board Members. The remuneration of Board Members is also guided by KICA, which provides at section 10 that the Board, in consultation with the Minister, shall pay to members of the Board such remuneration, fees or allowances for expenses as it may determine.

(k) Governance audit

During the financial year, the Authority procured an external consultant to conduct a Governance Audit. The Audit will be for up to the Financial Year ended 2020/2021. The Audit is expected to provide an opportunity to enhance the governance systems of the Authority.

(l) Ethics and conduct

The Authority has a Code of Ethics, applicable to both members of staff and Board Members.

VIII. STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Authority's Board is charged with the responsibility of ensuring that management maintains an effective system of risk management and internal controls for reviewing its effectiveness. This system is designed to manage the risk of failure to achieve the Authority's objectives and to provide reasonable assurance against material misstatement or loss.

Risk Management

The Authority updated and continued to implement its Risk Management Policy Framework which clearly defines the oversight responsibilities of the Board Audit and Risk Committee who are supported by the Management Committee chaired by the Director General and support functions including Internal Auditors and Risk Champions to enable effective risk identification, evaluation and management. The Authority also ensured the procedures and risk registers were reviewed and aligned to the current strategic plan and objectives. Training was also conducted to the Board, Management and Staff on risk management practices.

The Authority is exposed to a variety of risks that could have financial, strategic and operational impact on our organizational performance, reputation and operations. The Board is committed to ensuring embedding of risk management into the daily operations of the Authority from setting of strategic objectives, to financial planning and through to departmental activities aimed at ensuring the Authority achieves its strategic objectives.

Internal Control Systems

Internal controls are processes designed to provide reasonable assurance regarding the achievement of objectives, relating to efficiency and effectiveness of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The Authority's Senior Management has the responsibility of proper stewardship of State resources. To achieve this, they have put in place systems of internal control, which include approved policies and procedures that detail the operational and financial controls in place. These systems are not a periodic compliance exercise, but form an integral part of the Authority's day-to-day business processes. This helps in ensuring that the Authority's assets are safeguarded, transactions are authorized and accurately recorded and that any material errors and irregularities are either prevented or detected within reasonable time.

IX. MANAGEMENT DISCUSSION AND ANALYSIS

Operational and financial performance

The Authority continued to discharge its mandate of regulating and facilitating the development of the Information and Communications sectors including; broadcasting, multimedia, telecommunications, electronic commerce, postal and courier services; through licensing and issuance of frequencies.

As at 30th June 2021, the total Revenue earned was Kshs. 9.8 billion against a revised budget of Kshs. 9.7 billion. This represents a positive variance of 1%. The income of the Authority is majorly earned from Frequency utilization fees and Annual operating license fees, which account for 81% and 15% respectively; of the amount earned as at the end of the year. These revenue streams are invoiced at the beginning of the financial year. Interest Income is the third revenue source contributing 4% of the total income earned as at end of the year.

The total Operating Expenditure for the period ended 30th June 2021 was Kshs. 5.4 billion compared to a budget of 4.3billion. The resultant surplus is Kshs.3.3 billion. The major expenditure was General Expenses Kshs.3.2 accounting for 60%, followed by employee costs Kshs.1.3 billion and total provision for bad debts of Kshs.1.03billion and accounting for 24% and 14% respectively. The other expenditures include depreciation and amortization Kshs.509million, Repairs and maintenance Kshs.356million and Remuneration to Directors Kshs.20million

Compliance with statutory requirements

The Authority has complied with statutory requirements and there are no known non-compliance issues that may expose the Authority to potential contingent liabilities. There are ongoing litigations out of the ordinary course of the business of the Authority. The litigations are part heard and accordingly, no contingent liabilities are anticipated in respect of the same that may be quantified; except for the following:

- i. High Court Civil Case No. 2071 of 2000: M-Link Communications Limited vs. CCK & Telkom Kenya Limited. The plaintiff is seeking damages based on a Trial Agreement with the defunct.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The directors believe, based on the information currently available, that the legal matter above is not likely to have material effect on the results of the Authority's operations, financial position or liquidity. Therefore, no contingent provision has been made in the financial statements.

Major risks

The Authority developed and implemented the ERM framework as per guidelines based on ISO 31000 International Standard — Risk Management Principles and Treasury Circular No. 3.2009, Institutional Risk Management Framework. Further in FY 2019/20 the authority undertook a risk assessment review of the authority strategic/operational risks.

Arising from the Authority's risk management framework, the following are the major risks facing the Authority:

- i. External interference;
- ii. Poor project management and implementation;
- iii. Low uptake of technology;
- iv. Non-compliance by licensees;
- v. Cyber & information security threats;
- vi. Inordinate delay in legislative issues /Legal Framework;
- vii. Inadequate public awareness on CA's Mandate;
- viii. Weak governance systems e.g. Automation and integration;
- ix. Litigations;
- x. Reputation risk and Perception; and
- xi. Lack of Business continuity plan in case of business disruption.

Material arrears in statutory/financial obligations

The Authority has continued to honour its financial obligations as and when they fall due. Remittance of statutory deductions, payment for supplies, staff payments and payment of other dues was done promptly; consequently, the Authority does not have material arrears as at 30th June 2021.

X. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Communications Authority of Kenya (CA) seeks to mainstream its environmental sustainability goals by aligning them to our strategy of putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. The Authority therefore continues to comply with applicable environmental laws and regulations. CA's Environmental sustainability(ES) involves making decisions and taking actions that are in the interest of protecting the natural world, with emphasis on preserving the capability of the environment to support human life. The Authority recognizes that some of its operations and those of its licensees such as the telecommunication companies have impacts on the environmental, social and economic aspects at the national and regional level and hence the need to mainstream environmental sustainability objectives in all its operations and activities. Below is an outline of the organization's policies and activities that promote sustainability:

(i) Sustainability strategy and profile

The Authority's Board and Management is committed to the 2030 Sustainable Development Goals (SDGs) including the following goals that relate to environmental sustainability:

- Goal 6: Ensure availability and sustainable management of water and sanitation for all
- Goal 13: Take urgent action to control climate change and its impact
- Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat diversification and halt and reserve land degradation and halt biodiversity loss.
- Goal 17: Strengthen the means of implementation and revitalize the global partnerships for sustainable development The Authority engages in development practices that are sustainable, and prudently utilises resources to ensure waste and cost reduction, while ensuring quality and value for money.

(ii) Environmental performance

The Authority is committed to supporting the principles of environmental sustainability through the Environmental Policy as follows:

- Environmental Sustainability Planning: The Authority's Environmental Sustainability Committee holds quarterly meetings every financial year and submit

quarterly reports to National Environmental Management Authority (NEMA) updating status progress of ES activities.

- **Environmental Planning:** The Authority Conducts Environmental audit to inform of the appropriate measures to be put in place in ES, assess the understanding of the staff in mainstreaming ES at the workplace and to implement the recommendation from the audit.
- **Pollution Control:** The Authority is committed to practising responsible waste management through adoption of appropriate mechanism for collection and disposal of organic, plastic, paper waste and e- waste by designating segregation bins for each variety of waste for proper disposal. The Authority has employed interventions for recycling, reusing and reducing waste at its premises e.g. use of reusable drinking water bottles instead of the plastic tumbler cups, harvesting rain water to be used in the fish pond, reuse envelopes for internal dispatches.
- **Ecological Enhancement:** The authority continues to participate through-
 - a) implementation of environmental CSR activities such as tree planting campaign in areas such as Merguerra Primary School in Kajiado and Maji Motto secondary school in Narok
 - b) Planting trees in CA's remote stations and staff residential houses
 - c) support Government initiative in enhancement of national forest cover through joint tree growing programme at the Konza Technologies
- **Partnerships:** Authority is committed in enhancing participation in National, Regional and International Environment and Green ICT Initiatives through partnership with EACO, ITU, NEMA among other relevant bodies.
- **Environmental Awareness:** The authority has created sensitization programs such as capacity development training for committee members, sensitization of all staff on Environmental mainstreaming, raise comprehensive awareness on ecological growth, climate mitigation and pollution control in the corporate sector

(iii)Employee welfare

The Authority is an equal opportunity employer with a gender ratio of 46:54 female to male ration. As part of its affirmative action, the Authority has prioritized disability mainstreaming by making its work place accessible to persons with disabilities. As a regulator in ICT, the Authority has incorporated a participatory approach in making

regulations where industry and public stakeholders are widely consulted. In the Authority's current strategic plan (2018-2022), the 3rd Key Result Area (KRA) is anchored on Developing Capacity in order to ensure that the Authority's employees are well skilled and motivated to deliver on the Mandate.

In compliance with Occupational Safety and Health Act (OHSA), the Authority has in place a Health & Safety Policy that prioritizes safety and well being of staff. It includes business continuity, fire prevention strategies, emergency response and first aid.

(iv) Industry practises

a. Responsible competition practise

In tandem with the Constitution of Kenya (2010) the Authority is the ICT regulator that is independent of control by government, political interest or commercial interests. Our mandate is to ensure fair competition in telecommunications, broadcasting, postal & courier sectors. It involves managing well the frequency spectrum and numbering resources and ensuring that Consumers are protected including child-on-line protection. The Authority is also actively involved in cyber-security being the focal point for the Kenya Computer Incident Response Team (Ke-CIRT).

As part of corporate governance, the Authority's board is guided by the Mwongozo Code and the employees ensure compliance to the Authority's Code of Conduct. Staff are also required to sign an integrity oath as part of their commitment to abide by ethical and professional standards of work.

b. Responsible supply chain and supplier relations

Excellent service delivery to our customers and stakeholders is paramount. The Authority therefore has a Service Charter that stipulates expected quality service levels when dealing with its stakeholders. The Authority maintains good business practices, treats its own suppliers well by honouring contracts and respects payment practices as guided by the Service Charter.

c. Responsible marketing and advertisement

(v) Corporate Social Responsibility/Community engagements

In executing its mandate, the Authority is committed to contributing to economic development while improving the quality of life of local communities and the society at large.

The Authority, through its Corporate Social Responsibility and Sponsorship programmes, invests in the community as a responsible corporate citizen. CA carries out CSR activities related to the ICT sector as well as other areas as guided by the CSR policy.

The Authority supported a number of industry events including the E-waste day.. Kenya Editors Guild 2nd Annual Convention, East African CIO symposium, world consumer rights, The Authority also sponsored the YSK business bootcamp, an authoritative and dynamic art platform, that brings together Youth drawn from colleges and theatre groups within the country.

The creative Camp provides an advertising avenue for products and services, and is being established as an authoritative industry platform with an eye for qualitative content, cultural promotion, skills imparting presented in a manner so as to attract viewership and sales. CA also supported several Schools through equipping their computer laboratory with computers, printers, and internet connectivity. The Authority also in recognition of the COVID-19 pandemic the Authority also provided supported the various activities in response to the pandemic.

The Authority continued with its sponsorship of Talanta Football Club, which provides a team of 24 young men, aged between 17 to 24 years with an opportunity to not only nurture their talents but also make a living off their skills. During the year, the Authority supported social causes through disability rights awareness, an initiative meant to assist PWDs. Further, in recognition of Kenyan sports men and women, the Authority supported the Sports Man of the Year Awards (SOYA) and Kalya Half Marathon. The Authority shall continue to forge public private sector partnerships to ensure that it uplifts the society.

XI. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Authority's affairs.

Principal activities

The principal activity of the Authority is facilitating the development of the information and communications sectors including; broadcasting, cybersecurity, multimedia, telecommunications, electronic commerce, postal and courier services on behalf of the Government of Kenya.

Results

The results of the entity for the year ended June 30, 2021 are set out on page 1 to 29

Directors

The members of the Board of Directors who served during the year are shown under part II above.

Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety percent (90%) of its surplus funds reported in the audited financial statements after the end of each financial year.

Auditors

The Auditor General is responsible for the statutory audit of the Communications Authority of Kenya; in accordance with Public Audit Act 2015 section 3 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


.....
Ag. Director General

Nairobi

Date: 29th September 2021

XII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Public Finance Management Act 2012 Section 84(O) of the Kenya Information and Communications Act of 1998 (CAP 411A), and the Public Audit Act 2015, require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the operations of the Authority. The Directors are also responsible for safeguarding the assets and funds of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (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.

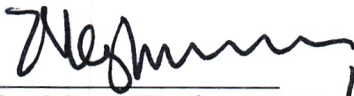
The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the KICA Act, PFM act and the Public Audit Act. The Directors are of the opinion that the Authority financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2021, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)

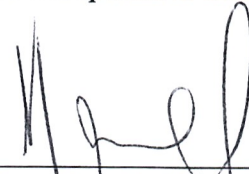
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on ...September 2021 and signed on its behalf by:



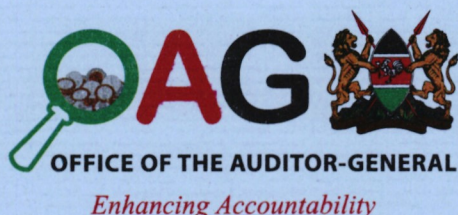
Mrs. Mercy Wanjau, MBS
Ag. Director General



Sen. Kembi Gitura, MGH
Chairman

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COMMUNICATIONS AUTHORITY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2021

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Communications Authority of Kenya set out on pages 1 to 79, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Communications Authority of Kenya as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Information Communications Act, Cap 411A (Revised in 2020) of Laws of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Receivables from Non-Exchange Transactions

The statement of financial position reflects a balance of Kshs.300,520,000 under receivables from non-exchange transactions as at 30 June, 2021. As disclosed in Note 19 to the financial statements, the balance is net off cumulative provisions for bad and doubtful debts (general and specific) totalling to Kshs.3,600,774,000. Included in the cumulative provisions is an amount of Kshs.2,111,809,730 which relates to the balance owed by Telkom Kenya Limited.

