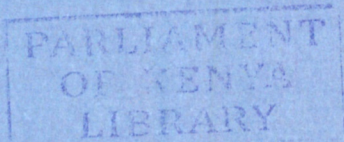




OFFICE OF THE AUDITOR-GENERAL



REPORT



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 07 MAR 2019	DAY: THURSDAY
TABLED BY: X. Aden <i>X. Aden</i>	Hon. Aden <i>Hon. Aden</i>
CLERK-AT-THE-TABLE:	Miles Lemuwo.



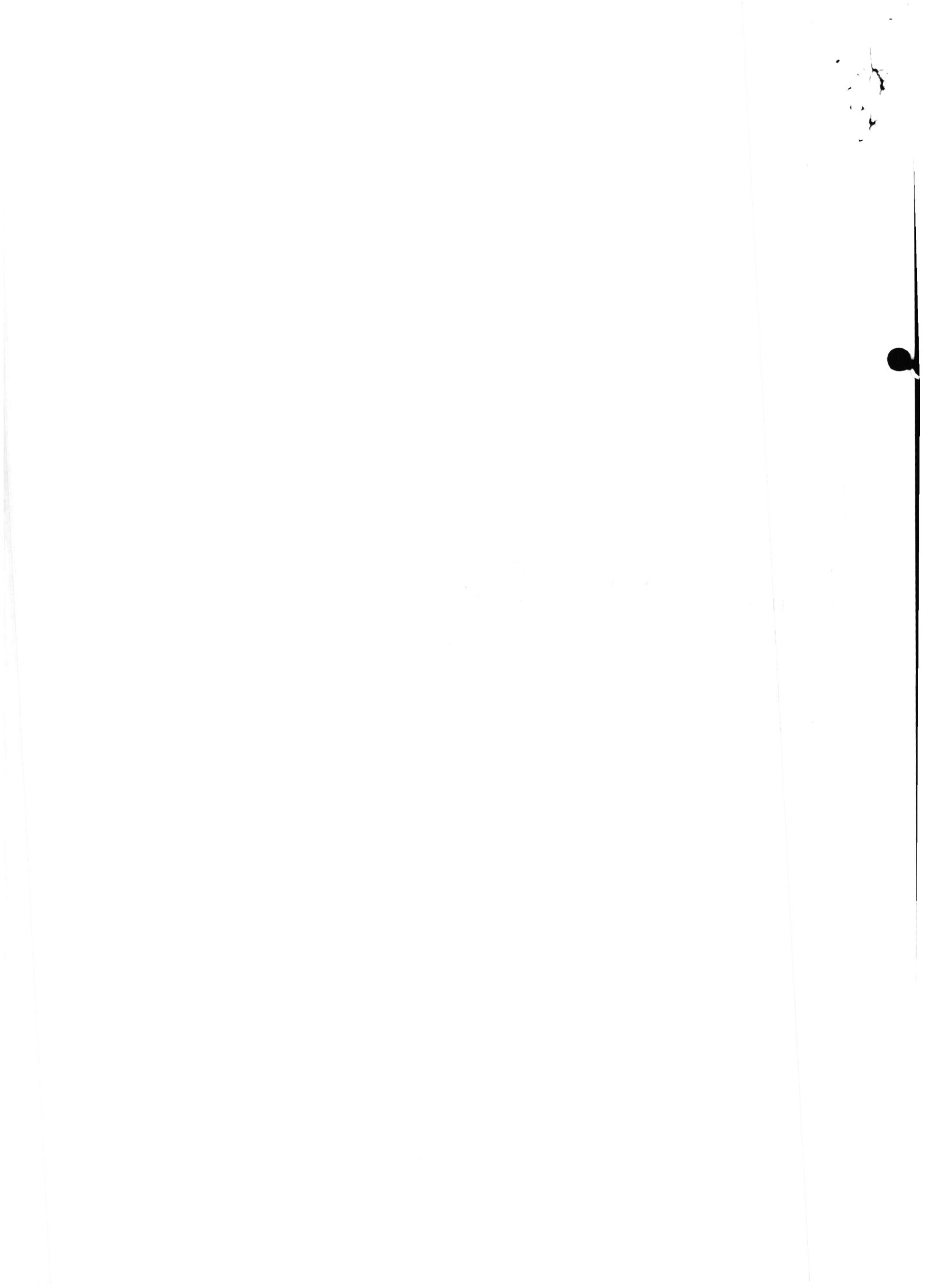
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
THE MINISTRY OF INFORMATION,
COMMUNICATION AND TECHNOLOGY –
STATE DEPARTMENT FOR BROADCASTING
AND TELECOMMUNICATIONS

FOR THE YEAR
ENDED 30 JUNE 2018





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
24 DEC 2018
RECEIVED

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018**

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

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

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STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
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I. KEY ENTITY INFORMATION AND MANAGEMENT

1.1. Background Information

The state Department for Broadcasting and Telecommunications was established in 2016/2017 Financial Year where the Ministry of Information Communications and Technology was split into two sub-sectors comprising the State Department for Information and Communications Technology and the State Department for Broadcasting and Telecommunications. At cabinet level, the Department is represented by the Cabinet Secretary for Information Communications and Technology, who is responsible for the general policy and strategic direction of the entity.

The State Department of Broadcasting and Telecommunications was established to undertake the following functions: -

- Broadcasting
- Language management policies
- Public communications
- Promotion of e-government
- ICT training and standards development and administration
- Development of national communications capacity and infrastructure
- Provision of public relations services
- Telecommunication services
- Development of national communication capacity
- Infrastructure and dissemination of public information through Kenya Broadcasting Corporation (KBC)
- Mass media capacity building at Kenya Institute of Mass Communications (KIMC)
- Regulatory services through the Communications Authority of Kenya (CA)
- Postal Corporation of Kenya (PCK)
- National Communications Secretariat (NCS)
- Multimedia Appeals Tribunal
- Kenya Year Book Editorial Board (KYEB)

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

1.2. Vision:

Kenya as a globally competitive knowledge-based economy

1.3. Mission:

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

(a) Key Management

The State Department is composed of two major sub-sectors namely;

i. Information and Broadcasting

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

The information and broadcasting sub-sector is made up of two main departments; The Department of Information and the Department of Public Communications. Specialised activities under the sub-sector are performed by Semi-Autonomous Government Agencies (SAGAs), which include the Kenya Broadcasting Corporation (KBC), the Kenya Yearbook Editorial Board, Kenya Institute of Mass Communications and the Media Council of Kenya.

ii. Communications.

The communications sub-sector comprises the telecommunications, ICTs and the postal services. The main departments are; The Department of Telephone services and the Directorate of Communications. Specialised services under this sub-sector are performed by the Communication Authority of Kenya, the National Communications Secretariat, the Communications Multimedia Appeal Tribunal, and the Postal Corporation of Kenya.

The ministry also has support sections and units which includes

- Administration
- Human Resource Management

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

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

(b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

S/N	Designation	Name
1.	Cabinet Secretary	Joe Mucheru
2.	Accounting Officer	Fatuma Hirsi Mohamed
3.	Director of Administration	David Jakaiti
4.	Director of Information	Paul Gwaro Ogaro
5.	Director of Public Communications	Ngaari Gituku
6.	Director KIMC	Hirram Mucheke
7.	Deputy Chief Finance Officer	Patrick Ngicuru
8.	Chief Economist	Gabriel Kaunda
9.	Senior Assistant Accountant General	Samson M. Ongalo
10.	Assistant Accountant General	Amos Matanga Tayari
11.	DHRM	Miriam Gitau
12.	Director HRMD	Charles Ahenda
13.	SCMO I	Joseph Kimani

(c) Fiduciary Oversight Arrangements

The following Ministerial Committees provided the fiduciary oversight arrangements;

i) Ministerial Budget Implementation Committee

- To review and consider the cash flow plan

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

- To review the utilization of cash limits
 - To review and recommend reallocation of expenditures
 - To prepare budget for Ministry in consultation
- ii) Ministerial Audit Committee**
- Review and approve the internal audit work plan and forward it to PS for funding
 - Review the internal and external filing, recommendation and proposed corrective and preventative action where necessary
 - Review the systems established to ensure sound public financial management and internal control as well as compliance with policies, rules, regulations and procedures.
- iii) Ministerial Parliamentary Liaison Office**
- Coordination between Executive and Legislature
 - Follow-up on implementation of Parliament Resolution
 - Coordination, compilation, submission of Ministerial Statement
- iv) Entity Headquarters**
- Teleposta Towers
Kenyatta Avenue
P. O. Box 30025
G.P.O 00100
Nairobi, Kenya
Telephone: (254) 4920000/100
E-mail: mailinformation.go.ke
Website: www.Information.go.ke
- v) Entity Bankers**
- I. Central Bank of Kenya**
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
- II. Kenya Commercial Bank (Districts Bank Accounts)**

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

vi) Independent Auditors

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

vii) Principal Legal Adviser

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

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

II. FORWARD BY THE CABINET SECRETARY

2.1 Introduction

The Financial Statements for State Department of Broadcasting and Telecommunications for the Year ending June 30th 2018 focuses on the budget performance and achievements of key programmes and projects that were implemented by the Ministry and its Agencies. The intention is to analyse how the allocated funds were utilized for transparency and accountability as required by the PFM Act. The Report will also be used to inform the Medium Term Budget (MTB) for the 2018/19 to 2020/21 Financial Years.