However, according to letter Ref: TNT/ZZ/331/02 dated 29 June, 2020, The National Treasury committed to provide to Telkom Kenya Limited the amount of money required to cover frequency spectrum fees for the financial years 2019/2020 and 2020/2021 despite the Management having provisioned for the bad and doubtful debt in full. Further, records indicate that as at the time of this audit in November 2021, no money had been received from The National Treasury. In addition, as previously reported, Telkom Kenya Limited vide, letter Ref: TKL/RA/CA/(LIC) dated 21 December, 2020 indicated nil amount being owed to the Authority. Management has not explained the varying details in the two sets of record.

Under the circumstances, the accuracy and fair statement of the reported receivables from non-exchange transactions balance of Kshs.300,520,000 as at 30 June, 2021 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

Various prior year audit issues remained unresolved as at 30 June, 2021. Management has not provided reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unauthorized Short-Term Deposits

The statement of financial position reflects a cash and cash equivalents balance of Kshs.7,866,780,000 which, as disclosed in Note 18 to the financial statements, includes short term deposits amounting to Kshs.477,049,000 held in two (2) local commercial banks. However, during the year under review, the Authority earned interest totalling Kshs.461,445,000 on cash at bank and fixed deposits. However, as previously reported, the deposits were made without approval of the Board contrary to Section 21(1) of the Kenya Information and Communication Act, Chapter 411A that requires all deposits placement to be sanctioned by the Board. Further, approval from The National Treasury was not provided for audit review.

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

2. Employee Costs - Irregular Acting Allowance

As disclosed in Note 10 to the financial statements, the statement of financial performance reflects an expenditure of Kshs.1,327,342,000 under employees' costs. The expenditure includes an amount of Kshs.22,361,582 paid as acting allowances to 61 members of staff who served in vacant positions during the year under review. However, fifty-four (54) of the staff had been in acting capacity for periods exceeding six months with some dating as far back as 2015. This is contrary to the Authority's Human Resource

Management Policy and labour laws which require one to serve in an acting capacity for a period not exceeding six months.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the 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

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

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

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

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 July, 2022

Communications Authority of Kenya
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XIV. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
	Note	K shs'000	K shs'000
Revenue from non-exchange transactions			
License Fees	6	<u>9,386,040</u>	<u>9,080,424</u>
Revenue from exchange transactions			
Finance income	7	461,445	506,286
Rental Revenue from facilities	8	3,868	3,883
Other Income	9	<u>2,041</u>	<u>13,269</u>
		467,353	523,438
Total revenue		<u>9,853,393</u>	<u>9,603,861</u>
Expenses			
Employee costs	10	1,327,342	1,295,482
Remuneration of Directors	11	20,244	28,646
Depreciation and Amortization Expense	12	509,011	439,930
Repairs and maintenance	13	356,399	149,026
General expenses	14	<u>3,243,540</u>	<u>1,519,145</u>
Total Expenses		5,456,537	3,432,230
Other gains/(losses)			
Gain on sale of assets	16	3,744	0
Gain/(Loss) on foreign exchange transactions	17	(10,861)	(2,110)
Additional Impairment General Provision Allowance	15	(245,559)	(619,373)
Additional Impairment Specific Provision Allowance	15	<u>(779,365)</u>	<u>(780,308)</u>
Surplus for the year		3,364,815	4,769,841
Remission to National Treasury	26	3,028,334	4,292,857
Net Surplus for the year		<u>336,482</u>	<u>476,984</u>


The notes set out on pages 1 to 31 form an integral part of these Financial Statements

**Communications Authority of Kenya
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**XV. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

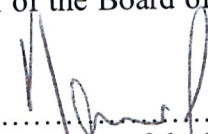
	Note	2021 Kshs '000	2020 Kshs '000
ASSETS			
Current Assets			
Cash and cash equivalents	18	7,866,780	7,641,600
Receivables from non-exchange transactions	19	300,520	310,284
Receivables from exchange transactions	20	612,658	595,883
Total Current Assets		8,779,958	8,547,767
Non Current Assets			
Property, plant and equipment	21	18,924,432	19,113,011
Intangible Assets	22	554,793	695,367
Total Non-Current Assets		19,479,225	19,808,379
TOTAL ASSETS		28,259,183	28,356,146
LIABILITIES			
Current Liabilities			
Provisional Dividend/Remittance Surplus	23	3,028,334	2,679,702
Trade and other Payables from exchange transactions	24	1,336,993	2,677,986
Payments received in advance	25	1,272,152	600,655
Total Current Liabilities		5,637,479	5,958,343
TOTAL LIABILITIES		5,637,479	5,958,343
Net Assets		22,621,704	22,397,803
Owners Equity	26	741,965	741,965
Accumulated Surplus	26	5,863,418	5,639,516
Revaluation Reserve	27	16,016,322	16,016,322
Total Net assets and Liabilities		22,621,704	22,397,803

The Financial Statements set out on pages 1 to 31 were signed on behalf of the Board of Director
by:


.....
Ag. Director General
Name: Mercy Wanjau, MBS

Date: 29th September 2021


.....
Head of Finance
Name: Joseph M Kimanga
ICPAK Member No. 4341
Date: 29th September 2021


.....
Chairman of the Board
Name: Sen. Kembi Gitura MC
Date: 29th September 2021

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**XVI. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	Owners Equity Kshs'000	Revaluation Reserve Kshs'000	Accumulated Surplus Kshs'000	Total Reserves Kshs'000
At July 1, 2019		741,965	16,016,322	5,177,816	21,936,103
Surplus for the year		-	-	4,769,841	4,769,841
Remittance to Treasury - Provision	23	-	-	(4,292,857)	(4,292,857)
Prior year adjustments	26			(15,284)	(15,284)
Additional Remittance to Treasury-Paid		-	-	-	-
Revaluation Surplus	27	-	-	-	-
At 30 June 2020		741,965	16,016,322	5,639,516	22,397,803
At July 1, 2020		741,965	16,016,322	5,639,516	22,397,803
Surplus for the year		-	-	3,364,815	3,364,815
Reversal of Impairment General Provision Allowance	15			-	-
Remittance to Treasury - Provision	23	-	-	(3,028,334)	(3,028,334)
Prior year adjustments	26			(112,580)	(112,580)
Additional Remittance to Treasury-Paid		-	-	-	-
Revaluation Surplus	27	-	-	-	-
At 30 June 2021		741,965	16,016,322	5,863,418	22,621,704

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

		2021	2020
	Note	Kshs'000	Kshs'000
OPERATING ACTIVITIES			
Cash generated from/(used in) Operations	28	4,229,922	7,674,722
Remittance to The National Treasury		(4,294,200)	(10,200,000)
Directors fees		0	0
Net Cash generated from/(used in) Operations		<u>(64,278)</u>	<u>(2,525,278)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and Intangible Assets	21&22	(175,732)	(297,242)
Proceeds from disposal of assets	16	3,744	0
Interest received	7	461,445	463,439
Net cash generated from/(used in) Investing activities		<u>289,457</u>	<u>166,197</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>225,179</u>	<u>(2,359,081)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		7,641,600	10,000,681
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	<u>7,866,780</u>	<u>7,641,600</u>

The cash flow statement is to be read in conjunction with the notes to the financial statements as set out on pages 6 to 31.

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

Description	Original budget		Adjustments		Final budget	Actual on comparable basis		Performance difference	Percentage Variance	Note
	2020-2021	2020-2021	2020-2021	2020-2021		2020-2021	2020-2021			
	Kshs (000)	Kshs (000)	Kshs (000)	Kshs (000)	Kshs (000)	Kshs (000)	Kshs (000)	Kshs (000)	%	
Revenue										
Internally Generated Revenue	9,250,944	9,250,944	-	-	9,250,944	9,386,040	135,096		1%	
Recurrent	-	-	-	-	-	-	-			
Other Income	508,200	508,200	-	-	508,200	460,236	(47,964)		-9%	
Total Revenue	9,759,144	9,759,144	-	-	9,759,144	9,846,276	87,132		1%	
Operating Expenses										
Employee costs	1,398,031	1,398,031	-	-	1,398,031	1,327,342	70,689		5.1%	1
Remuneration of Directors	30,000	30,000	-	-	30,000	20,244	9,756		33%	2
Depreciation and Amortization Expense	453,796	453,796	-	-	453,796	509,011	(55,215)		-12%	3
Repairs and maintenance	362,366	362,366	-	-	362,366	356,399	5,968		2%	
General expenses	2,082,787	2,082,787	-	-	2,082,787	3,243,540	(1,160,753)		-56%	4
Provision for Bad & doubtful debts	-	-	-	-	-	1,024,924	(1,024,924)			5
Total Operating Expenses	4,326,981	4,326,981	-	-	4,326,981	6,481,461	(2,154,480)		-50%	
Operating Profit (Loss)	5,432,164	5,432,164	-	-	5,432,164	3,364,815	2,241,612			
Finance Charges	-	-	-	-	-	-	-			
Corporation Tax	-	-	-	-	-	-	-			
Net Earnings	5,432,164	5,432,164	-	-	5,432,164	3,364,815	2,241,612			
Distribution to National Exchequer	4,888,947	4,888,947	-	-	4,888,947	3,028,334	(1,860,613)			
Retained Earnings	543,216	543,216	-	-	543,216	336,482	380,999			

Notes to the Budget:

- 1 The Authority was unable to secure approval for confirmation of staff and employment and recruitments
2. The low absorption was due delay in appointment of Directors
3. This is a non cash item and a provision
4. In the current year an additional payment to The National Treasury of K.shs.161 billion was expensed
- 5 Non cash item no budget provision

XIX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Communications Authority of Kenya is established by and derives its authority and accountability from Kenya Information and Communications Act, 1998 (Cap 411A). The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is licensing and regulation of the communications sector on behalf of the Government of Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Authority's 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, and financial instruments at fair value, impaired assets at their estimated recoverable amounts and liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority.

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

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Effective date and impact:
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p> <p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p>

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Standard	Effective date and impact:
	<p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management

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Standard	Effective date and impact:
	strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/2021.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

License Fees

The Authority recognizes revenues from license fees. The income is recognised upon issuance of an annual operating license and frequency licence fees.

Type approval and other fees are recognized as and when realised. 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 Authority and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions

Interest income

The net Interest income includes interest realised on government securities, placements, and bank balances.

Other Income

Type approval, penalties and other fees are recognized as and when realised. This recognition is when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

b) Budget information

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

c) Taxes

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 Authority operates and generates taxable income. The Authority is tax exempt as per the Public financial Management Act 2012 Regulations 2015 (219) (3). Management periodically evaluates positions taken in the tax legislations 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)

d) Property, plant and equipment

All property, plant and equipment are stated at cost or valuation 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 Authority 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 statement of financial performance as incurred. Depreciation is charged on a straight line basis over the estimated useful lives of the assets. The rates of depreciation used are based on the following estimated useful lives:

Tangible Assets	Useful life	Rate
▪ Buildings and improvements	40 years	2.5%
▪ Plant & machinery	10 years	10%
▪ Radio equipment	10 years	10%
▪ Telecommunications equipment	10 years	10%
▪ Computers	3 years	33.3%
▪ ICT Regulatory systems	5 years	20%
▪ Motor vehicles	5 years	20%
▪ Office furniture and fittings	8 years	12.5%
▪ Office equipment	5 years	20%

e) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through statement of financial performance, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are stated at original invoiced amounts, less an estimate made of losses arising from impairment and recognized in the statement of financial performance.

Impairment of financial assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through statement of financial performance or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

f) 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, reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

The Authority did 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

g) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. All reserves are stated and outlined as per IPSAS 17 and IPSAS 1.

h) Changes in accounting policies and estimates

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

i) Employee benefits

Post-employment benefits

The Authority's employees are eligible for retirement benefits under a defined contribution plan provided through separate funds.