The State Department of Broadcasting and Telecommunications was established in 2016 to spearhead growth and development in Mass Media and Telecommunications subsectors. The Department adopted four strategic objectives as follows;

- a) Formulate, review and implement appropriate information and telecommunications policies, legal, regulatory and institutional frameworks;
- b) Provide affordable information and communication services;
- c) Train, build and strengthen mass media skills and capacity; and
- d) Provide news and information services for informed citizenry.

In the course of the 2017/2018 Financial Year, the State Department was allocated KShs 3.7 billion for both Development and Recurrent budget. The funds were used to facilitate the formulation, review and implementation of six public policies, gather and disseminate news and information on both print and electronic media, conduct government media campaigns, standardization and placement of government advertisements, and production and distribution of MyGov weekly Newspaper. The funds were also used to procure six digital television transmitters for the public broadcasting and in the establishment of one additional studio Mashinani.

However, by 30th June 2018, the Department had absorbed KShs 2.9 billion which is 78% of the allocated budget. The variance is attributed to under collection of AIA and frequent interruption of smooth operations of procures to pay by IFMIS downtimes.

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

2.2 Analysis of Approved Budget Vs Actual Expenditure KShs. Millions

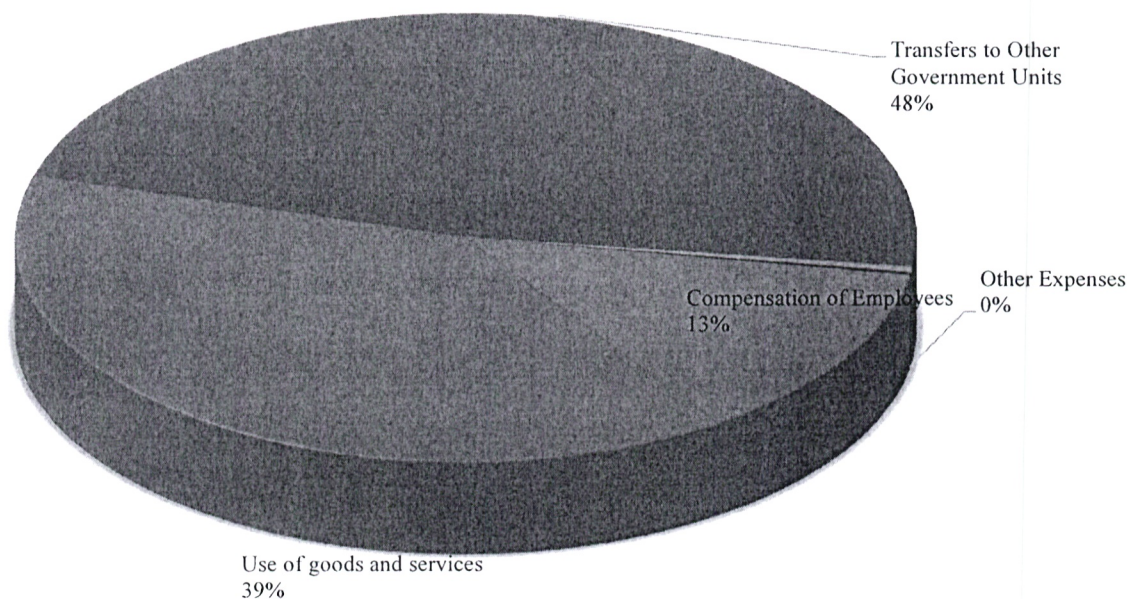
Table 2.1.1 Analysis of Approved Budget Vs Actual Expenditure KShs. Millions				
		Approved Allocation KShs. Millions	Actual Expenditure KShs. Millions	Achievements
Vote and Vote Details	Economic classification	2017/18	2017/18	%
Vote 1123	Gross	3,743	2,902	77.5
	AIA	1,209	579	47.9
	Net	2,534	2,323	91.7
	Compensation to Employees	382	370	96.9
	Transfers	1,533	1,378	89.9
	Other Recurrent	1,828	1,154	63.1
Table 2.1.2 Analysis of Development Approved Budget Vs Actual Expenditure				
		Approved Allocation KShs. Millions	Actual Expenditure KShs. Millions	
Vote and Vote Details	Economic classification	2017/18	2017/18	
Vote 1123	Gross	380	280	73.7
	GoK	380	280	73.7
	Loans	0	0	0
	Grants	-	-	-
	Local AIA	-	-	-

Analysis on Table 2.1 shows that there was an under-collection of AIA where the ministry collected only 48% of the targeted funds. This mainly affected the Government Advertisement services where there was a large under-collection for adverting services. The ministry achieved 63.1% on the utilization of other recurrent funds which is an under performance mostly attributed to IFMIS down time which caused a delay in processing procure to pay items.

The ministry did well in the utilization of Compensation to Employees funds and in Transfers where it achieved 96.9% and 89.9% respectively. In development the ministry achieved 73.7.

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

Chart 2.1.1 Budget Utilization by Economic Items



2.3 Key Programmes

The State Department used the funds to implement three major programmes that include;

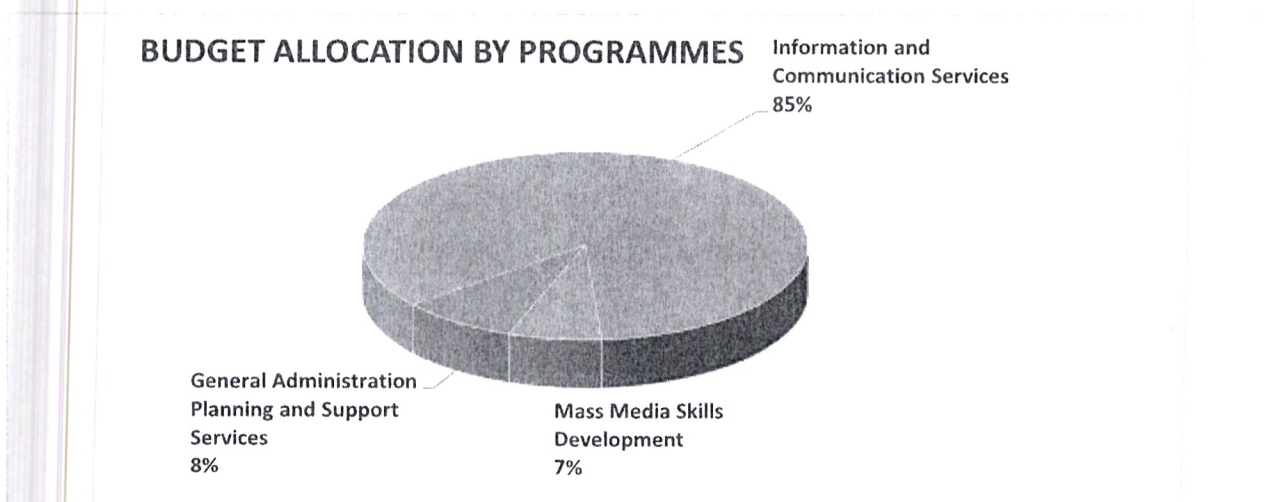
- i General Administration and Support Services,
- ii Information and Communication Services, and
- iii Mass media skills development.

Table 2.2.1 Analysis of Budget to Actual Expenditure by programme

Programmes	Approved Budget Allocation	Actual Payments	Variance
	KShs millions	KShs millions	KShs millions
General Administration Planning and Support Services	328	300	28
Information and Communication Services	3,154	2,394	760
Mass Media Skills Development	261	207	54
	3,743	2,901	842

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

Chart 2.2.1 Analysis of Expenditure by programme



2.4 Key Achievements

2.4.1 General Administration, Planning and Support Services

During 2016/17 Financial Year, the B&T State Department developed and reviewed several policies and legal frameworks including;

1. National Addressing System Policy
2. Review of the National Broadband Strategy
3. E-commerce Roadmap (Block chain Technology Strategy)
4. EAC Regional Interconnection Regulations
5. EAC Postal Development Strategy
6. EAC International Mobile Roaming Services Regulations

The government continued with the restructuring of Kenya Broadcasting Corporation, and Restructuring of Postal Corporation of Kenya among others. The Government Advertising Agency deepened implementation of its mandate of standardizing advertisements through sectoral standards, procedures, guidelines and managing consolidated Government advertising funds. All these will facilitate growth and development of the B&T subsector.

2.4.2 Information and Communication Services

The State department gathered and disseminated news and information through the Kenya News Agency and KBC for both print and electronic media. The State department continued to roll out public digital TV broadcast infrastructure project which has achieved 85 % completion rate. Six

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

digital television transmitters were delivered plans were put in place to install and commission them in the 2018/19 FY.