Contributions to defined contribution plan are charged to the income statement as incurred. Any difference between the charge to the income statement and the contributions payable is recorded in the balance sheet under other receivables or other payables.

i) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the prevailing rate of exchange on the date of the transaction. Bank balances 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 this running balance in the cashbook and the bank balance, are recognized in the statement of financial performance in the period in which they arise.

j) Intangible assets

Intangible assets acquired are initially recognized at cost. The cost of intangible assets acquired 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. The useful life of the intangible assets is assessed as either finite or

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

indefinite. The rates of amortization used are based on the following estimated useful lives:

Intangible Assets	Useful life	Rate
• ICT General Office Software	3 years	33.3%
• ICT regulatory software	5 years	20%
• Telecommunications software	10 years	10%
• Radio Monitoring software	10 years	10%

k) Related parties

The Authority regards a related party as a person or an Authority with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits and liquid investments with an original maturity of twelve 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 various commercial banks at the end of the financial year.

m) Budget information

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

n) Comparative figures

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

o) Subsequent events

There have been no events subsequent to the financial year-end with a significant impact on the financial statements for the year ended June 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 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.

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 Authority 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 legislations, market or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Assumptions were used in determining the provision for bad debtors based on long outstanding non-payment and various cancellations and revocation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 REVALUATION OF ASSETS

The Board of Directors approved the revaluation of assets report for adoption as at 1st July 2018.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Annual frequency license fees	7,951,554	7,663,563
Annual operating license fees	1,428,850	1,395,174
Application Fees	5,122	20,972
Type approval & Registration fees	513	715
Total Revenue from Non-exchange Transactions	<u>9,386,040</u>	<u>9,080,424</u>

This is income derived from regulating the communications sector in Kenya including; broadcasting, multimedia, telecommunications, electronic commerce, postal and courier services

7 REVENUE FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Cash Investments and fixed deposits	539,528	591,977
Taxes	-78,084	-85,691
Total Revenue from exchange Transactions	<u>461,445</u>	<u>506,286</u>

The Authority interest income is derived from investments in short term deposits and Withholding income Tax deducted at source

8 REVENUE RENTAL FROM FACILITIES

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Rental Income	3,868	3,883
Total Other Income	<u>3,868</u>	<u>3,883</u>

The Authority's residential properties are owner occupied and the rentals charged based staff/economic rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 OTHER INCOME

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Sale of tender documents	16	36
Penalties	2,000	13,002
Other Income	25	231
Total Other Income	<u>2,041</u>	<u>13,269</u>

This refers to other unclassified income and penalties charged on contraventions of regulations

10 EMPLOYEE COSTS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Employee related costs - salaries and wages	999,472	934,460
Contribution to pensions	90,603	116,878
Travel and other allowances	115,488	118,687
Housing benefits and allowances	121,780	125,458
Total Employee Costs	<u>1,327,342</u>	<u>1,295,482</u>

11 REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Sitting allowance	8,640	2,620
Monthly fees	960	960
Telephone allowance	2,743	2,036
Traveling Expenses	1,468	915
Board Welfare	2,097	399
Training-Directors	722	6,002
Director fees	3,615	15,714
Total Director emoluments	<u>20,244</u>	<u>28,646</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Depreciation & Amortization for the year	509,011	439,930
Pension Amortization	0	0
	509,011	439,930

13 REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Property	54,142	17,149
Equipment	295,742	122,920
Motor Vehicles	6,515	8,957
Total Repairs and Maintenance	356,399	149,026

14 GENERAL EXPENSES

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Training	159,390	76,889
Enforcement & Compliance	111,533	83,592
Computer software	89,038	152,489
Corporate affairs	31,317	32,563
Consumer Affairs	114,767	134,447
Medical Expenses	77,182	67,872
Advertising	61,699	32,068
Meetings and conferences	176,294	192,325
Exhibitions	54,134	7,374
Utilities	67,103	60,413
Postage and telephone	8,444	13,517
Rent and Rate	23,442	25,544
Consultancy fees	40,843	48,080
Accrued-Audit fees	1,491	1,491
Legal fees	28,729	64,854
Bank charges	1,851	1,837
Security	90,136	63,432
Insurance	16,145	26,466
Printing and stationery	16,807	11,970

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House keeping	7,706	8,630
Periodicals and publications	6,139	10,365
Staff welfare	89,843	77,195
Transport Expense	31,534	23,228
Subscriptions	107,544	86,455
Sporting Activites	3,162	12,038
Corporate Social responsibility	75,727	48,156
Universal Service Obligation	3,225	6,099
National Communications Secretariat	120,000	113,000
Communications Appeals Tribunal	9,528	0
The National Treasury	1,614,498	0
Digital Migration Expenses	0	0
Universal Advisory Council	207	36,756
Research and Development	4,083	
Certification Expenses	0	
Total general expenses	<u>3,243,540</u>	<u>1,519,145</u>

15 RECONCILIATION FOR IMPAIRMENT ALLOWANCE ON RECEIVABLES

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
At the beginning of the year	2,575,850	1,176,170
Additional Impairment General Provision Allowance	245,559	619,373
Additional Impairment Specific Provision Allowance	779,365	780,308
At the end of the year	<u>3,600,774</u>	<u>2,575,850</u>

The Provision for impairment is as per the Policy (1 Year - 25%, 1-2 Years - 50% & 2-3 Year - 100%). and specific provision for impairment has been made of Kshs.779million in regards to Telkom Kenya Limited.

16 GAIN ON SALE OF ASSETS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Proceeds from disposal	3,744	0
Total Gain on sale of assets	<u>3,744</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 GAIN/LOSS ON FOREIGN EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Loss on foreign Exchange	10,436	2,110
Total loss on foreign exchange transactions	<u>10,436</u>	<u>2,110</u>

The Authority is exposed to foreign exchange risk arising from currency exposures, primarily with respect to US dollar. Such transactions lead either a gain or loss.

18 CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Current Account	7,389,731	2,520,858
Short term deposits	477,049	5,120,743
Treasury Bills	0	0
Petty Cash	0	0
Total Cash and Cash Equivalent	<u>7,866,780</u>	<u>7,641,600</u>

18(B) CASH AND CASH EQUIVALENTS DETAILED ANALYSIS

Financial Institution and Account Number	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Kenya Commercial Bank (A/c Number 1106738608)		
Current Account	7,297,017	890,631
Fixed deposits	0	3,869,010
Sub-Total	<u>7,297,017</u>	<u>4,759,641</u>
Citibank N.A. (A/c Number 300042015)-KES		
Current Account	49,323	-7,778
Treasury Bills	0	0
Fixed deposits	0	0
Sub-Total	<u>49,323</u>	<u>-7,778</u>
Citibank N.A. (A/c Number 300042007)-USD		
Current Account	13,750	1,513,578
Sub-Total	<u>13,750</u>	<u>1,513,578</u>
Co-operative Bank of Kenya (A/c Number 01136151735800)		
Current Account	29,641	124,426
Fixed deposits	477,049	1,251,733
Sub-Total	<u>506,690</u>	<u>1,376,159</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 (C) SHORT TERM DEPOSITS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Kenya Commercial Bank	0	3,869,010
Cooperative Bank	477,049	1,251,733
Treasury Bills	0	0
Total	<u>477,049</u>	<u>5,120,743</u>

19 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Licensee fee receivables	3,901,294	2,886,133
Impairment Allowance/ Provision	-3,600,774	-2,575,850
Total non-current receivables	<u>300,520</u>	<u>310,284</u>

20 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Deposits	8,604	8,498
Pension Prepaid	0	0
Amount due from USF	27	80
Other Receivables	600,374	544,459
Accrued Interest	3,653	42,846
Total receivables from exchange transactions	<u>612,658</u>	<u>595,883</u>

21 PROPERTY, PLANT & EQUIPMENT

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Property Plant & Equipment	19,800,509	19,664,177
Accumulated depreciation	-876,077	-551,166
Total non-current assets	<u>18,924,432</u>	<u>19,113,011</u>

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21 (B) PROPERTY, PLANT & EQUIPMENT

The Authority's assets were revalued by external professional valuer in 2018 on an open market basis for assets with comparable values and replacement basis for specialised telecommunication equipment with restricted use.

The methods and significant assumptions applied in arriving at the revalued amounts are as follows:

- The Authority's commercial buildings and properties have restricted use for the sole purpose of regulating the ICT industry hence discounted the market value by 75%.
- The replacement cost method was used for valuing specialized equipment which includes monitoring frequency interferences and cybercrimes. This method was applied due to the customized nature of the equipment and their unavailability in the open market. Further, such equipment and software are only available to select security institutions globally.

The asset valuation report was adopted as at 1st July 2018.

	Freehold Land Kshs'000	Buildings and Civil Works Kshs'000	Plant and Machinery Kshs'000	Motor Vehicles Kshs'000	Computers & Related Equipment Kshs'000	Equipment, Furniture and Fittings Kshs'000	Capital Work In Progress Kshs'000	Total Kshs'000
At 1 July 2019	15,957,281	1,004,936	45,811	142,872	215,908	1,390,809	662,316	19,419,934
Assets Retirement								
Additions	0	0	20,432	0	9,703	98,318	115,790	244,244
Revaluations								
Capitalized WIP			30,047			205,534	-235,581	0
At 30 June 2020	15,957,281	1,004,936	96,291	142,872	225,611	1,694,661	542,128	19,664,178
At 1 July 2020	15,957,281	1,004,936	96,291	142,872	225,611	1,694,661	542,128	19,663,780
Assets Retirement				-7,072				-7,072
Additions	-	-	9,902	29,947	54,748	49,205	0	143,801
Revaluations								
Capitalized WIP			0			115,790	-115,790	-

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At 30 June 2021	15,957,281	1,004,936	106,192	165,747	280,358	1,859,657	426,338	19,800,509
Depreciation and Impairment								
Assets Retirement								0
Depreciation	0	25,123	6,445	28,574	74,074	149,783		284,001
Impairment								
Capitalized WIP								
At 30 June 2020	-	50,231	11,026	57,149	138,688	294,056	-	551,166
Assets Retirement				-2,828				-2,828
Depreciation	-	25,123	10,348	30,155	80,422	181,692		327,740
Impairment								
Capitalized WIP								
At 30 June 2020	-	75,355	21,375	84,475	219,110	475,748	-	876,077
Net Book Values								
At 30 June 2021	15,957,281	929,581	84,818	81,272	61,248	1,383,909	426,338	18,924,432
At 30 June 2020	15,957,281	954,705	85,265	85,724	86,923	1,400,605	542,526	19,113,011

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 INTANGIBLE ASSETS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Intangible software	1,030,573	991,173
Accumulated depreciation	-475,780	-295,805
Total non-current intangible assets	554,793	695,367

	2020-2021	2019-2020
Intangible Assets at Cost	Kshs (000)	Kshs (000)
Cost		
At the beginning of the year	760,100	660,953
Additions	270,473	99,147
Asset Retirement	-	-
Asset Revaluation	-	-
At the end of the year	1,030,573	760,100
Works In Progress		
At the beginning of the year	231,073	231,073
Additions WIP	6,878	-
Asset Capitalized	-221,002	
At the end of the year	16,948	231,073
Total Intangible at the end of the year	1,047,521	991,173
Amortization and Impairment		
At the beginning of the year	287,067	139,876
Asset Retirement	16,948	-
Amortization for the year	188,713	155,228
Amortization at the end of the year	492,728	295,104
Net Book Values at end of the Year	554,793	696,068

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 REMMITTANCE TO THE NATIONAL TREASURY

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Provisional Remittance to The National Treasury - Prior year	-	-1,613,155
Provisional Remittance to The National Treasury - Current year	3,028,334	4,292,857
Total Remittance to The National Treasury	<u>3,028,334</u>	<u>2,679,702</u>

24 TRADE AND OTHER PAYABLES

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Trade payables	279,806	630,268
Universal Service Fund Levy	565	729
The National Treasury	884,735	2,008,355
Accrued Expenses	4,473	11,843
Employee Remittances	167,415	26,791
Accrued Taxes	0	0
Total trade and other payables	<u>1,336,993</u>	<u>2,677,986</u>

25 PAYMENTS RECEIVED IN ADVANCE

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Payments received in advance	<u>1,272,152</u>	<u>600,655</u>

26 ACCUMMULATED SURPLUS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Accumulated surplus at 1 July 2019	5,639,516	5,177,816
Surplus for the year	3,364,815	4,769,841
Prior year adjustments	-112,580	-15,284
Reversal of Impairment General Provision Allowance	0	
Additional Remittance to Treasury	0	0
Provisional Remittance Surplus (90%)	-3,028,334	-4,292,857
Accumulated surplus at 30 June 2020	<u>5,863,418</u>	<u>5,639,516</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 REVALUATION SURPLUS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
New value of Assets	19,364,357	19,364,357
Original value of Assets	-3,348,035	-3,348,035
Revaluation surplus at 30 June 2020	<u>16,016,322</u>	<u>16,016,322</u>

28 CASH GENERATED FROM OPERATIONS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Surplus before remittances	3,364,815	4,769,841
Adjustments for:		
Depreciation of property, plant & equipment	509,011	439,930
Loss/Gain on sale of assets	-3,744	0
Foreign Exchange Gain or Loss	10,861	2,110
Amortisation of Pension	0	0
Interest Received	-461,445	-506,286
Additional Impairment Provision Allowance	1,024,924	1,399,680
Bad Debts recovered/Reversal of Bad debt Provisions	0	0
Additional Dividends Remittance	1,614,498	
	6,058,921	6,105,275
Working capital adjustments		
(Decrease)/Increase in receivables from non-exchange transactions	-1,015,160	-597,748
(Decrease)/Increase in receivables from exchange transactions	-16,775	50,503
(Decrease)/Increase in payments received in advance	671,497	551,111
(Decrease)/Increase in trade and other payables	-1,468,559	1,565,580
Net Working Capital Changes	-1,828,998	1,569,447
Net cash flows from operating activities	<u>4,229,922</u>	<u>7,674,722</u>

29 CREDIT RISK

(i) Credit risk

The Authority 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.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current environment. The carrying amount of financial assets recorded in the financial statements representing the Authority's maximum exposure to

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credit risk without taking account of the value of any collateral obtained is made up as follows:

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

Description	Total Amount	Fully Performing	Past Due
	Kshs (000)	Kshs (000)	Kshs (000)
At 30 June 2021			
Receivables from non-exchange transactions	300,520	270,468	30,052
Receivables from exchange transactions	612,658	600,405	12,253
Total	913,178	870,873	42,305
At 30 June 2020			
Receivables from non-exchange transactions	310,284	279,256	31,028
Receivables from exchange transactions	595,883	536,295	59,588
Total	906,167	815,550	90,617

29(B) LIQUIDITY RISK

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the company 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.