To benefit from digital dividends the state department completed one Studio Mashinani innovation hub to tap creative minds and develop them to commercialize their innovations. The subsector through the media regulatory services was able to resolve most of the reported media disputes. In addition, the subsector monitored media content to conform to set regulatory guidelines, developed Curriculum for middle mass media training colleges and accredited journalists practising in Kenya. The subsector published MyGov weekly Newspaper pull out and placed standardized public advertisement in the media including uploading them in MyGov website.

2.4.3 Mass Media Skills Development

The State Department facilitated the training of over 1000 mass media personnel through the disbursement of government grants to the Kenya Institute of Mass Communications thereby boosting the national talent pool on mass media skills. The department also implemented the modernization programme under Kenya Institute of Mass Communications where Hostels Phase I and II were completed while the improvement of the Catering Unit is currently ongoing. The analysis of programme expenditure and achievement are as shown in the table below.

2.4.4 Analysis of Programme/Sub Programme Expenditure

Table 2.3.1 Programme and Sub-Programme expenditures		
	Approved 2017/18	Actual 2017/18
Programme 1: General Administration, Planning and Support Services		
S.P 1.1 General Administration, Planning and Support Services	328	300
<i>Total for programme 1:</i>	328	300
Programme 2: Information and Communication Services		
S.P 2.1: News And Information Services	2,855	2,198
S.P 2.2: Brand Kenya Initiative	158	59



9

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

S.P 2.3: Media Regulatory Services	141	137
<i>Total for programme 2:</i>	<i>3,154</i>	<i>2,394</i>
Programme 3: Mass Media Skills Development		
S.P3.1: Mass Media Skills Development	261	207
<i>Total for programme 3</i>	<i>261</i>	<i>207</i>
Total for Ministry/Vote	3,743	2,901

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

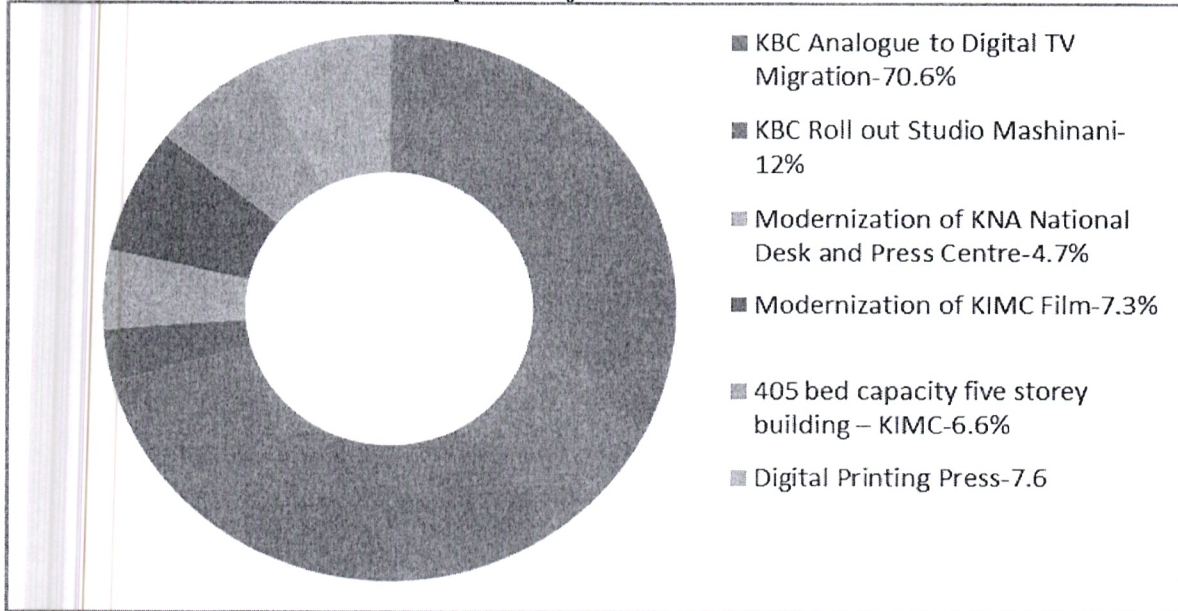
2.4.5 Status of Implementation of Capital Projects

Ministry/Department/Agency: Vote 1123	Total Est. Cost of project or Contract Value (a)	Foreign	FY 2017/18		Cumulative Expenditure as at 30th June, 2018	Completion Stage as at 30th June 2018 (%)
			Foreign	GoK		
Project Code & project Title						
KBC Analogue to Digital TV Migration	6,000	800	0	269	4,919	82
KBC Roll out Studio Mashinani	500	-	0	12	66	13
Modernization of KNA National Desk and Press Centre	791	-	0	18	10	1
Modernization of KIMC Film	405		0	28	101	25
405 bed capacity five storey building – KIMC	500		0	25	410	82
Digital Printing Press	144		0	29	-	0
Total	8,340	800	0	381	5,506	