Description	Less than 1 Month	1-3Months	Over 5 Months
	Kshs (000)	Kshs (000)	Kshs (000)
At 30 June 2021			
Trade payables and other payables	1,336,993	1,203,294	133,699
Surplus Remittance	3,028,334	3,028,334	-
Total	4,365,327	4,231,628	133,699
At 30 June 2020			
Trade payables	2,677,986	2,410,187	267,799
Surplus Remittance	4,292,857	4,292,857	0
Total	6,970,842	6,703,044	267,799

29(C) FOREIGN CURRENCY RISK

(iii) Market risk

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 Authority'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.

There has been no change to the Authority's exposure to market risks or the manner in which it manages and measures the risk.

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 carrying amount of the Authority's foreign currency denominated monetary assets is as follows:

The Authority manages foreign exchange risk from future commercial transactions by projecting for expected revenues and matching the same with expected payments and maintaining a minimal balance in the foreign currency.

Description	2020-2021
	USD (000)
At 30 June 2020	
Current Account Balance - Citibank	163,578

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Interest rate risk

Interest rate risk is the risk that the Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits. To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates and are regulated by the Central Bank of Kenya.

30 CAPITAL RISK MANAGEMENT

Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The growth is largely due to the net effect of the revaluation reserve of Kshs. 16 billion. The entity capital structure comprises of the following funds:

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Retained earnings	5,863,418	5,639,516
Capital reserve	16,758,287	16,758,287
Total funds	22,621,704	22,397,803
Total borrowings	0	0
Less: cash and bank balances	7,866,780	7,641,600
Net debt/(excess cash and cash equivalents)	14,754,925	14,756,202
Gearing	65%	66%

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 RELATED PARTY TRANSACTIONS

In the course of the Authority' operations the Authority enters into transactions with related parties. These entities have ability to exercise significant influence over its operating and financial decisions. These include

- i) The National Government;
- ii) The Ministry of Information Communications and Technology;
- iii) The National Treasury;
- iv) Board of directors;
- v) Management

Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest.

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Transactions with related parties		
a) Key management compensation		
Directors' emoluments	20,244	28,646
Compensation to the CEO	14,181	15,310
Compensation to key management	84,051	89,390
Loans to CEO and key Management	46,732	48,576
Sub-Total	165,208	181,922
b) Other Entities		
The National Treasury	884,735	403,432
Amount payable to USF	565	729
Sub-Total	885,299	404,161
Amount receivable from USF	27	80
Sub-Total	27	80
Total	1,050,534	586,162

32 CAPITAL COMMITMENTS

Description	2020-2021	2019-2020
	Kshs (000)	Kshs (000)
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are on-going litigations out of the ordinary course of the business of the Authority. The litigations are part heard and, accordingly no contingent liabilities are anticipated in respect of the same that may be quantified. The cases below may incur some costs in the litigation processes.

- a) High Court Civil Case No. 2071 of 2000; M-Link Communications Ltd vs. CCK & Telkom Kenya Ltd. The plaintiff is seeking damages based on a Trial Agreement with the defunct.
- b) Miscellaneous Civil Application No.494/2017; Airtel Networks Kenya Ltd vs. Communications Authority of Kenya. The plaintiff disputes the payment of Frequency Fees of USD 20,025,000 being initial license fees. A decision in favour of the Authority will occasion an asset to the Government of Kenya.

The directors believe, based on the information currently available, that the legal matters above are not likely to have a material effect on the results of the Authority's operations, financial position or liquidity. Therefore, no provision has been made in the financial statements.

34 SURPLUS REMISSION

In accordance with the Public Financial Management Act 2012 Regulations 2015 (219) (3), 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.

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 an Independent Government Agency under the Ministry of Information Communications and Technology. Its ultimate parent is the Government of Kenya. Owners' equity of Kshs. 741.965 million is comprised of the net of assets and liabilities vested to Communications Authority of Kenya by the Government of Kenya following the split of the defunct Kenya Posts and Telecommunications Corporation through legal notice Number 155 of 5th November 1999.

37 Currency

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
1	<p>1. Cash and cash Equivalents</p> <p>The statement of Financial position as at 30 June 2018 shows a balance of Kshs. 12,903,177,000 as Cash equivalents comprising Currents accounts of Kshs. 148,135,000, Short term deposits of Kshs. 12,055.042,000 and Treasury bills of Kshs. 700,000,000. The current accounts balance of Kshs. 148,135,000 as reflected on note 16 to the financial statements has been explained to include a letter of credit balance of Kshs. 46,385,767 held at Kenya Commercial Bank. However, no documentation was provided for audit verification in support of the existence of this letter of credit as at 30 June 2018. Further, Bank reconciliations of currents account reveal the following.</p>			D/FA	Response provided	

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame														
	<p>1.1 Kenya Commercial Bank Account The initial bank reconciliation statement for the month of June 2018 reflects a figure of Kshs. 122,747,815.97 as the balance per cash book while the amount in the amended bank reconciliation statement reflect the balance for cash book as Kshs. 82,262,074 resulting in a movement of Kshs. 40,485,742 were not made available for audit verification.</p>	<p>1.1.1 Movement of Kshs. 40,485,742</p>	<p>1.1.1.1 The total balance in Current A/c Kshs. 148,134,796 comprises the following:</p> <p><i>Table 1: Summary all Banks Current Account ledger balances</i></p> <table border="1" data-bbox="587 792 919 1263"> <thead> <tr> <th>Account Name</th> <th>Balance</th> </tr> </thead> <tbody> <tr> <td>KCB Current Account</td> <td>82,262,074.16</td> </tr> <tr> <td>KCB Letter of Credit</td> <td>46,385,767.23</td> </tr> <tr> <td>Citibank KES</td> <td>15,023,195.92</td> </tr> <tr> <td>Citibank USD</td> <td>3,953,389.25</td> </tr> <tr> <td>Coop KES</td> <td>510,371.62</td> </tr> <tr> <td>Total</td> <td>148,134,796.00</td> </tr> </tbody> </table> <p>1.1.1.2 The KCB ledger of Kshs. 128,647,841 comprises the following:</p>	Account Name	Balance	KCB Current Account	82,262,074.16	KCB Letter of Credit	46,385,767.23	Citibank KES	15,023,195.92	Citibank USD	3,953,389.25	Coop KES	510,371.62	Total	148,134,796.00	D/FA	Response provided	
Account Name	Balance																			
KCB Current Account	82,262,074.16																			
KCB Letter of Credit	46,385,767.23																			
Citibank KES	15,023,195.92																			
Citibank USD	3,953,389.25																			
Coop KES	510,371.62																			
Total	148,134,796.00																			

**Communications Authority of Kenya
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Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame								
		<p><i>Table 2: Summary KCB Bank Account ledger balances</i></p> <table border="1" data-bbox="451 786 667 1256"> <thead> <tr> <th>Account Name</th> <th>Balance</th> </tr> </thead> <tbody> <tr> <td>KCB Current Account</td> <td>82,262,074.16</td> </tr> <tr> <td>KCB Letter of Credit</td> <td>46,385,767.23</td> </tr> <tr> <td>Total</td> <td>128,647,841.39</td> </tr> </tbody> </table> <p>Payment vouchers totalling to Kshs. 40,485,741.81 effected at the beginning of financial year 2018/2019 were included in the cashbook for financial year 2017/2018 as unrepresented items. (Kshs. 122,747,815.97 – Kshs. 40,485,741.81 = 82,262,074.16)</p> <p>1.1.1.3 These payments have been posted to financial year 2018/2019. The updated KCB cashbook and reconciliation for the month of June 2018 is attached as Annex 1.</p> <p>Annex 1-KCB Cashbook & reconciliation for month ending 30 June 2018</p> <p>1.1.1.4 KCB Letter of credit Account of KES 46,385,767.23 comprised the following. The contract documents attached.</p>	Account Name	Balance	KCB Current Account	82,262,074.16	KCB Letter of Credit	46,385,767.23	Total	128,647,841.39			
Account Name	Balance												
KCB Current Account	82,262,074.16												
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Total	128,647,841.39												

Communications Authority of Kenya
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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame								
			<p align="center">Annex 2-KCB letter of credit documents</p> <p align="center"><i>Table 3: Summary KCB Bank Letter of Credit ledger balances</i></p> <table border="1" data-bbox="651 797 997 1267"> <thead> <tr> <th>Account Name</th> <th>Balance</th> </tr> </thead> <tbody> <tr> <td>KCB Letter of Credit as at 30th June 2017 (Euro 44,214.77</td> <td>5,231,084.80</td> </tr> <tr> <td>KCB Letter of Credit dated 6th July 2017 (Euro 344,968)</td> <td>41,154,683.00</td> </tr> <tr> <td>Total</td> <td>46,385,767.20</td> </tr> </tbody> </table>	Account Name	Balance	KCB Letter of Credit as at 30 th June 2017 (Euro 44,214.77	5,231,084.80	KCB Letter of Credit dated 6 th July 2017 (Euro 344,968)	41,154,683.00	Total	46,385,767.20			
Account Name	Balance													
KCB Letter of Credit as at 30 th June 2017 (Euro 44,214.77	5,231,084.80													
KCB Letter of Credit dated 6 th July 2017 (Euro 344,968)	41,154,683.00													
Total	46,385,767.20													

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>1.2 Citibank N.A Bank Account</p> <p>The Bank Reconciliation statement for the month of June 2018 reflects a figure of KShs. 41,825,299.96 as the balance per cash book while the amount in the Financial statement is Kshs. 15,023,000 resulting in a difference of Kshs. 26,892,299.96. Even though the management has explained the difference as unrepresented payment, no supporting documents were provided for audit verification to support the payment. Under this circumstances, it has not been possible to confirm the accuracy, validity and existence of the Citibank account balance of Kshs. 148,135,000 as at 30 June 2018.</p>	<p>1.2.1 Movement of Kshs. 26,802,104.04</p>	<p>1.2.1.1 The difference between the CITIBANK cashbook and the financial statements was due to payment of KES 26,802,104.04 that was effected in the close of financial year 2017/2018 but was omitted in the cashbook for the financial year 2017/2018 as an unrepresented item. The CITIBANK cashbook and reconciliation for the month of June 2018 is attached as Annex 2.</p> <p>Annex 3-CITIBANK Cashbook & reconciliation for month ending 30 June 2018</p>	D/FA	Response provided	
	<p>2. Property, Plant and Equipment</p> <p>The statement of Financial position as at 30 June 2018 indicates a balance of Kshs. 2,980,782,000 as Property, Plant, and Equipment. Note 20 to the financial statements reflects an adjustment of Kshs. 208,208,000. However, the movement of an adjustment of Kshs. 202,091,084 under capital work in progress where only Kshs. 45,973,342 was traceable to intangible assets transfers to the other asset categories</p>	<p>1.1 Adjustment of Kshs. 208,208,000 under WIP</p> <p>1.2 Adjustment of Kshs. 2,638,140 and Kshs. 3,417,716 under freehold land and buildings</p>	<p>1.1.1 In FY 2017/2018, Works-In-Progress classified under Property, Plant & Equipment were completed amounting to Ksh. 202,091,804 and subsequently capitalized to the respective Asset Categories. The Asset summary is provided below in <i>Table 4</i>.</p>	D/FA	Response provided	

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Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame																																				
<p>on the assets movement schedule. In addition, adjustments of Kshs. 2,638,140 and Kshs. 3,417,716 under freehold land and buildings and civil works respectively had no supporting documents produced for audit verification. Further, freehold land includes additions totalling Kshs. 41,788,000 under freehold land for which procurement and ownership documents were not provided for audit review. Consequently, the accuracy of the property, plant and equipment balance of Kshs. 2,980,782,000 as at 30 June 2018 could not be ascertained.</p>	<p>1.3 Additions totalling Kshs. 41,788,000 under freehold land</p>	<p><i>Table 4: Summary of PPE Capitalized & Adjustments</i></p> <table border="1"> <thead> <tr> <th>Asset Category</th> <th>Description</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Commercial Buildings</td> <td>Kitale Station Boundary Wall</td> <td>41,788,300</td> </tr> <tr> <td>Repairs Buildings</td> <td>Kitale Station Boundary Wall</td> <td>26,485</td> </tr> <tr> <td>Commercial Buildings</td> <td>CA HQ Refurbishment</td> <td>111,919,277</td> </tr> <tr> <td>WIP Buildings</td> <td>CA HQ Refurbishment</td> <td>2,384,399</td> </tr> <tr> <td>ICT Regulatory Systems</td> <td>Numbering Management System</td> <td>33,184,842</td> </tr> <tr> <td>General Office Software</td> <td>RFID Management System</td> <td>12,788,500</td> </tr> <tr> <td></td> <td>W.I.P (PPE) Completed & Capitalized/Expensed</td> <td>202,091,804</td> </tr> <tr> <td>Land</td> <td>Tratiz Enterprises</td> <td>2,639,140</td> </tr> <tr> <td>Commercial Buildings</td> <td>AUA Industria</td> <td>3,477,114</td> </tr> <tr> <td></td> <td>PPE Adjustments</td> <td>6,116,254</td> </tr> <tr> <td>Total PPE Adjustments</td> <td>PPE Capitalized &</td> <td>208,208,058</td> </tr> </tbody> </table>	Asset Category	Description	Total	Commercial Buildings	Kitale Station Boundary Wall	41,788,300	Repairs Buildings	Kitale Station Boundary Wall	26,485	Commercial Buildings	CA HQ Refurbishment	111,919,277	WIP Buildings	CA HQ Refurbishment	2,384,399	ICT Regulatory Systems	Numbering Management System	33,184,842	General Office Software	RFID Management System	12,788,500		W.I.P (PPE) Completed & Capitalized/Expensed	202,091,804	Land	Tratiz Enterprises	2,639,140	Commercial Buildings	AUA Industria	3,477,114		PPE Adjustments	6,116,254	Total PPE Adjustments	PPE Capitalized &	208,208,058			
Asset Category	Description	Total																																							
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Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
		<p>2.1.1 The Ledger corrections amounting to Ksh. 6,116,254 in the fixed assets register were effected to correct overstatements to the Assets and Supplier Ledger Accounts due to erroneous double posting of retention invoices that the suppliers submitted for payment after completion of the defects liability period. <u>The corrections were reversals of accounting entries that never resulted in double payment.</u></p> <p>i. Land – Kshs. 2,639,140 The adjustment was effected to correct erroneous double posting of retention invoices listed below to Tratz Enterprises Limited as indicated in below in <i>Table 5.</i></p> <p>ii. At the conclusion of the contract, the supplier raised additional invoice dated 30/06/2018 Invoice No. 031214-04 of Kshs. 2,639,140.15 for the payment of retention that was erroneously posted again, hence overstating the Asset and ledger balance by Kshs 2,639,140 as at FY2015/16.</p> <p>iii. In FY 2017/18 correction was effected to correct the overstatement of assets and supplier balances.</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame																								
			<p><i>Table 5: List of invoices with retention applied</i></p> <table border="1" data-bbox="448 703 668 1267"> <thead> <tr> <th>Date</th> <th>Invoice</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>09/03/16</td> <td>02/03/15-0</td> <td>742,972.45</td> </tr> <tr> <td>09/03/16</td> <td>100415-4</td> <td>735,954.80</td> </tr> <tr> <td>09/03/16</td> <td>TPI/15/05</td> <td>714,798.90</td> </tr> <tr> <td>09/03/16</td> <td>TPI/24/06</td> <td>445,414.00</td> </tr> <tr> <td></td> <td>Total</td> <td>2,639,140.00</td> </tr> </tbody> </table> <p>Annex 4- Tratz General Ledger corrections of erroneous posting</p> <p>3.1.1 Buildings – Kshs. 3,477,116. The correction was for double posting of retention invoices to AUA Industria Limited as indicated below in Table 6. At the conclusion of the contract, the supplier raised additional invoice for the retention that was erroneously posted again, hence overstating the Asset and ledger balance by Ksh. 3,477,116 as at FY2016/17.</p> <p><i>Table 6: List of additional invoice raised by supplier for retention</i></p> <table border="1" data-bbox="1187 770 1262 1267"> <thead> <tr> <th>Date</th> <th>Invoice</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>30/06/18</td> <td>5431</td> <td>3,477,116.00</td> </tr> </tbody> </table> <p>4.1.1 In FY 2017/18 correction of the overstatement of assets and supplier balances was effected.</p>	Date	Invoice	Amount	09/03/16	02/03/15-0	742,972.45	09/03/16	100415-4	735,954.80	09/03/16	TPI/15/05	714,798.90	09/03/16	TPI/24/06	445,414.00		Total	2,639,140.00	Date	Invoice	Amount	30/06/18	5431	3,477,116.00			
Date	Invoice	Amount																												
09/03/16	02/03/15-0	742,972.45																												
09/03/16	100415-4	735,954.80																												
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Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
<p>3. Employee Costs-Salaries and Wages The statement of financial performance and note 9 to the financial statements reflect an amount of Kshs. 1,140,209,000 in respect of employee costs. However, monthly analysis of employee costs gives a total sum of Kshs. 1,142,962,219 resulting in an unexplained and unreconciled variance of Kshs. 2,753,219. In addition, bonus payments amounting to Kshs. 1,142,962,219 resulting in an unexplained and unreconciled variance of Kshs. 2,753,219. In addition, bonus payments amounting to Kshs. 9,589,055 made to staff or various reasons for which the basis of payments and the authority for payments listed below were</p>	<p>3.1 Unexplained variance of Kshs. 2,753,219 3.2 Bonus payments amounting to Kshs. 9,589,055 made to staff</p>	<p>Annex 5-AUA Industria General Ledger corrections of erroneous posting</p>	D/HCA	Response provided	
<p>3. Employee Costs-Salaries and Wages The statement of financial performance and note 9 to the financial statements reflect an amount of Kshs. 1,140,209,000 in respect of employee costs. However, monthly analysis of employee costs gives a total sum of Kshs. 1,142,962,219 resulting in an unexplained and unreconciled variance of Kshs. 2,753,219. In addition, bonus payments amounting to Kshs. 1,142,962,219 resulting in an unexplained and unreconciled variance of Kshs. 2,753,219. In addition, bonus payments amounting to Kshs. 9,589,055 made to staff or various reasons for which the basis of payments and the authority for payments listed below were</p>	<p>3.1 Unexplained variance of Kshs. 2,753,219 3.2 Bonus payments amounting to Kshs. 9,589,055 made to staff</p>	<p>3.1 The majority of the payroll elements in each month are mainly constant with exception on a few e.g leave allowance, acting/duty allowance, entrant of new employees, retirements, promotions, among others that are payable depending on when they are incurred/fall due hence resulting in variations month on month. Annex 6 - An overview/analysis of causes of the variance in the payroll month on month is provided below in Table 7</p> <p>3.2 The lump sum payments were paid according to HCA policy clause 4.7.2 that Employees who have reached the maximum of their salary scales, with positive appraisal ratings, may be awarded a lump</p>	D/HCA	Response provided	

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame															
	<p>not made available for audit review.</p> <table border="1"> <thead> <tr> <th>Name of Bonus</th> <th>Month</th> <th>Amount (Kshs)</th> </tr> </thead> <tbody> <tr> <td>Lump Sum Payments</td> <td>July 2017</td> <td>6,274,140</td> </tr> <tr> <td>Long Service Award</td> <td>June 2018</td> <td>1,040,375</td> </tr> <tr> <td>Long Service Award</td> <td>March 2018</td> <td>2,274,540</td> </tr> <tr> <td>Total</td> <td></td> <td>9,589,055</td> </tr> </tbody> </table> <p>Consequently, the accuracy of employee costs of Kshs. 1,140,209,000 for the year ended 30 June 2018 could not be confirmed.</p>	Name of Bonus	Month	Amount (Kshs)	Lump Sum Payments	July 2017	6,274,140	Long Service Award	June 2018	1,040,375	Long Service Award	March 2018	2,274,540	Total		9,589,055		<p>sum performance related bonus, equivalent to one or more annual increments, but not exceeding (3) increments per year.</p> <p>Annex 7 – Appraisal ratings for employees awarded lump sum in FY 2017/18 and the HCA policy clause 4.7.2</p>			
Name of Bonus	Month	Amount (Kshs)																			
Lump Sum Payments	July 2017	6,274,140																			
Long Service Award	June 2018	1,040,375																			
Long Service Award	March 2018	2,274,540																			
Total		9,589,055																			
4	<p>Unsupported General Expenditure</p> <p>The statement of Financial performance as at 30 June 2018 shows a figure of Kshs. 2,631,195,000 as General expenses. Included in the general expenses are expenditures amounting to Kshs. 157,164,356 which were not supported by any documentary evidence. The expenditure lines are as detailed below:</p>	<p>4.1 Unsupported expenditure Kshs. 2,631,195,000</p>	<p>4.1.1 The copies of the payments vouchers and documentary evidence were provided.</p> <p>Annex 8 – Payment vouchers and documentary evidence</p>	D/FA	Response provided																

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame																
	<table border="1"> <thead> <tr> <th></th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Training</td> <td align="right">23,744,235</td> </tr> <tr> <td>Enforcement</td> <td align="right">615,960</td> </tr> <tr> <td>Computer software maintenance</td> <td align="right">57,543,215</td> </tr> <tr> <td>Corporate affairs</td> <td align="right">18,314,285</td> </tr> <tr> <td>Consumer affairs</td> <td align="right">54,117,773</td> </tr> <tr> <td>Medical</td> <td align="right">2,828,888</td> </tr> <tr> <td>Total</td> <td align="right">157,164,356</td> </tr> </tbody> </table> <p>Under the circumstances, the accuracy and propriety of the general expenses of Kshs. 2,631,195,000 as at 30 June 2018 could not be ascertained.</p>		Amount	Training	23,744,235	Enforcement	615,960	Computer software maintenance	57,543,215	Corporate affairs	18,314,285	Consumer affairs	54,117,773	Medical	2,828,888	Total	157,164,356					
	Amount																					
Training	23,744,235																					
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Consumer affairs	54,117,773																					
Medical	2,828,888																					
Total	157,164,356																					
5	<p>Payment Received in Advance</p> <p>The statement of financial position as at 30 June 2018 reflects a figure of Kshs. 26,479,000 as payments received in advance comprising Kshs. 20,501,000 (annual frequency license fees) and Kshs 5,987,000 (annual operating fees). However, the following anomalies were noted under payments in advance.</p> <p>a) A sample of 17 payments received in advance comprising Kshs. 12,347,261 were compared to invoices and total amount of invoices for the 17 users was found to be</p>	<p>5.1 Explanation of the payments received in advance Kshs. 20,501,000</p>	<p>5.1.1 Advance payments may result from the following scenarios.</p> <p>i. License fees received in the FY 2016/17 but meant for FY 2017/18 usually due to early dispatch of invoices before the beginning of the next financial year.</p> <p>ii. License offer letters contain prorated license fees for current year and full fees payable for next one full year.</p> <p>iii. Prepayments as per sampled licensees in the Table 8 below and as per sampled invoices</p>	D/FA	Response provided																	

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Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
<p>Kshs. 26,743,677 resulting to an unexplained and unsupported variance of Kshs. 14,396.415 which was not explained or supported. If the error level were to be extrapolated to the population of Kshs. 26,479,000 then, the expected resultant variance would be Kshs. 30,873,460.</p> <p>Consequently, it was not possible to conform the accuracy of the payments received in advance of Kshs. 26,479,000.</p> <p>b) The breakdown of annual operating fee license amount Kshs. 5,978,000 contained negative entries totalling Kshs. 802,975 for which no valid explanation or reconciliation was provided for audit scrutiny.</p> <p>c) The breakdown of Kshs. 20,501,000 reflected as annual frequency license fees had an unexplained opening balance of Kshs. 14,375,000. No breakdown was provided for this balance and hence could not match to the billing and utilization during</p>		<p>attached.</p> <p>Annex 9 – Table 8 on prepayments and sampled invoices</p> <p>5.1.2 Advance income as at 30th June 2017 was Kshs. 19,425,000 comprising of Kshs. 14,374,000 being frequency fees and Kshs. 5,050,000 being annual operating license fees. These form the opening balances in the financial year 2017/18. The negative entries in the advance income account relate to reversals of advance income for the financial year 2016/17 of Kshs. 19,425,000.</p> <p>5.1.3 A sample of the invoices raised in the month of June 2018 is hereby submitted for your verification attached.</p> <p>Annex 10 –prepayments invoices for FY 2017/18 and sampled invoices</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>the year.</p> <p>d) Invoices raised in the month of June 2018 amounting to Kshs. 1,286,373 in respect of annual frequency license included in the payments in advance were not provided for audit verification.</p> <p>Consequently, the accuracy and completeness of the payments received in advance figure of Kshs. 26,479,000 could not be ascertained as at 30 June 2018.</p>					
6	<p>Revenue from Non-Exchange Transactions</p> <p>The Statement of Financial performance as at 30 June 2018 reflects a figure of Kshs. 7,620,184,000 as revenue from non-exchange transactions. Examination of schedules provided reveal the following:</p>			D/FA	Response provided	