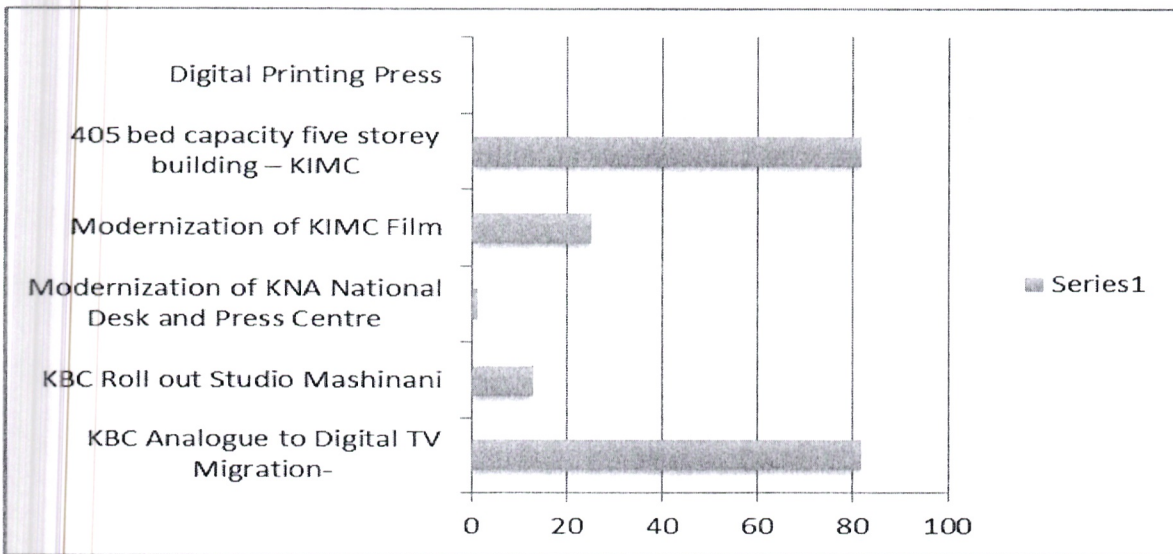


STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

2.4.6 Allocations of Funds to Capital Projects



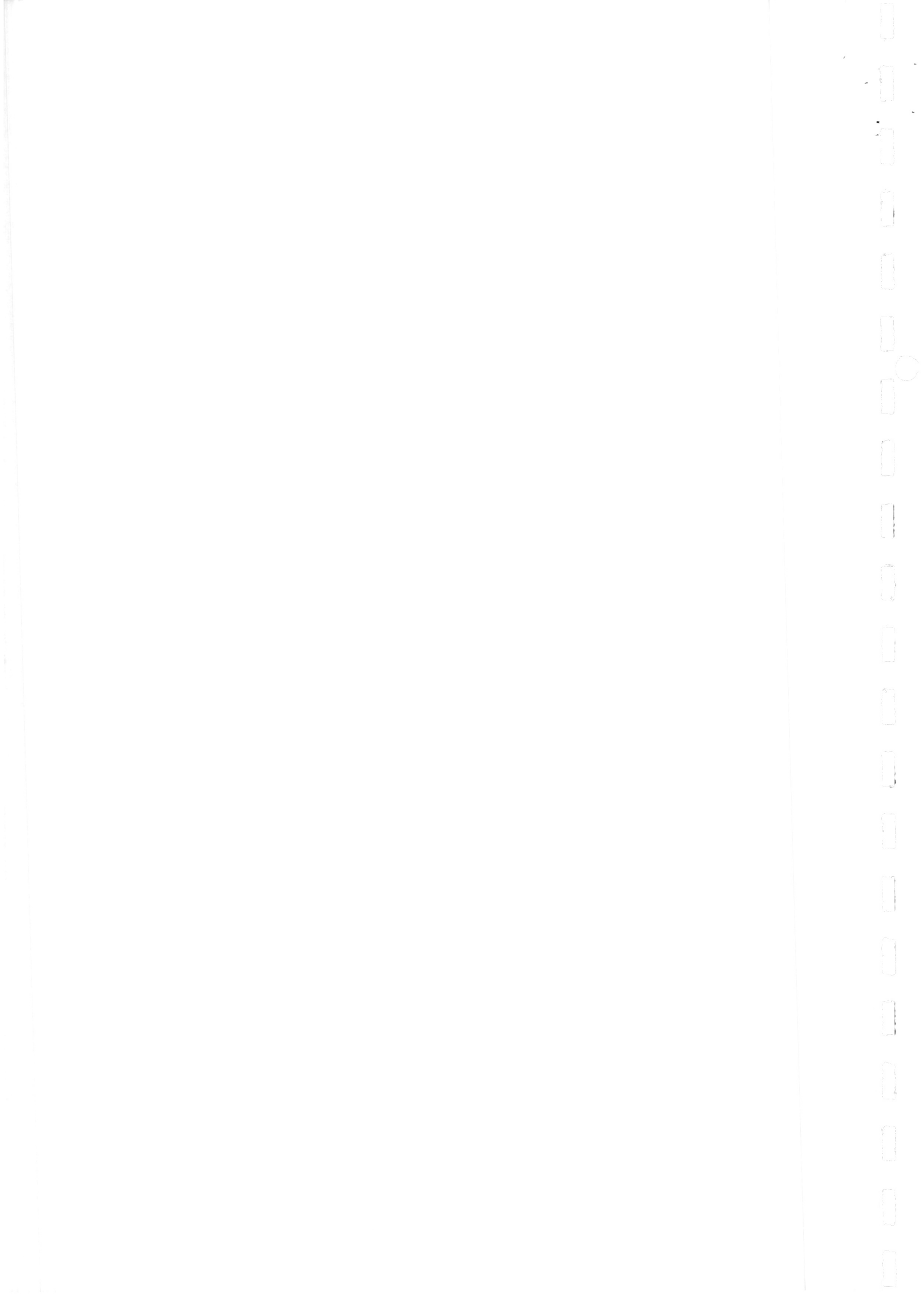
2.4.7 Project Completion Rate



2.5 Key Challenges

During the implementation of these programmes the subsector encountered challenges among them;

- ❑ **Inadequate Funding-** In-adequate funding for the state department activities affecting the smooth delivery of services especially in public communication services, new media training and regulation, staff enhancement and physical infrastructure development.



STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

- ❑ **Budget Cuts-** Affecting the planning and implementation of on-going projects and resulting pending bills.
- ❑ **Legislation-** Change from Legal Notice to Act of Parliament to strengthen KIMC.
- ❑ **Staff Establishment-** Staffing levels are far much below of the approved staff establishment in some department and SAGAs. (KIMC, GAA)
- ❑ **Change in technology-** Rapid technological development has placed far reaching implications on public broadcasting, government telecommunication facilities and training equipment.
- ❑ **IFMIS delay and interruption-** the frequency of IFMIS interruption and delay slowed down the procure to pay module therefore reducing the budget absorption rate for the department.

2.6 Conclusions

In order to sustain growth and development in the sector it is recommended that:

- Government allocates sufficient resources to implement infrastructure projects that support Public Broadcasting Services and Public Mass Media establishments, facilities and equipment's.
- The State Department is funded to recruit and fill all the vacant posts.
- Stakeholders collaborate in the formulation of policies, legal and institutional frameworks to support the growth and development of broadcasting and telecommunications sector.

JOE MUCHERU, EGH
CABINET SECRETARY

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department for Broadcasting and Telecommunications is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Broadcasting and Telecommunications accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer in charge of the State Department for Broadcasting and Telecommunications further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the State Department for Broadcasting and Telecommunications confirms that the entity has complied fully with applicable Government

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

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


Approval of the financial statements

The State Department financial statements were approved and signed by the Accounting Officer on _____ 2018.



18/12/18

FATUMA HIRSI MOHAMED (MRS) CBS
PRINCIPAL SECRETARY



17/12/2018

CPA. SAMSON M. ONGALO
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3128

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

**REPORT OF THE INDEPENDENT AUDITORS ON THE STATE DEPARTMENT FOR
BROADCASTING AND TELECOMMUNICATIONS**

We have audited the accompanying financial statements of State Department for Broadcasting and Telecommunications for the year ended June 30, 2018, which comprise: (i) a statement of receipts and payments; (ii) a statement of financial assets and liabilities; (iii) a statement of comparative budget and actual amounts; (iv) a statement of pending bills as at June 30, 2018; and (v) a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The *entity's* Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the *entity's* preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018


Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2018, and its receipts and payments, as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.



18/12/18

FATUMA HIRSI MOHAMED (MRS) CBS
PRINCIPAL SECRETARY



17/12/2018

CPA. SAMSON M. ONGALO
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3128

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE MINISTRY OF INFORMATION, COMMUNICATION AND TECHNOLOGY – STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of State Department for Broadcasting and Telecommunication set out on pages 21 to 59, which comprise the statement of asset and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation, recurrent and development combined 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1.0 Accuracy and Completeness of Financial Statements

1.1 Unsupported Adjustments

The financial statements submitted on 30 September, 2018 were amended and a revised set presented on 24 December 2018. However, the movement for some of the accounts between the first set and the revised set of financial statements have not been supported by any journals or explained in any way. These unexplained movements are as detailed:

Accounts Name	Balance for 30 September Financial Statements Kshs.	Balance as per the General Ledger Kshs.	Unexplained Difference Kshs.
Proceeds from sale of Assets	566,526,158.00	567,797,103.00	1,270,945.00
Compensation of Employees	371,466,762.00	369,948,541.00	(1,518,221)
Use of Goods and Services	1,085,879,109.00	1,135,144,411.00	49,265,302.00
Receivables	141,651,633.00	70,137,700.00	(71,513,933)
Final Balance B/forward	91,668,560.00	65,652,556.00	26,016,004.00

Report of the Auditor-General on the Financial Statements of The Ministry of Information, Communication and Technology – State Department for Broadcasting and Telecommunications for the year ended 30 June 2018

Accounts Name	Balance for 30 September Financial Statements Kshs.	Balance as per the General Ledger Kshs.	Unexplained Difference Kshs.
Overhaul of Vehicles and Other Transport Equipment	1,157,128.00	1,188,921.75	-31,793.75
Purchase of Office Furniture and General Equipment	3,604,896.00	3,584,896.30	19,999.70
Utilities, supplies and services	9,162,477.00	18,743,289.60	-9,580,812.60
Communication, supplies and services	13,213,059.00	15,727,357.10	-2,514,298.10
Domestic travel and subsistence	42,836,571.00	48,452,526.05	-5,615,955.05
Foreign travel and subsistence	7,459,331.00	9,508,751.15	-2,049,420.15
Printing, advertising and information supplies & services	744,173,707.00	758,970,329.60	-14,796,622.60
Rentals of produced assets	52,699,828.00	54,311,537.90	-1,611,709.90
Training expenses	22,896,536.00	22,738,763.55	157,772.45
Hospitality supplies and services	25,823,211.00	26,166,819.00	-343,608.00
Specialized materials and services	36,681,064.00	43,540,854.95	-6,859,790.95
Office and general supplies and services	13,362,376.00	13,908,789.15	-546,413.15
Other operating expenses	93,654,606.00	93,381,485.75	273,120.25
Routine maintenance – vehicles and other transport equipment	10,436,161.00	15,486,547.00	-5,050,386.00
Routine maintenance – other assets	3,939,831.00	4,674,875.20	-735,044.20
Fuel Oil and Lubricants	9,540,351.00	17,941,514.85	-8,401,163.85
Compensation of employees	371,466,762.00	370,655,558.15	811,203.85
Grants and transfers to other Government units	1,378,175,000.00	1,419,986,650.00	-41,811,650.00

Under the circumstances, the accuracy and completeness of the financial statements cannot be confirmed.

1.2 Inaccuracies in the Financial Statements

The trial balance availed for audit did not agree with the financial statements submitted to the Auditor-General for purpose of audit as detailed below:

Account Name	Balance per Financial Statements Kshs.	Balance per Trial Balance Kshs.	Difference Kshs.
Transfer to Other Government Units	1,378,175,000	1,418,803,750	(40,628,750)
Compensation to Employees	369,948,541	370,655,558	(707,017)
Bank Balances	58,680,370	3,675,349,914	(3,616,669,544)
Proceeds for Sale of Assets	567,797,103	565,536,158	197,739,055
General Deposits	38,659,849	37,867,409	792,440
Suspense and Clearing Accounts	0	87,957,394	(87,957,394)

Account Name	Balance per Financial Statements Kshs.	Balance per Trial Balance Kshs.	Difference Kshs.
Outstanding Imprest	70,137,700	6,672,577	63,465,123
Bank Overdrafts	0	1,643,658,870	(1,643,658,870)
Other Current Assets	0	329,670	(329,670)
Debtors and Prepayments	0	239,450	(239,450)
Salary Advances	0	38,618	(38,618)
Salary Advances Credits	0	440,967	(440,967)
System Liabilities	0	179,756,098	(179,756,098)
System liabilities (Credits)	0	2,290,622,917	(2,290,622,917)
Exchequer Releases	2,346,558,857	5,030,858,857	(2,684,300,000)
Fund Balance brought forward	65,652,556	2,668,914,554	(2,603,261,998)
Other Receipts (Debits)	0	14,272,000	(14,272,000)

The huge differences have not been explained or reconciled by management with relevant supporting documents as required.