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>6.1 Annual frequency license Fees- Advance income Included in the annual frequency license fees of Kshs. 6,223,152,000 is an amount of Kshs. 7,220,500 described as advance income 2016/2017 (Ref ADVNC 16/17 Kshs. 5,776,047 and Kshs. 1,444,593 dated 1st July 2017). However, no documentation was provided to show that the amount of Kshs. 7,220,500 was included under liabilities as payment in advance in the financial year 2016/2017. Without the confirmation, it is not possible to confirm the accuracy of Annual frequency income of Kshs. 6,223,152,000.</p>	<p>6.1.1 Documentation to show that the amount of Kshs. 7,220,500 was included under liabilities as payment in advance</p>	<p>6.1.1 Prior to July 2017, invoices relating to the F/Y 2017/18 had been issued and clients made payments, which formed part of the advance income in the F/Y 2016/17. As at financial year 2017/18, this advance income was reversed so that this income is accounted for during the year that it related of 2017/18.</p> <p>i. Following demands by the Authority to Car Track Limited to settle the outstanding fees, Car Track wrote back requesting for a reconciliation of the outstanding amount. Following a series of meeting between the licensee and the Authority, it was established that there was an overbilling necessitating issuance of a credit note. The Approval for the Credit Note and the Credit Note is provided in <i>Annex 14</i>.</p> <p>Annex 11 – Credit note and approvals for Car Track</p>	D/FA	Response provided	

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>6.2 Annual operating license Fees-Invoice to Kenya Towers Included in the annual operating license fees of Kshs1,392,103,000 is an amount of Kshs17,156,188 (Ref N171706 dated 3.7.2017) being a duplicate of Invoice Ref N171706 dated 1.7.2017. No credit note issued to reverse one of the invoices to Kenya Towers. Consequently, the annual operating license fees of Kshs1,392,103,000 is overstated and therefore the accuracy and completeness could not be ascertained.</p>	<p>6.2.1 duplicate invoice of Kshs. 17,156,188. No credit note issued</p>	<p>ii. Invoice no. N171706 of Kshs.17,156,18 was issued to Kenya Towers Limited. It was captured twice on 1st July 2017 and on 3rd July 2017. An entry to reverse this double capture is provided. Annex 12 – Ledger entry for reversal of double capture of Kenya Towers Ltd</p>	D/FA	Response provided	
7	<p>Receivables from Exchange Transactions The statement of Financial position as at 30 June 2018 reflects a figure of Kshs. 561,321,000 as Receivables from exchange transactions. Although the breakdown of the balance as at year end was provided, the comparative figure as at the end of the previous year or the opening balances were not provided and hence it was not possible to work out the repayments and new issues during the year as well as identification of the non performing advance which includes an amount of Kshs. 421,088,580 referred as CCK property loan. In addition, the balance of other receivables as disclosed on note 18 to the financial statements of Kshs. 543,834,000 include car insurance of Kshs.</p>	<p>7.1 the break down indicating the Opening Balance, New issues and repayments for Receivables from Non Exchange transaction of Kshs. 561,321,000</p>	<p>7.1.1 The employee loans are maintained and recovered in payroll. There are no defaults. Annex 13 – Employee Advance/loan schedule indicating the opening balance, new issues and repayments.</p>	D/FA	Response provided	

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>339,744 medical recoveries of Kshs. 877,760 salary advances of Kshs. 361,793, fire and mortgage of Kshs. 6,355 AA subscriptions of Kshs. 102,079 and other debtors of Kshs. 92,402 all of which had no supporting breakdown provided for audit verification.</p> <p>Further, other receivables amount of KShs. 543,833,807 includes an amount of out of which Kshs. 4,194,364 in respect of imprest issued to officers who hold more than one imprest.</p> <p>Under the circumstances, the accuracy and validity of receivables from exchange transactions balance of Kshs. 561,321,000 as at 30 June 2018 could not be confirmed.</p>					
8	<p>Trade and Other Payables</p> <p>The statement of Financial position as at 30 June 2018 reflects a figure of Kshs. 897,145,000 as Trade and other payables from exchange transactions in respect of which the following issues were noted:</p> <p>a) Included in this amount is trade payables figure of Kshs. 691,358,000 of which an amount of Kshs. 19,229,547 as reflected as Asset Deposit Compensation for which the supporting documents were provided for audit review does not</p>	<p>8.1 Amount of Kshs. 19,229,547 as reflected as Asset Deposit Compensation</p> <p>8.2 amount of Kshs. 14,830,327 payables to Commissioner of Income Tax and an amount of Kshs. 17,426,704 payables to Commissioner of VAT</p>	<p>8.1.1 The amount was recorded as a deposit since it was funds received and it shall be applied to the costs charged by the equipment manufacturer upon repair of the antennae.</p> <p>Annex 14- The discharge voucher from the insurance company and bank statement indicating receipt of funds.</p> <p>8.1.2 The Authority files returns and payment as per the guidelines provided for by KRA and the tax laws. The outstanding amounts were paid in subsequent periods.</p>	D/FA	Response provided	

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>demonstrate how the amounts is payable yet it is an insurance claim and the corresponding asset that was being cleared has not been eliminated/disposed on the assets movement schedule of the financial statements.</p> <p>b) Included in the trade payable amount of Kshs. 691,358,000 is an amount of Kshs. 14,830,327 payables to Commissioner of Income Tax and an amount of Kshs. 17,426,704 payables to Commissioner of VAT which were not supported with relevant documents in form of returns of assessment to or from Kenya Revenue Authority.</p> <p>c) Suppliers' statement duly reconciled to the creditor balance as per accounting records were not provided for audit verification especially for suppliers with balances above Kshs. 10,000,000 which totalled to Kshs. 482,761,016.</p> <p>d) The trade and other payables balance of Kshs. 897,145,000 includes</p>		<p>Annex 15- Kenya Revenue Authority settlements.</p> <p>Annex 16-The schedule for suppliers' balance above Kshs.10million.</p> <p>Annex 17 - The schedule of the employees remittances</p>			

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Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame																										
<p>unpaid employee remittances of Kshs. 43,938,594 for which detailed breakdown had unexplained debit balances totalling Kshs. 12,960,750 as shown below:</p> <table border="1" data-bbox="587 1626 1193 2112"> <thead> <tr> <th>Name</th> <th>Amount (Kshs.)</th> </tr> </thead> <tbody> <tr> <td>KCB pension-seconded staff</td> <td>11304</td> </tr> <tr> <td>HELB</td> <td>537</td> </tr> <tr> <td>COTU College</td> <td>20,850</td> </tr> <tr> <td>SACCO Shares</td> <td>6,383,480</td> </tr> <tr> <td>NSSF</td> <td>2,620,500</td> </tr> <tr> <td>Communication Workers Union</td> <td>72,612</td> </tr> <tr> <td>CCK Pension Scheme</td> <td>3,711,805</td> </tr> <tr> <td>Old Mutual</td> <td>42,860</td> </tr> <tr> <td>ICEA</td> <td>9,055</td> </tr> <tr> <td>SACCO Instant Loan</td> <td>82,634</td> </tr> <tr> <td>Communication Special savings</td> <td>5,113</td> </tr> <tr> <td>TOTAL</td> <td>12,960,750</td> </tr> </tbody> </table> <p>Consequently, the accuracy and validity of the trade and other payables balance of Kshs. 691,358,000 as at 30 June 2018 could not be ascertained.</p>	Name	Amount (Kshs.)	KCB pension-seconded staff	11304	HELB	537	COTU College	20,850	SACCO Shares	6,383,480	NSSF	2,620,500	Communication Workers Union	72,612	CCK Pension Scheme	3,711,805	Old Mutual	42,860	ICEA	9,055	SACCO Instant Loan	82,634	Communication Special savings	5,113	TOTAL	12,960,750					
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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
9	<p>Remuneration of Directors The statement of Financial performance as at 30 June 2018 reflects a figure of Kshs. 53,995,000 in respect of remuneration to directors. The amount includes broadband allowance totalling Kshs. 3,362,333 paid to Directors on a monthly basis whose basis was not provided for audit verifications and in addition the payment was not in line with State Corporations Act and Mwongozo guidelines. In consequence, the accountability and propriety of the expenditure of Kshs. 3,362,333 could not be confirmed.</p>	<p>9.1 The amount includes broadband allowance totalling Kshs. 3,362,333 paid to Directors</p>	<p>9.1.1 The Board approved the provision of working tools for both staff and Board. Annex 18 - The policy on working tools</p>	D/LS	Response provided	
10	<p>Unauthorised Employee Costs i. The statement of Financial performance as at 30 June 2018 reflects a figure of Kshs. 1,140,209,000 as employee costs. Included in this amount is a figure of travel and other allowances of Kshs. 117,310,000 and Housing benefits and other allowances of Kshs. 123,979,000 which was spent and there was no budgetary allocation as no budget approvals by the full Board meeting were produced for</p>	<p>10.1 Employee costs spent without board approval and over expenditure of Kshs. 25,707,000 10.2 The budget reallocation was to cater for emergency medical and were approved by the board on case by case</p>	<p>10.1.1 Budgets are approved on a “3-year” rolling basis. The FY 2017/18 budget was approved by the board on 27th October 2016, and subsequently by The National Treasury. Annex 19 - The Board extracts and The National Treasury approval for Budget FY 2017/18 Annex 20 – Board approvals for medical assistance</p>	D/HCA & D/FA	Response provided	

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>audit verification.</p> <p>ii. The statements of financial performance and note 9 of the financial statements reflects contribution to pensions and medical actual expenditure of Kshs. 89,807,000 although the budgetary allocation was of Kshs. 64,100,000 resulting in over expenditure of Kshs. 25,707,000 for which no budgetary re-allocation and approvals by the full Board were made available for audit review.</p> <p>In view of the foregoing, the accuracy, legality and propriety of the expenditure could not be confirmed.</p>					

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
11	<p>Other Income The statement of Financial performance as at 30 June 2018 reflects a figure of Kshs. 4,093,000 in respect of other income out of which Kshs. 4,093,000 relate to staff rent. However, no documentation was provided to support the rentals income from the staff such as the rental agreements and even the detailed breakdown of who paid what amounts.</p> <p>Under the circumstances, it was not possible to confirm the accuracy and propriety of other incomes of Kshs. 4,163,000 as at 30 June 2018.</p>	<p>11.1 Documentation was provided to support the rentals income from the staff</p>	<p>11.1.1 The Authority has staff quarters which house staff. Staff members who are housed in the Authority's residential houses pay a monthly rent to the Authority.</p> <p>Annex 21- The schedule of the rent income received together with sample list of staff who paid during the financial year 2017/18.</p>	D/FA	Response provided	
12	<p>Budget The figures of approved budget presented for audit compared to the amounts reflected in the Statement of Comparison of budget and actual amounts had variances in some account balances as highlighted below:</p>	<p>12. No explanation provided for the budget variance</p>	<p>12.1.1 there was no budget over spent in FY 2017/2018. Further, the figure includes an amount of Kshs. 7702 million with respect to bad debts provision that's a non-budgeted item.</p> <p>Annex 22- The table of budget variance explanations.</p>	D/FA	Response provided	

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Basis of Qualified Opinion				Key Issues	Management Response	Focal Point	Current Status	Time frame
Amount of Budget as reflected in the Statement of Comparison of Budget and Actual (Kshs.)	Amount Reflected in the Approved Budget (Kshs.)	Variance (Kshs)						
Account Balance								
Employee costs/personal emoluments	1,155,238,000	1,140,388,000	14,900,000					
General expenses/operating and administrative expenses	2,463,449,000	2,471,849,000	(8,400,000)					
Overall difference			650000					