Consequently, the accuracy and completeness of the financial statements as at 30 June 2018 could not be confirmed.

2.0 Cash and Cash Equivalents

The cash and cash equivalents balance of Kshs.58,707,018 as reflected on the statement of financial position includes deposit account balance of Kshs.38,659,849, recurrent account balance of Kshs.20,020,521, development account balance of nil and cash in hand amounting Kshs.26,648. However, the bank reconciliation statement for the development bank account which had a nil balance reflected a payment of Kshs.11,600,000 to Kenya Broadcasting Corporation on 30 June, 2018 that had not cleared as at the year end. Further, no documentation was made available to show when the amount was cleared neither was there any confirmation of receipt of the monies by Kenya Broadcasting Corporation.

In addition, the bank reconciliation statement for the recurrent bank account had unrepresented cheques amounting to Kshs.66,491,679 all of which could not be matched to clearance subsequent to the year-end up to and including the time of the audit as the bank statements were not provided for audit examination. Out of the unrepresented cheques of Kshs.66,491,679, Kshs.241,269 were stale as at 30 June 2018. Further, the recurrent account bank reconciliation statement reflected payment in bank statements not in cash book totalling Kshs.1,436,558 for which no explanation was provided for nor inclusion in the cash book. Also the recurrent account reconciliation statement reflected uncredited receipts amounting to Kshs.46,332,522 that had no proof of having been banked as at the time of the audit and no explanation was provided for non-banking of this cash.

As a result, the completeness and accuracy of the cash and cash equivalents balance of Kshs.58,707,018 as at 30 June 2018 could not be confirmed.

3.0 Pending Bills

The financial statements at Note 19 and Appendix 1 disclose pending bills of Kshs.3,214,463,515 as at 30 June 2018. However, the listing provided in support of the balance had a total of Kshs.3,215,230,553 resulting in an unexplained difference of Kshs.767,038 and also the listing had bills totalling to Kshs.633,748,800 without details of the supplier and therefore could not be authenticated.

In addition, the pending bills listing includes bills described as non-mainstream media totalling Kshs.150,346,000 and others described as small media totalling Kshs.8,260,900 all of which did not identify the supplier or even the date of the supply.

Further, the pending bills listing provided for audit only indicated the year of supply but no invoice details indicating date of supply. Confirmation by Eastern Broadcasting Corporation Limited indicated the State Department owed them Kshs.2,135,400 but the pending bills listing did not have any balance in respect of this supplier.

Additionally, demand letter from Nation Media Group indicated that they were owed a total of Kshs.597,396,960 while the pending bills list provided indicated the State Department of Broadcasting owed the Media house Kshs.1,197,108,548 resulting in unexplained and unreconciled variance of Kshs.599,711,588.

In view of the foregoing, the completeness, validity and accuracy of the pending bills of Kshs.3,214,463,515 as at 30 June 2018 could not be confirmed.

4.0 Accounts Receivable

The statement of assets and liabilities reflects a balance of Kshs.70,137,700 as accounts receivables as at 30 June 2018. This was composed of Government imprests of Kshs.4,285,307 all of which was overdue and had not been recovered, salary advances of Kshs.668,043 out of which Kshs.505,363 belonged to officers who had passed on hence irrecoverable and unsupported district suspense totalling Kshs.65,184,350.

In addition, the district suspense account and government imprest account had adjustments amounting to Kshs.70,748,565 and Kshs.765,368 respectively that had no supporting documentation made available for audit review.

Under the circumstances, the accuracy and recoverability of the Accounts Receivables balance of Kshs.70,137,700 as at 30 June 2018 could not be ascertained.

5.0 Accounts Payables - Deposits and Retention

The statements of assets and liabilities indicates Kshs.38,659,849 as accounts payables balance as at 30 June 2018 all of which had been outstanding as at 30 June 2017 and earlier. The analysis provided in support did not include the date of contract and there were no supporting documents to authenticate the accuracy and validity of each of the disclosed balances.

Further, the cash book for deposit account reflected Kshs.1,740,000 and Kshs.792,440 paid to Nation Media Group on 23 November 2017 and 7 February 2018 consecutively. However,

the analysis of accounts payables showed the payments were made to WASREB:- Kshs.1,740,000, EPZ Authority Kshs.384,000 and Kenya Dairy Board Kshs.408,440.

Consequently, the accounts payables balance of Kshs.38,659,849 as at 30 June 2018 could not be ascertained.

6.0 Use of Goods and Services

The statement of receipts and payments for the year ended 30 June 2018 reflects payments of Kshs.1,135,144,411 in respect to use of goods and services. However, during the audit review, payment vouchers were not provided as documentary evidence for the expenditure. Further, the procurement plan for the year was not provided for audit verification. This is non-compliance to Public Finance Management Act Regulations 2015 section 115 (2) which states "Every year a procurement plan shall be prepared by Accounting Officers to form the basis for procurement activities undertaken by government entities in the fiscal year."

Consequently, the accuracy, validity and propriety of the payments of Kshs.1,135,144,411 for use of goods and services could not be confirmed.

7.0 Transfers from National Treasury

The statement of receipts and payments for the year ended 30 June 2018 reflects transfers from National Treasury of Kshs.2,346,558,857 made in respect to exchequer release. However, during the audit review, the bank statements supporting receipts were not made available and therefore it was not possible to confirm the monies that were actually received. In the circumstances, the transfers from National Treasury balance of Kshs.2,346,558,857 for the year ended 30 June 2018 could not be confirmed.

8.0 Transfers to Other Government Units

The transfers to Other Government Units figure of Kshs.1,378,175,000 could not be verified as the reported balance for individual agencies did not agree with the records of the agency as shown below;

Name of Agency	Balance per Financial Statement Kshs.	Balance per Agency Financial Statements Kshs.	Difference Kshs.
Kenya Broadcasting Corporation	854,100,000	842,500,000	11,600,000
Kenya Year Bank Edition Board	59,325,000	88,075,000	28,075,000
Kenya Institute of Mass Communication	207,455,000	207,487,527	32,527

The differences have not been explained or reconciled.

Under the circumstance, the accuracy and completeness of the transfers to other government units could not be confirmed.

9.0 Prior Year Issues yet to be Addressed

All the issues reported in the 2016/2017 audit report as detailed below have not been addressed by the management.

9.1 Repetitive Employment and Retention of Casuals

As previously reported and disclosed in Note 8 to the financial statements, the compensation of employees figure of Kshs.434,092,363 includes an amount of Kshs.7,335,791 relating to basic wages of temporary employees. However examination of supporting documents indicate that the Ministry hired and retained the same casual workers in 2015/2016 and earlier years contrary to Section E21 (1) of the laid down labor laws and code of regulations, which states that an Authorized Officer or Principal Secretary will be responsible for approving of the hiring of casual workers after ascertaining there is need to hire them and that funds are available within their budgetary provision. Further, Section E23(2) of the code of regulations states that the casual workers should be hired on piece/time rated jobs and should be paid in accordance with minimum wage guidelines issued by the Government from time to time.

In addition, the Ministry did not maintain a muster roll or a register to record attendance of the casual workers and therefore it was not possible to ascertain whether those who were paid did the jobs they were assigned.

Further, available information indicates that the casuals were assigned with Integrated Financial Management Information Systems (IFMIS) numbers and paid through the G-Pay system. It is not clear and management has not explained the circumstances under which casuals were given IFMIS numbers and under which authority this was done.

In the circumstances, it has not been possible to confirm the propriety of expenditure totalling Kshs.7,335,790 for the year ended 30 June 2017.

9.2 Partitioning and Refurbishment Work on 9th and 11th Floors Teleposta Towers

As previously reported, the Ministry through restricted tendering awarded a tender for partitioning and refurbishment of 9th and 10th floors of Teleposta Towers to the lowest bidder at a contract sum of Kshs.12,720,769. The tender was however awarded contrary to section 29(3) of the Public Procurement and Disposal Act 2005 on use of restricted tendering which requires the entity to:

- i. Obtain written approval of its tender committee and
- ii. Record in writing the reasons for using the alternative procurement procedure.

Further, Section 73(2) of the Public procurement and Disposal Act 2005 provides that a procurement entity may use restricted tendering if the following conditions are satisfied:-

- Competition for contract, because of the complex or specialized nature of the goods, works or services is limited to prequalified contractors;

- The time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured; and
- There is only a few known suppliers of the goods, works or services as may be prescribed in the regulation.

In addition, the contract price was varied by Kshs.2,819,786 representing 22.16% of the contract sum which is over 15% allowable by the procurement laws. Further, the contract duration was varied from sixteen (16) weeks to twenty two (22) weeks with completion date being 13 August 2015. However, available information indicate that the project was completed and handed over on 7 January 2017 seventy seven (77) weeks later. This was done in breach of Section 31 of the Public Procurement and Disposal Regulations 2006 which provides that for the purposes of Section 47(b) of the Act, any variation of a contract shall be effective only if the price or quantity variation is to be executed within the period of the contract.