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	No explanation was provided for the variances.					
13	Prior Year Issues The following prior year issues were yet to be addressed as at the time of the audit.					
1	Irregular Procurement Methods 1.1 Event Management Services As disclosed in Note 12 to the financial statements the general expenses figure of Kshs. 1,969,111,000 includes an amount of Kshs. 95,408,000 in respect of consumer affairs. The figure of Kshs. 95,408,000 also includes Kshs. 13,302,560 being cost of event management services during the authority's ICT forum held on 11 November 2016 whose service provider was identified through request for quotations method of procurement yet the tender amount exceeded the allowable threshold of Kshs. 2 Million. This is contrary to Public Procurement and Asset Disposal Act, 2015. In addition, no signed formal contract between the Authority and the service provider was	The tender award of Kshs. 13,302,560 through request for quotations method of procurement exceeding the allowable threshold of Kshs. 2 Million.	1.3.1.1 The Communications Authority of Kenya through its procurement plan of 2016/2017 planned to carry out ICT Consumer education forums in Bungoma, Makueni, Nyeri, Busia and Baringo Counties. For each of the forums, the Authority required the services of an event manager. Event management and related services had been reserved for Youth, Women, and persons with disabilities "reservations" as PPADA means exclusive preference to procure goods, works and services set aside to a defined target group within a specified threshold or region" Annex 1-Procurement Plan indicating Event Management and related services reservation for Youth, Women, and persons with			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>availed for audit review.</p> <p>Further, the figure of Kshs. 95,408,000 includes an amount of Kshs. 20,130,998 paid to another firm in respect of event management service for Kikao Kikuu in Busia without a signed contract agreement contrary to section 44(1)(f) of the public procurement and asset disposal Act, 2015 which requires an accounting officer to approve and sign all contracts of the procuring entity.</p>		<p>disabilities</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>In the Circumstances, it has not been possible to confirm the propriety of expenditure totalling Kshs. 33,433,557 for the year ended 30th June 2017</p>	<p>1.3.2 Contract between the Authority and M/s Sum Decorators of Kshs. 13,302,560 the Authority was not availed.</p>	<p>1.3.2.1 In November 2016, the Authority commenced its ICT Consumer education forum in Bungoma County. At the time the Authority had not prequalified/registered firms to participate in Access to Government Procurement opportunities. Therefore, the Authority invited bids from 10 firms that had been registered by The National Treasury as disadvantaged groups in the category of youth women and persons with disabilities as per the provision of Public Procurement and Assets Disposal Act Section 157 (17) “ The National Treasury shall operationalize a preference and reservations secretariat to be responsible for the implementation of the preferences and reservations under this Act which shall be responsible for_(a) Registration, prequalification and certification of the persons, categories of persons or groups as provided for in under Part XII.</p> <p>1.3.2.2 The tender for event management was therefore tendered using The National Treasury list of firms registered under disadvantaged group of Youth, Women and Persons with Disabilities and awarded to M/s Sum Decorators.</p>			

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Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
		<p>Annex 2-List of firms registered by The National Treasury invited to bid</p> <p>1.3.2.3 The Authority issued purchase order 1637 to M/s Sum Decorators of Kshs. 13,302,560 after receiving their acceptance letter.</p> <p>Annex 3-The list and copies of the documents of the tendering process</p> <p>Annex 4-Acceptance letter and Purchase Order 1637 to M/s Sum Decorators</p> <p>The purchase order in this instance is a formal contract bidding parties as it meets the threshold of the Section 44(1)(f) and Section 135 (1) PPADA ACT 2015.</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
		<p>1.3.3 An amount of Kshs. 20,130,998 paid to another firm in respect of event management service for Kikao Kikuu in Busia without a signed contract.</p>	<p>1.3.3.1 The Authority required the services of an event management for its County ICT Consumer forums in Busia and launch of its CSR activities in Bungoma County. An advertisement was placed in the Daily Nation on 25th November 2016 with a closing date of the tender being on 21st December 2016 .</p> <p align="center">Annex 5-The tender advertisement for event management services</p> <p>1.3.3.2 The bids were evaluated and M/s Unicare was awarded one of the (7) seven blocks that were being tendered to provide event management and related services. The awarded blocks had Busia and Bungoma Counties as some of the regions to be covered by the firm and as such the firm was engaged to provide event management and related during the ICT consumer education forum in Busia and launch of the CSR activities in Bungoma Counties.</p> <p align="center">Annex 6-The tender process documents</p>			

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Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
		<p>1.3.3.3 Upon acceptance of the offer, which had terms and conditions of engagement, the Authority issued two purchase orders to M/s Unicores which were signed by the Director General as per PPADA Section 135.(1) which states “The existence of a contract shall be confirmed through the signature of a contract document incorporating all agreements between the parties and such contract shall be signed by the accounting officer or an officer authorized in writing by the accounting officer of the procuring entity and the successful tenderer”.</p> <p>Annex 7-The two purchase orders amounting to Kshs 20, 130,998 are Purchase Order 1466 of Kshs 18,594,461.80 for Busia Kikaoo Kikuu forum Purchase order 1467 of Kshs. 2,560,969.43 for Launch of CSR activities in Bungoma</p> <p>These were (one) time jobs, with specific deliverables and single tranche payment upon certification of delivery hence the Authority issued a purchase orders which specified the terms and conditions of contract binding on both parties.</p>			

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Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
<p>1.4 Design, Printing, Supply and Delivery of Branded Items</p> <p>Further, the general expenses figure of Kshs. 1,969,111,000 includes an amount of Kshs. 95,408,000 in respect of consumer affairs under note 12 to the financial statements. The amount of Kshs. 95,408,000 also includes Kshs. 1,977,070 for the design, printing, supply and delivery of branded give away including umbrellas and spiral notebooks by three firms identified through request for quotations instead of opening tendering method for a contract of such magnitude.</p> <p>However, available information revealed that on 21 June 2017 all the three firms which were awarded the tender were notified further changes affecting their contract from one off supply to a framework contract/agreement. The change to framework contract was done contrary to section 114(1) of the Public Procurement and Asset Disposal Act 2015, which provides that a framework contract can only be entered into through open tender and when the required quantity of goods, works or non-consultancy services cannot be</p>	<p>1.4.1 Kshs.11,977,070 for the design, printing, supply and delivery of branded identified through request for quotation instead of opening tendering method for a contract of such magnitude.</p>	<p>1.4.1.1 The Authority during the financial year 2015/2016 planned to implement a service delivery improvement campaign to revamp service delivery within the Authority. This involved rebranding of Authority's service charter and undertaking both internal and external launch. One of the activities involved was printing and supply of branded give away which included umbrellas and spiral notebooks.</p> <p>1.4.1.2 The Authority through open tender registered firms owned by youth, women and person with disabilities in readiness to participate under Access to Government Procurement opportunities (AGPO) as and when required.</p> <p>1.4.1.3 The tender for supply of branded give aways had been reserved for tender by the disadvantaged groups as shown in the procurement plan for 2015/2016.</p> <p>Annex 8-The procurement plan 2015/2016</p> <p>1.4.1.4 In this regards, the Authority invited bids for design and supply of branded give aways from the list of the ten (10) registered suppliers in the category of design and printing of</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>determined at the time of entering into the agreement. Consequently, the Authority is in breach of the law and the propriety of expenditure totalling Kshs. 11,977,070 for the year ended 30th June 2017 could not be confirmed.</p>		<p>corporate materials.</p> <p>Annex 9-List of registered suppliers in the category of design and printing of corporate materials</p> <p>1.4.1.5 This is in compliance with Public Procurement and Assets Disposal Act 71 (1) The head of procurement function shall maintain and continuously update lists of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. The lists shall be applied on the alternative procurement methods as specified and appropriate.</p> <p>1.4.1.6 The Alternative method of procurement used was restricted whereby exclusive preference to procure branded give aways was set for competitive tendering by youth women and persons with disabilities. The value was within threshold for Category A as per Threshold Matrix of Public Procurement and asset disposal Regulation 2006</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
		<p>1.4.2 Change from one off supply to a framework contract/agreement contrary to section 114(1) of the Public Procurement and Asset Disposal Act 2015 3.3 and regular usage warrants framework agreement</p>	<p>1.4.2.1 The change from one time supply to framework agreement was informed by the fact that the Authority could not determine the required quantities of the give aways at the time of entering into the of agreement for supply of give away that were needed for various corporate and consumer forums.</p> <p>1.4.2.2 However, the recommendation to enter into framework agreement was not implemented. The Authority only issued the orders for the one-time delivery.</p> <p>Annex 10-Purchase Order 1948 Multigreat Company Limited of Kshs. 708,750 for supply of Branded mousepads, Branded spiral notebook, branded floor stickers</p> <p>Annex 11-Purchase Order 1947 Istazz Media Limited of Kshs. 1,866,440 for supply of Branded umbrellas, Branded round neck t-shirts, Branded polo shirts</p> <p>Annex 12-Purchase Order 1949 Morven Kester (EA) Limited of Kshs. 30,000 for supply of branded pens</p>			

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Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
		<p>1.4.2.3 The indicated expenditure of Kshs. 11,977,070 for tender for design, printing and supply of branded items is not correct. This is because the quantity was changed in consultation with the user department because there was an error in the quantities of the umbrellas and spiral notebooks (10,000 instead of 1,000).</p> <p>1.4.2.4 This was in compliance with Public Procurement and Assets Disposal Act 2015 Section 162 (3) which discourages overstocking of store items.</p> <p>Annex 13 - Email correspondence for change of quantities</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>1.5 Unclear Excessive Procurement of Brochures</p> <p>As disclosed in Note 12 to the statements financial statements the general expenses figure of Kshs. 1,969,111,000 includes an amount of Kshs. 95,408,000. The amount of Kshs. 95,408,000 also includes Kshs. 13,862,670 in respect of a contract for supply of various brochures awarded to a firm on 4th November 2015 at a contract sum of Kshs. 7,675,538 for a period of one year, with a performance bond of 5% equivalent to Kshs. 383,776.88. However, available information indicate that on 5th April 2016 and 13 October 2016 the authority wrote to the above supplier to quote and supply additional brochures worth Kshs. 9,292,500 and Kshs. 5,683,485 through direct payment. The supplier was subsequently paid for the additional brochures vide Payment Voucher. No.vb/c/2006/12/14958 dated 18 August 2016 and VB/C2006/12/13271 dated 23 December 2016 respectively. This was contrary to section 106(2)(b) of Public Procurement and Asset Disposal Act 2015 which requires that the request shall be</p>	<p>1.5.1 Supply of additional brochures worth Kshs.9,292,500 and Kshs.5,683,485 through direct payment.</p>	<p>1.5.1.1 The Authority's planned to procure printing and packaging services of its corporate and consumer education materials with a budget estimate of Kshs 47,339,379 as reflected in its 2015/2016 procurement plan.</p> <p align="center">Annex 14 – Procurement Plan 2015/2016</p> <p>1.5.1.2 On 24th July 2015, the Authority advertised for printing and packaging of its corporate and consumer education brochures, fliers and posters with a closing date of 12th August 2015. The tender was reserved for Youth, Women and Persons with disabilities. The Corporate and consumer education brochures, fliers and posters were to be printed as and when required during the contract period of one (1) year as indicated in the tender document (invitation to tender).</p> <p align="center">Annex 15 - Tender advertising for printing and packaging of corporate and consumer education brochures</p> <p align="center">Annex 16 – Tender Process documents for printing and packaging of corporate and consumer education materials</p>			

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Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
<p>given to as many persons as necessary to ensure effective competition and shall be given to at least three persons, unless that is not possible.</p> <p>A physical visit to the store one year later in December 2017, revealed that a total of 139,250 child online brochures worth Kshs. 12,323,625 were still lying in store unutilized. In the circumstances, it has not been possible to confirm the propriety of expenditure totalling Kshs.13,862,670 for the year ended 30th June 2017 and that the Authority was in breach of the Law.</p>		<p>1.5.1.3 The tender attracted 62 firms and upon evaluation, the firm that offered the most competitive price for each category M/s iBrand Ltd was awarded printing of the material at a total cost of Ksh 7,675,537.50 “ The contract Clause 4 A . (Ceiling) stated that (i) For the services rendered pursuant to Clause 1(a) of this contract, the client shall pay the supplier a total sum of Kshs 7,675,537.50 inclusive of taxes (ii) For the services rendered pursuant to clause 1 (b) of this contract, the client shall pay the supplier a sum based on the unit rates contained in the annex upon printing, packaging and delivery of the same as and when ordered.</p> <p>Annex 17 – Contract between the Authority and iBrand Ltd with the unit rates</p> <p>1.5.1.4 The award for design and printing of brochures was therefore through an open tender and not direct procurement method.</p> <p>1.5.1.5 On 5th April 2016 and 13 October 2016 the authority requested M/s iBrand Limited to supply additional brochures worth Kshs.9 ,292,500 and Kshs.5,683,485. This was in line with the contract entered to by the two parties.</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
		<p>1.5.2 total of 139,250 child online brochures worth Kshs. 12,323,625 were still lying in store unutilized</p>	<p>Clause 1 (b) of the contract which states that “The supplier shall also print and package any other corporate and consumer education brochures, fliers and posters of specifications similar to those specified in the Annex as and when required.</p> <p>1.5.2.1 The Child online brochures were printed to be used for the child on-line campaign that had been scheduled. However, the consumer outreach events were postponed by (one) year due to the electioneering period.</p> <p>Annex 18 – Management approval to postpone consumer education campaigns</p> <p>1.5.2.2 The brochures are distributed through the following distribution channels. The Authority increased distribution to (2) new</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame																																			
			<p>regional offices in Kisumu and Nyeri, Kenya National Libraries, E-resource centres and County Government offices</p> <p>Annex 19 – Distribution of brochures</p> <p>The stock position at year ended 30th June 2017 was 51,760 as tabulated below.</p> <table border="1" data-bbox="790 593 1412 1276"> <thead> <tr> <th>FY</th> <th>LPO date</th> <th>LP O No.</th> <th>Quantity Ordered</th> <th>Quantity Delivered</th> <th>Quantity Distributed</th> <th>Quantity in Stock</th> </tr> </thead> <tbody> <tr> <td>2013/2014</td> <td>12-Apr-14</td> <td>240</td> <td>31,320*</td> <td>31,320</td> <td>-</td> <td>31,320</td> </tr> <tr> <td>2015/2016</td> <td>4-May-16</td> <td>105,000</td> <td>105,000</td> <td>19,740</td> <td>116,580</td> <td>116,580</td> </tr> <tr> <td>2016/2017</td> <td>13-Oct-16</td> <td>165,300</td> <td>40,300</td> <td>105,120</td> <td>51,760</td> <td>51,760</td> </tr> <tr> <td>2017/2018</td> <td>11-Apr-</td> <td>319,000</td> <td>-</td> <td>69,760</td> <td>51,760</td> <td>-</td> </tr> </tbody> </table>	FY	LPO date	LP O No.	Quantity Ordered	Quantity Delivered	Quantity Distributed	Quantity in Stock	2013/2014	12-Apr-14	240	31,320*	31,320	-	31,320	2015/2016	4-May-16	105,000	105,000	19,740	116,580	116,580	2016/2017	13-Oct-16	165,300	40,300	105,120	51,760	51,760	2017/2018	11-Apr-	319,000	-	69,760	51,760	-			
FY	LPO date	LP O No.	Quantity Ordered	Quantity Delivered	Quantity Distributed	Quantity in Stock																																			
2013/2014	12-Apr-14	240	31,320*	31,320	-	31,320																																			
2015/2016	4-May-16	105,000	105,000	19,740	116,580	116,580																																			
2016/2017	13-Oct-16	165,300	40,300	105,120	51,760	51,760																																			
2017/2018	11-Apr-	319,000	-	69,760	51,760	-																																			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame														
			<table border="1"> <tr> <td data-bbox="384 1173 448 1285">18</td> <td data-bbox="384 1070 448 1173"></td> <td data-bbox="384 967 448 1070"></td> <td data-bbox="384 864 448 967">600 **</td> <td data-bbox="384 761 448 864"></td> <td data-bbox="384 658 448 761"></td> <td data-bbox="384 555 448 658"></td> </tr> <tr> <td data-bbox="448 1173 560 1285">Total</td> <td data-bbox="448 1070 560 1173"></td> <td data-bbox="448 967 560 1070"></td> <td data-bbox="448 864 560 967">246 ,22 0</td> <td data-bbox="448 761 560 864">176,620</td> <td data-bbox="448 658 560 761">176 ,62 0</td> <td data-bbox="448 555 560 658">0</td> </tr> </table> <p data-bbox="632 954 660 1189">** Order cancelled</p> <p data-bbox="700 595 764 1279">Phase II of campaign conducted FY 2017/2018 and all the brochures issued.</p>	18			600 **				Total			246 ,22 0	176,620	176 ,62 0	0			
18			600 **																	
Total			246 ,22 0	176,620	176 ,62 0	0														

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>1.6 Supply of computers to Schools and E Resource Centres</p> <p>In addition, included in the general expenses figure of Kshs. 1,969,111,000 under Note 12 is an amount of Kshs. 95,886,000 in respect of universal service obligation. The amount of Kshs. 95,886,000 also includes Kshs. 58,577,271 paid to a firm for supply of computers to schools and E-resource centres out of which Kshs. 55,035,471 was for supply and installation of computers, Kshs. 2,934,800 for annual computer hardware maintenance and Kshs. 607,000 for annual renewal fees for anti-virus for a period of two (2) years and three(3) months.</p> <p>However, examination of available records revealed that the supplier attached a manufacturer authorization letter which had a disclaimer on warranty of the products in place of the Standard Manufacturer's Authorization form/letter specified in the tender documents where Quality of the Product is guaranteed by the manufacturer.</p> <p>Although the management explained that they intended to award the tender to more</p>	<p>1.6.1 Disclaimer on the Manufacturers Authorization on warranty of the products supplied</p>	<p>1.6.1.1 The Authority in its tendering process uses the standard tender developed by Public Procurement Regulatory Authority. All the standard tender documents have standard forms which all bidders must complete and submit as part of bidder's compliant to tendering process.</p> <p>1.6.1.2 One of the forms is Manufacturers Authorization Form (Standard for attached for ease of reference). The Manufacturers Authorization Form was one of the forms that bidders had to submit during the tendering process as a documentary evidence of their eligibility to tender and that goods are from the eligible source. The tender document gave a sample format of the Manufacturer's Authorization letter but it was not mandatory that it had to match the sample word by word since manufacturers might have different formats of their Authorization letter. The purpose of the sample was to highlight on the basic requirements that were to be contained in the template.</p> <p>Annex 20 - Manufacturers Authorization Form template & the Suppliers authorization form</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>than one bidder as a way of extending the opportunities to the women, youth and persons with disabilities in order to minimize the risk of any possible setback to the entire project in the event that a single bidder experienced challenges that may affect the delivery of goods and services, the maximum number of lots that were to be awarded to any one bidder were three(3) out of total five (5) lots. However, this was not the case as the above supplier was awarded all the five (5) lots. Consequently, the Authority is in breach of the law and the propriety of expenditure of Kshs. 58,577,271 for the year ended 30 June 2017 could not be confirmed.</p>	<p>1.6.2 Supplier was awarded all the five (5) lots contrary to (3) lots specified in the invitation to tender .</p>	<p>1.6.2.1 The 303rd TC deferred the paper for re-evaluation citing reasons for value for money if the tender was awarded to one firm the Authority was to save Kshs. 2.1million. The re-evaluation was done and presented to the TC in its 304th sitting for adjudication. The TC awarded the tender to M/S Modern Integrated Business Solutions of P.O Box 78610-00507 Nairobi for the contract to supply, install and maintain computers and software at a total tender sum of Kshs 58,577,271.68, being Kshs 55,035,471.68 for supply and installation of computers, Kshs 2,934,800 for annual computer hardware maintenance and Kshs 607,000 being amount for annual renewal fees for anti-virus.</p> <p>Annex 21 – Tender committee decision to reevaluate the tender</p> <p>1.6.2.2 Notification letters to ALL participants was done vide letters dated 28th January 2016. The notification letters to the unsuccessful participants also detailed reasons for non-responsiveness of the bids. The Authority received a complaint through the Public Procurement Regulatory Authority vide letter dated 7th March 2016 requesting for assorted</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
			<p>documents relating to the tender.</p> <p>Annex 22 - Public Procurement Authority request for tender documents.</p> <p>1.6.2.3 The Authority filed a response to the Public Procurement Regulatory Authority vide letter dated 16th March 2016. The documents were later returned back to the Authority and the Public Procurement Regulatory Authority never stopped the tender implementation process.</p> <p>Annex 23 - Correspondence forwarding the documents to Public Procurement Regulatory Authority</p> <p>1.6.2.4 The computers were delivered and installed as per the contract specifications</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
2	<p>Unaccounted for Expenditure</p> <p>Included in the general expenses figure of Kshs. 1,969,111 under note 12 is an amount of Kshs. 54,786,000 in respect of corporate social responsibility. The amount of Kshs. 54,786,000 also includes Kshs. 23,000,000 being sponsorship of the National Youth Talent Academy. The sponsorship was on furtherance of 28th June 2012 agreement between the Authority and UNICEF Kenya to sponsor the National Youth Talent Academy boys football team established by government through the Ministry of Sports, Culture and Arts at a cost of Kshs. 17,763,250 per year for three years, with a commencement date of 28 June 2012. The agreement was later renewed on 9th May 2016 for a total sum of Kshs. 69,000,000 for a period of three financial years with effect from June 2016 to 2019 at Kshs. 23,000,000 per annum. However, the Kenya Academy of sports has not submitted any returns and financial reports of the football club (Talanta) or accounted for the grants or the donations as per agreement between the two parties.</p> <p>Further, according to the agreement, the utilization of the funding was to be</p>	<p>2.1 No evidence to show that the financial records of Kenya Academy of Sports were subjected to any audit.</p>	<p>2.1.1 FC Talanta was initiated as programme between cooperation of UNICEF, Kenya Secondary Schools Heads Association (KESSHA), and the Ministry of Sports, Culture and the Arts (Under the auspices the National Youth Talent Academy later transformed to Kenya Academy of Sports).</p> <p>2.1.2 UNICEF managed the programme and was responsible for the submission of the reports to the Authority as the sponsor. The initial contract was between UNICEF and the Authority in the period Year 2012- Year 2013.</p> <p>Annex 24 – Cooperation agreement between UNICEF and CCK</p> <p>2.1.3 The Kenya Academy of Sports, incorporated in year 2014, took over the management of the FC Talanta programme. Subsequently, the Authority signed the renewal of the sponsorship with the Kenya Academy of Sports in Year 2016.</p> <p>Annex 25 – Cooperation agreement between Kenya Academy of Sports and CA</p>			

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Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>2.3 The Authority did not notify Kenya Academy of Sports and the Ministry of Sports, Culture and Arts of the transfer of the funds</p>	<p>2.3.1 The Cabinet Secretary in the Ministry of Sports, Culture and the Arts was informed of the renewal of the Kshs 69,000,000 sponsorship and also invited to the occasion of the official announcement of the sponsorship renewal.</p> <p>Annex 29 – FC Talanta sponsorship renewal correspondence to the Ministry of Sports, Culture and the Arts</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
3	<p>Directors Expenses 3.1 Irregular Payments to Directors Included in the director's expenses figure of Kshs. 47,211,000 under note 10 is an amount of Kshs. 1,656,000 in respect of board welfare. The amount of Kshs. 1,656,000 also included Kshs. 1,200,000 being Christmas shopping vouchers worth Kshs. 100,000 to each Board director. The Universal Service Advisory Council members were given Christmas shopping vouchers worth KShs. 900,000 which is included in Note 12 under universal advisory council of Kshs. 47,261,000. The payment of Christmas shopping totalling Kshs. 2,100,000 was made without parent Ministry and National Treasury approval. This was done contrary to provisions of circular ref OP/CAB9/21/2A/LII/43 dated 24 November 2004. Guidelines on terms and conditions of service annex IV paragraph (i) at page 42 that provides that any other benefit that are not provided in annex iv do not apply. Consequently, the management was in breach of the Law and propriety of expenditure totalling Kshs. 2,100,000 for the year ended 30th June 2017 could not be confirmed and was not a proper charge to public resources</p>	<p>3.1.1 The payment of Christmas shopping totalling Kshs. 2,100,000 without parent Ministry and National Treasury approval.</p>	<p>3.1.1.1 KICA Act 2012, section 19 (2) (a) of the Board has a mandate to provide for the payment of the salaries, allowances and other charges in respect of the staff of the Authority and the members of the Board. Annex 30 – KICA Act 2012, section 19 (2) (a) on Board mandate to approve payments</p>			


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Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
<p>3.2 Irregular Disposal of MacBook laptops and IPADS to Directors Examination of available record revealed that Authority assets including macbook laptops and IPADS held by the former directors were un-procedurally disposed to the individual directors. The nine (9) Mac Books laptops with net book value of Kshs. 466,551, nine (9) iPads with net book value of Kshs. 160,515, ten (10) ipads with net book value of Kshs. 200 and fourteen (14) laptops with net book value of Kshs. 280 all totalling to Kshs. 627,553 were offset with the directors' fees due to the former directors. Offsetting of said assets was done contrary to Section 164 (3) of the Public Procurement and Asset Disposal Act 2015 which states that there shall be a technical report where appropriate by a relevant expert of the subject items for disposal that takes into account the real market price and in so doing the technical expert shall set up a reserve price which shall be the minimum acceptable price below real market value of the boarded items. Consequently, the authority was in breach of the law and the propriety of Kshs. 627,546 for the year ended 30 June 2017 could not be confirmed.</p>	<p>3.2.1 Disposal did not take into account the real market price to set up a reserve price</p>	<p>3.2.1.1 The Board members challenged their ouster and the matter is pending in court hence it was not possible to recover the laptops and IPADS for disposal. Annex 31 – Court of Appeal filing challenging removal from office 3.2.1.2 As a caution Management provisioned the amount equivalent to the written down value awaiting the court determination. The assets shall be reinstated in the Asset register awaiting the outcome of the court process.</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
4	Disputed contract payments: Swarn Singh Vs. Communications Authority of Kenya		The evidence was presented to the Public Investment Committee meeting on 6 th August 2019. The members agreed with the decision of the Authority to submit the matter to the Ethics and Anticorruption Commission for further investigation.			


 Ag. Director General
 Date: 29th September 2021


 Chairman of the Board
 Date: 29th September 2021

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

During the year under review, the projects implemented by the Communications Authority of Kenya were fully funded through internally generated revenue. There were no projects funded by neither state corporations nor development partners.

APPENDIX III: INTER-ENTITY TRANSFERS

During the Financial year 2019/20, the Communications Authority of Kenya did not receive recurrent nor development grants, direct receipts nor direct payments from other entities.

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

During the year under review, the Communications Authority of Kenya did not receive any transfers from other government entities, therefore records of the same are not provided.