Perusal of the Bill of quantities indicated that the following was included of which no documentary evidence was provided for audit verification to show how the amounts were spent:

	Kshs
Provide for project management expenses	200,000
Provide for contingencies	500,000
Preliminary expenses	400,000
TOTAL	1,100,000

The Ministry was therefore in breach of the public procurement law and regulations thereby casting doubts as to whether the citizens obtained value for money.

9.3 Tender for Renovation and Refurbishment Works on the Ministry's Stand-Nairobi Show Ground

As previously reported, the Ministry through restricted tendering awarded the tender to renovate and refurbish its stand at the Nairobi show ground to the lowest bidder at a cost of Kshs.5,472,730. The tender was however awarded contrary to Section 29(3) of the Public Procurement and Disposal Act 2005 on use of restricted tendering which requires the entity to:

- i. Obtain the written approval of its tender committee and
- ii. Record in writing the reasons for using the alternative procurement procedure.

Further, Section 73(2) of the Public procurement and Disposal Act 2005 provide that a procurement entity may use restricted tendering if the following conditions are satisfied:-
Competition for contract, because of the complex or specialized nature of the goods, works or services is limited to prequalified contractors; the time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods,

works or services to be procured and that there is only a few known suppliers of the goods, works or services as may be prescribed in the regulations.

In addition, examination of the bill of quantities indicates that the following items were included in the bill of quantities but no supporting documents were provided for audit verification:

	Kshs.
Project management stationery and expenses	250,000
Allow for contractor's profits and overheads 10%	25,000
Insurance for employees'	50,000
Allow for electrical works	500,000
Allow for drainage and mechanical works	800,000
Allow for landscaping	500,000
Allow for contingencies	300,000
TOTAL	2,425,000

Although the contract was to be for a duration of six (6) weeks, no minutes were availed for audit to show the date when the contractor took possession of the site, the commencement and completion dates and whether site inspections were being carried.

In the circumstances, it has not been possible to ascertain if the work was completed within the contract period and the propriety of expenditure totalling Kshs.5,472,730 for the year ended 30 June 2016 could not be confirmed as at the date of this report.

9.4 Tender for Tilling Works to the Department of Information at Uchumi House

As previously reported, the Ministry through restricted tendering awarded a contract for tilling works at the Department of Information at Uchumi House 5th floor to the lowest bidder at a cost of Kshs.4,850,204. The contract was however awarded contrary to Section 29 (3) of the Public Procurement and Disposal Act 2005 on use of restricted tendering which requires the entity to:-

- i. Obtain written approval of its tender committee and
- ii. Record in writing the reasons for using the alternative procurement procedure.

Further, Section 73(2) of the Public Procurement and Disposal Act 2005 provides that a procurement entity may use restricted tendering if the following conditions are satisfied:-

Competition for contract, because of the complex or specialized nature of the goods, works or services is limited to prequalified contractors; the time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured, and if there is only a few known suppliers of the goods, works or services as may be prescribed in the regulation.

In view of the above, the Ministry was in breach of the law and it is doubtful if the stakeholders got value for their resources.

9.5 Legal Fees

As previously reported, information available at the Ministry indicated that on 18 September 2006 the Government of Kenya was sued in the High Court of Justice (Queens Bench Division) England on Anglo leasing related contracts. The Ministry of Information, Communications and Technology with the authority of the Attorney General single sourced and appointed a law firm to represent the Ministry in the High Court of Justice (Queens Bench Division London). The appointment of the Law firm was done on the understanding that the Ministry would be responsible for ensuring that reasonable professional fees were agreed upon, taxed and paid. The Ministry deposited Kshs.4,000,000 in the Advocates account in respect of legal fees. Thereafter the Legal firm with the authority of the Ministry engaged the services of another Law firm in England for the purpose of defending the Government of Kenya. Documents available indicate that the Kenyan Law firm filed a bill of costs before the Commercial Court at Mililani on 22 December 2009 against the Attorney General on behalf of the Ministry of Information, Communications and Technology. The Ministry filed its submission on 14 November 2011 opposing the said bill of costs. The matter was heard and a ruling delivered on 13 February 2013 dismissing the bill of costs and awarded the applicant the Kenyan Law firm Kshs.4,000,000 that was earlier deposited in their account as sufficient for the advisory work done for the Ministry on Anglo Leasing related contracts.

The law firm which was aggrieved by the Commercial Court's decision, filed an appeal in the High Court on 7 March 2013 and judgement was made on 31 October 2013 stating that the award of the Commercial Court of Kshs.4,000,000 was inordinately low and subsequently awarded the law firm Kshs.25,000,000 as reasonable instructions fees for the legal services rendered by the Kenyan Law Firm. Although the Ministry paid Kshs.25,000,000 to the Attorney General for onward transmission to the Law firm, no evidence of any contractual agreement between the Ministry and the law firm was availed for audit review. In the absence of the contractual agreement, it has not been possible to establish how the fees of Kshs.25,000,000 was arrived at. In the circumstance, the propriety of expenditure of Kshs.25,000,000 paid to the law firm could not be ascertained to date.

9.6 Transfers to Other Government Units

9.6.1 Transfer of Grants to Kenya Yearbook Editorial Board

As previously reported, examination of available records in the Ministry indicates that a total of Kshs.83,198,400 was paid to Kenya Yearbook Editorial Board as grants for the financial year ended 30 June 2015. However examination of payment vouchers indicates that additional amount of Kshs.34,800,000 was paid as assistance to undertake various activities by the Kenya Yearbook Editorial Board vide payment vouchers No 419 and 501 for Kshs.27,000,000 and Kshs.7,800,000 respectively. The payments were done contrary to the Public Finance Management Regulations 2015 Section 71 (5) which provide that a National government entity is not allowed to give another National Government entity cash donations to augment the budgetary resources of a designated department.

In addition, funds appropriated and approved for specific programs by the Ministry of Information, Communications and Technology were paid to Kenya Yearbook Editorial Board contrary to Sections 54 of the Public Finance Management Regulation 2015 which states

Report of the Auditor-General on the Financial Statements of The Ministry of Information, Communication and Technology – State Department for Broadcasting and Telecommunications for the year ended 30 June 2018

that except as provided for in the Act and these Regulations, an accounting officer of an entity may not authorize payment to be made out of funds earmarked for specific activities for the purpose other than those activities. Further, review of records at the Kenya Year Book Editorial Board indicates that the funds were not in the approved budget for the year ended 30 June, 2015 and the procurement plan for the year did not include the goods and services procured.

The Ministry was therefore in breach of the law and no satisfactory explanations have been provided on how the amount of Kshs.34,800,000 was utilized as at the date of this report.

9.6.2 Unclear Transfer of Grants to Ministry Departments

As previously reported, the statement of receipts and payments for the year ended 30 June 2015 reflects Kshs.2,435,625,509 under grants and transfers to other Government Units. Included in the figure of Kshs.2,435,625,509 are grants totalling Kshs.110,000,000 transferred to two (2) Ministry Departments - Government Advertising Agency (GAA) Kshs.83,000,000 and Kenya Institute of Mass Communication (KIMC) Kshs.27,000,000 without budgetary provisions and approval contrary to Section 31 (1) of the Public Finance Management Regulations 2015 which states that the accounting officer shall ensure that the draft estimates relating to her/his department are prepared in conformity with the Constitution and the Public Finance Management Act, 2012 and its Regulations. It was however observed that the two (2) Departments; Government Advertising Agency and Kenya Institute of Mass Communications were still Departments operating under the Ministry of Information, Communications and Technology and therefore do not qualify for grants.

It is not clear and the Ministry has not explained the circumstances under which Kshs.110,000,000 was transferred to its two (2) internal departments and how the monies were utilized. In the circumstances, it has not been possible to confirm the propriety, regularity and validity of Kshs.110,000,000 transferred to the two (2) Ministry's internal departments.

9.7 Acquisition of Assets

9.7.1 Un-authorized Expenditure on Purchase of Motor Vehicles

As previously reported, records available at the Ministry indicates that a total of Kshs.104,335,548 was spent on Purchase of Motor vehicles during the year under review against a budgetary provision of Kshs.91,200,000 resulting in unauthorized over expenditure of Kshs.13,135,548. The Ministry through letter ref. No. RES112/14/01/28 dated 23 January 2015 obtained authority from the Principal Secretary, National Treasury for purchase of 12 four wheel drive vehicles at a total cost of Kshs.70,695,190 to be distributed as follows:-

- i) 4 (four) vehicles to National Optic Fiber backbone Infrastructure (NOFBI),
- ii) 4 (four) for county connectivity project and
- iii) 4 (four) for Kenya Transparency Communication Infrastructure Project (KTCIP).

However, the Ministry disregarded the National Treasury authority to purchase twelve (12) vehicles and instead without authority procured twenty three (23) vehicles at a total cost of

Kshs.104,335,548 resulting into an additional and unapproved expenditure of Kshs.13,135,548, as at 30 June 2015.

Further a review of the matter during the year under review revealed that the State Department of Broadcasting and Telecommunication procured a Toyota Prado motor vehicle valued at Kshs.13,825,000 through unclear procurement procedures. There was no contract agreement between Toyota Kenya and the State Department of Broadcasting and Telecommunication. However, the State Department relied on a contract between the seller and the Ministry of Transport, Infrastructure, Housing and Urban Development Contract number SB/012/2017 to procure the motor vehicle in total disregard of the Public Procurement and Asset Disposal Act Section 56(1) which provides that a State organ or public entity may seek in writing to use another State organ's, public entity's or regulated professionals body's registration list of all registered persons in the category provided that the list is valid and developed competitively. In the circumstances, the state department was in breach of the law and the propriety of the over expenditure totalling Kshs.13,135,548 in the year 2016 and current year's expenditure of Kshs.13,825,000 on purchase of motor vehicles has not been ascertained as the date of this report.

9.7.2 Agency and Disbursement Fees to Huawei Technologies Ltd

As reported in the previous year, examination of payment vouchers revealed that the Ministry paid Kshs.28,218,313 to Huawei Technologies Ltd in 2014/2015 financial year in respect of agency fees. A review of the matter during the year 2015/2016 revealed that the Ministry made a further payment of Kshs.6,716,103 to the firm all totalling Kshs.34,934,416 as at 30 June 2016. Although Huawei Tech. (K) Ltd were contracted to provide project management services on behalf of the Government of the Republic of Kenya through the Ministry Contract No. 00Y404131300200 of 7 July 2010, no documentary evidence was availed to show how the firm was identified and awarded the contract and how the contract price was arrived at. Scrutiny of Ministry records also indicates that the goods were cleared on 28 December 2013, while reimbursement and claim documents were presented in March 2015.

No explanation has been provided as to why the documents took over a year before the same were lodged with the Ministry for payment. Further, no documentary evidence indicating that the goods and services were verified and inspected by an independent inspection team was availed for audit review.

In the circumstances, it has not been possible to confirm the propriety of expenditure totalling Kshs.34,934,416 as at the date of this report.

9.8 Kenya Institute of Mass Communications (KIMC)

9.8.1 Construction of Men's Hostel at KIMC

As previously reported, examination of the Ministry records indicates that a Contract No. D32/01/2012-2013 for the proposed erection and completion of Men's hostels at the Kenya Institute of Mass Communication was awarded to a Construction Company at a contract sum of Kshs.188,858,602. However, scrutiny of the contract documents revealed that the

contractor did not provide the following goods and services which were included in the bill of quantities:

		Kshs.
1.	2No. Laptop Computers-Toshiba or other equal and approved	250,000
2.	Project Management Expenses:	
	Technical training of the MoPW	206,000
	Project management expenses	1,030,000
	Clerk of works allowances	154,500
	Airtime KES.5000*1person*6*12months	370,800
3.	Performance Bond	1,000,000
4.	Provision of Site Office for Project Manager	500,000
	TOTAL	3,511,300

Further, it was noted that although the Contractor was required to provide a performance bond of 5% of the contract sum or Kshs.1,000,000, the amount was irregularly provided for in the bill of Quantities and charged to the Ministry contrary to the contract agreement. No satisfactory explanation has been provided as to why the contractor failed to provide for the performance bond as required and it is doubtful if public resources totalling Kshs.4,511,300 may not have gone into waste.

9.8.2 Failure to Deduct Withholding Tax on Payments to Contractor

As previously reported, examination of Ministry records revealed that the Ministry failed to deduct and remit to Kenya Revenue Authority withholding tax totalling Kshs.5,665,758 upon payment to the contractor contrary to the Income Tax Act CAP 470 Section 35 (3) (f) which provides for deduction of withholding tax from resident Companies at the rate of 3% of the contract fees. No satisfactory explanation has been provided for the above anomaly and the Ministry was therefore in breach of Income Tax Laws.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department of Broadcasting and Telecommunication in accordance with ISSAI 30 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7 (1) (a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and 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 Fund's ability to continue sustaining services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

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

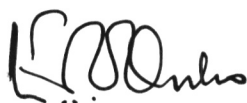
Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of in accordance with ISSAI 30 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.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

19 February 2019

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018


IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018 KShs	2016-2017 KShs
RECEIPTS			
Tax Revenues	2	-	4,000,000
Transfers from National Treasury	3	2,346,558,857	2,684,300,000
Proceeds from Sale of Assets	4	567,797,103	120,036,736
Other Revenues	5	12,000,000	31,125,500
TOTAL REVENUES		2,926,355,960	2,839,462,236
PAYMENTS			
Compensation of Employees	7	369,948,541	340,092,220
Use of goods and services	8	1,135,144,411	1,372,186,819
Transfers to Other Government Units	9	1,378,175,000	1,092,583,500
Other grants and transfers	10	1,182,900	1,066,979
Social Security Benefits	11	10,676,277	-
Acquisition of Assets	12	6,696,518	18,115,772
TOTAL PAYMENTS		2,901,823,647	2,824,045,290
SURPLUS/DEFICIT		24,532,313	15,416,946

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2018 and signed by:

 18/11/18

FATUMA HIRSI MOHAMED (MRS) CBS
PRINCIPAL SECRETARY

 17/12/2018

CPA. SAMSON M. ONGALO
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3128



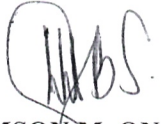
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
 Reports and Financial Statements for the year ended June 30, 2018

V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2017-2018 KShs	2016-2017 KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	13.1	58,680,370	47,159,622
Cash Balances	13.2	26,648	539,295
Total Cash and cash equivalent		<u>58,707,018</u>	<u>47,698,917</u>
Accounts receivables – Outstanding Imprests	14	70,137,700	60,107,859
TOTAL FINANCIAL ASSETS		<u>128,844,718</u>	<u>107,806,776</u>
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	38,659,849	42,154,220
NET FINANCIAL ASSETS		90,184,869	65,652,556
REPRESENTED BY			
Fund balance b/fwd	16	65,652,556	138,772,138
Prior year adjustment	17	-	(88,536,528)
Surplus/Deficit for the year		24,532,313	15,416,946
NET FINANCIAL POSSITION		<u>90,184,869</u>	<u>65,652,556</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2018 and signed by:

 18/14/18
FATUMA HIRSI MOHAMED (MRS) CBS
PRINCIPAL SECRETARY

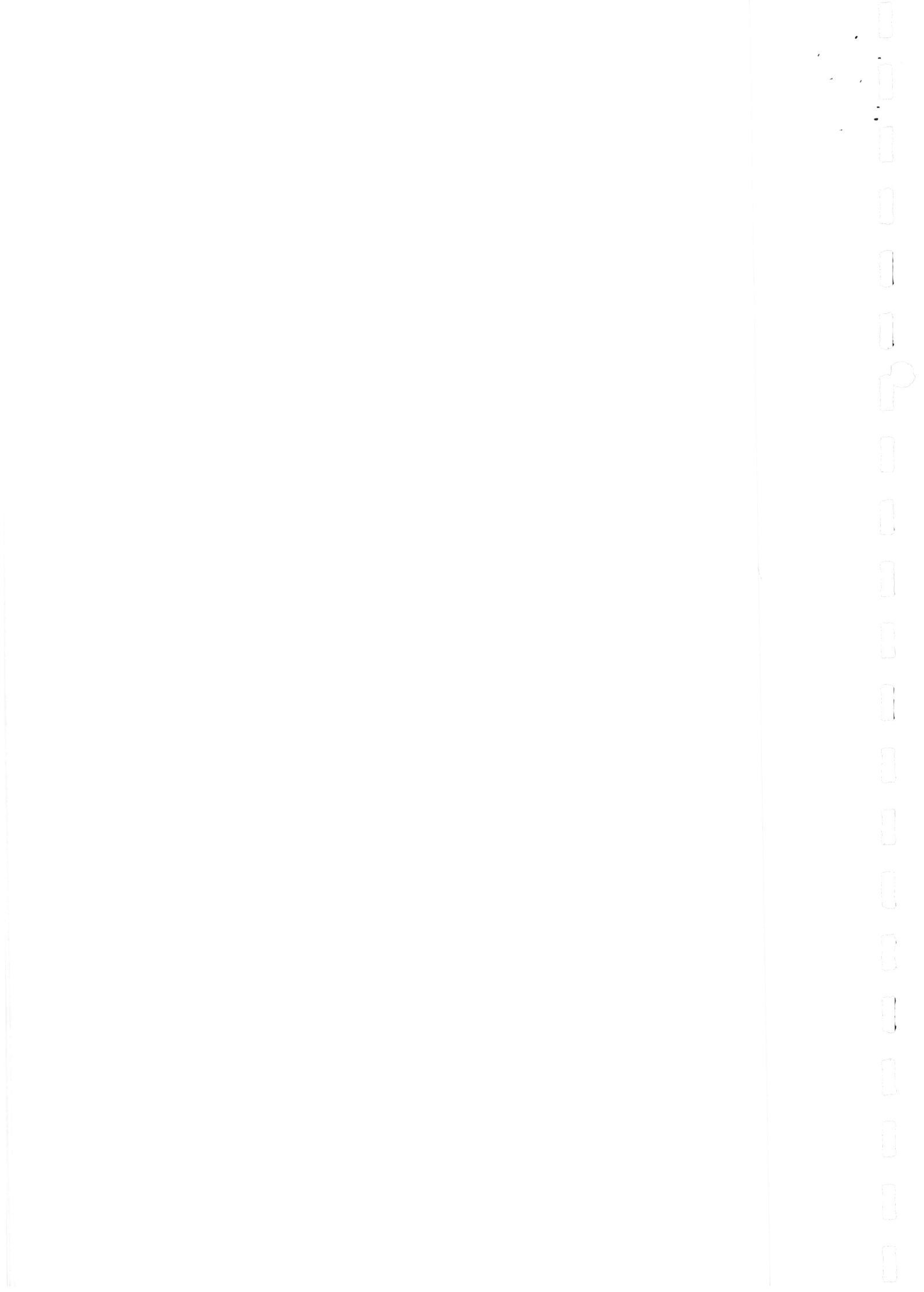
 17/12/2018
CPA. SAMSON M. ONGALO
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3128



STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

VI. STATEMENT OF CASH FLOWS

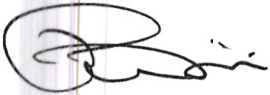
	Note	2017-2018 KShs	2016-2017 KShs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Tax Revenues	2	-	4,000,000
Exchequer Releases	3	2,346,558,857	2,684,300,000
Other Revenues	5	12,000,000	31,125,500
		2,358,558,857	2,719,425,500
Payments for operating expenses			
Compensation of Employees	7	369,948,541	340,092,220
Use of goods and services	8	1,135,144,411	1,372,186,819
Transfers to Other Government Units	9	1,378,175,000	1,092,583,500
Other grants and transfers	10	1,182,900	1,066,979
Social Security Benefits	11	10,676,277	-
		2,895,127,129	2,805,929,518
Adjusted for:			
Changes in receivables		(10,029,841)	(7,935,284)
Changes in payables		(3,494,371)	(11,742,632)
Adjustments during the year	17		(88,536,528)
Net cashflow from operating activities		(550,092,484)	(194,718,462)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	4	567,797,103	120,036,736




STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

Acquisition of Assets	12	(6,696,518)	(18,115,772)
Net cash flows from Investing Activities		561,100,585	101,920,964
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		11,008,101	(92,797,498)
Cash and cash equivalent at BEGINNING of the year		47,698,917	140,496,415
Cash and cash equivalent at END of the year		58,707,018	47,698,917

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2018 and signed by:

 12/1/18

FATUMA HIRSI MOHAMED (MRS) CBS
PRINCIPAL SECRETARY

 17/12/2018

CPA. SAMSON M. ONGALO
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3128

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
 Reports and Financial Statements for the year ended June 30, 2018

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts	4,000,000	0	4,000,000	0	4,000,000	0%
Exchequer releases	2,800,610,000	(265,855,725)	2,534,754,275	2,346,558,857	188,195,418	93%
Proceeds from Sale of Assets	164,000,000	1,029,120,000	1,193,120,000	567,797,103	625,322,897	48%
Returns of Equity Holdings	12,000,000	0	12,000,000	12,000,000	0	100%
Total Receipts	2,980,610,000	763,264,275	3,743,874,275	2,926,355,960	817,518,315	78%
PAYMENTS						
Compensation of Employees	354,700,000	27,087,076	381,787,076	369,948,541	11,838,535	97%
Use of goods and services	1,103,950,440	693,847,937	1,797,798,377	1,135,144,411	662,653,966	63%
Transfers to Other Government Units	1,481,775,000	51,596,250	1,533,371,250	1,378,175,000	155,196,250	90%
Other grants and transfers	1,225,000	0	1,225,000	1,182,900	42,100	97%
Social Security Benefits	13,500,000	0	13,500,000	10,676,277	2,823,723	79%
Acquisition of Assets	25,459,560	(9,266,988)	16,192,572	6,696,518	9,496,054	41%
Grand Total	2,980,610,000	763,264,275	3,743,874,275	2,901,823,647	842,050,628	78%

(a) Under/Overutilization

- i. Underutilization of exchequer arose from delays and frequent interruptions of the IFMIS system particularly in the month of June which slowed down processing of payments and as a consequence request for exchequer to fund expenditure.
- ii. Under collection of AIA by the Government Advertising Agency arose due to.
- iii. Under expenditure of Use of Goods and Services and Acquisition of Assets was due to frequent interruptions of procure to pay module of IFMIS which caused delay in processing of transactions particularly in the month of June, as well as under-collection of AIA by the Government Advertising Agency.

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

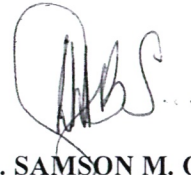
(Changes between the original and final budget are as a result of budget allocation increments particularly in use of goods and services, compensation of employees and acquisition of assets)

The entity financial statements were approved on _____ 2018 and signed by:



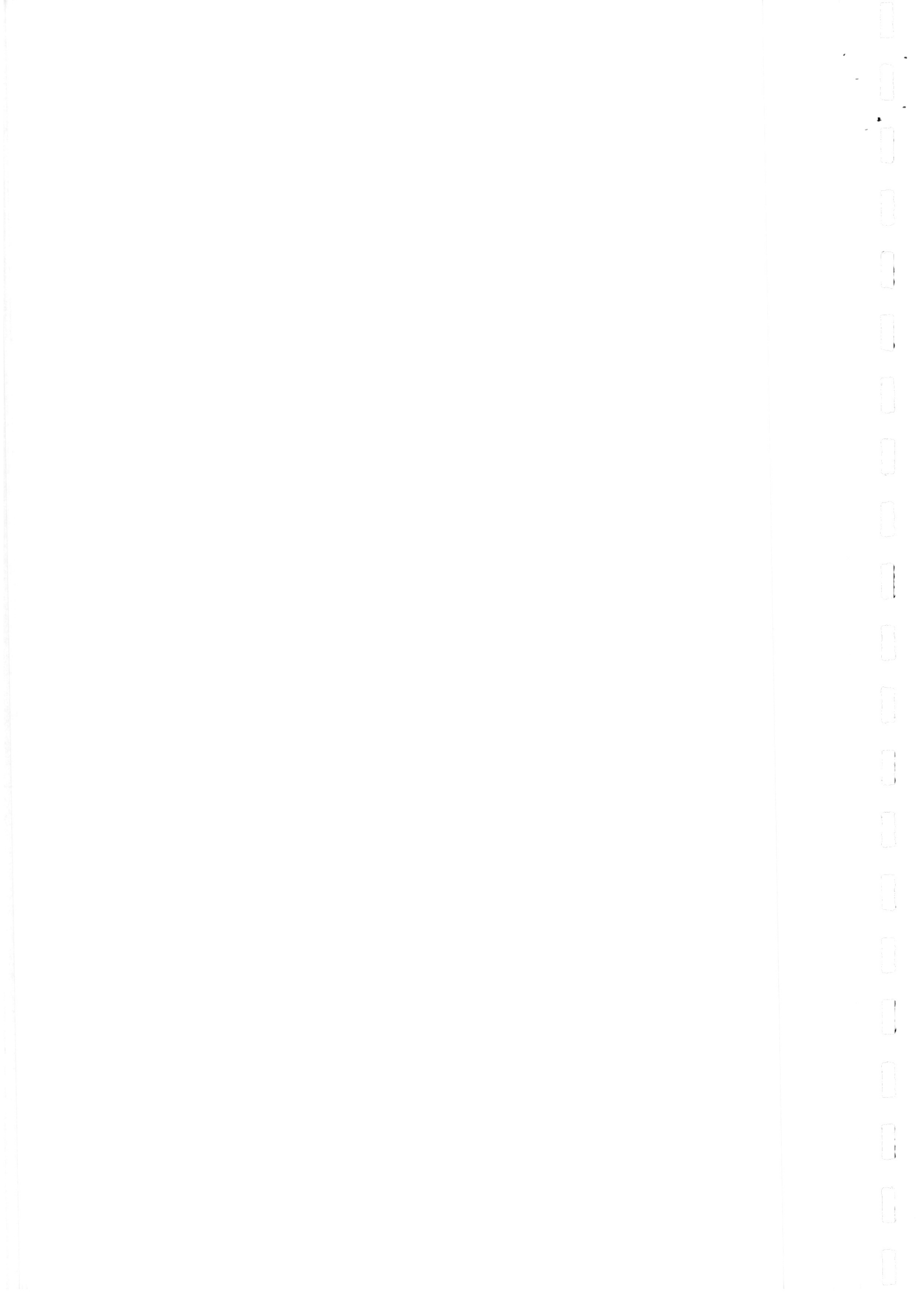
18/7/18

FATUMA HIRSI MOHAMED (MRS) CBS
PRINCIPAL SECRETARY



17/2/2018

CPA. SAMSON M. ONGALO
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3128



STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

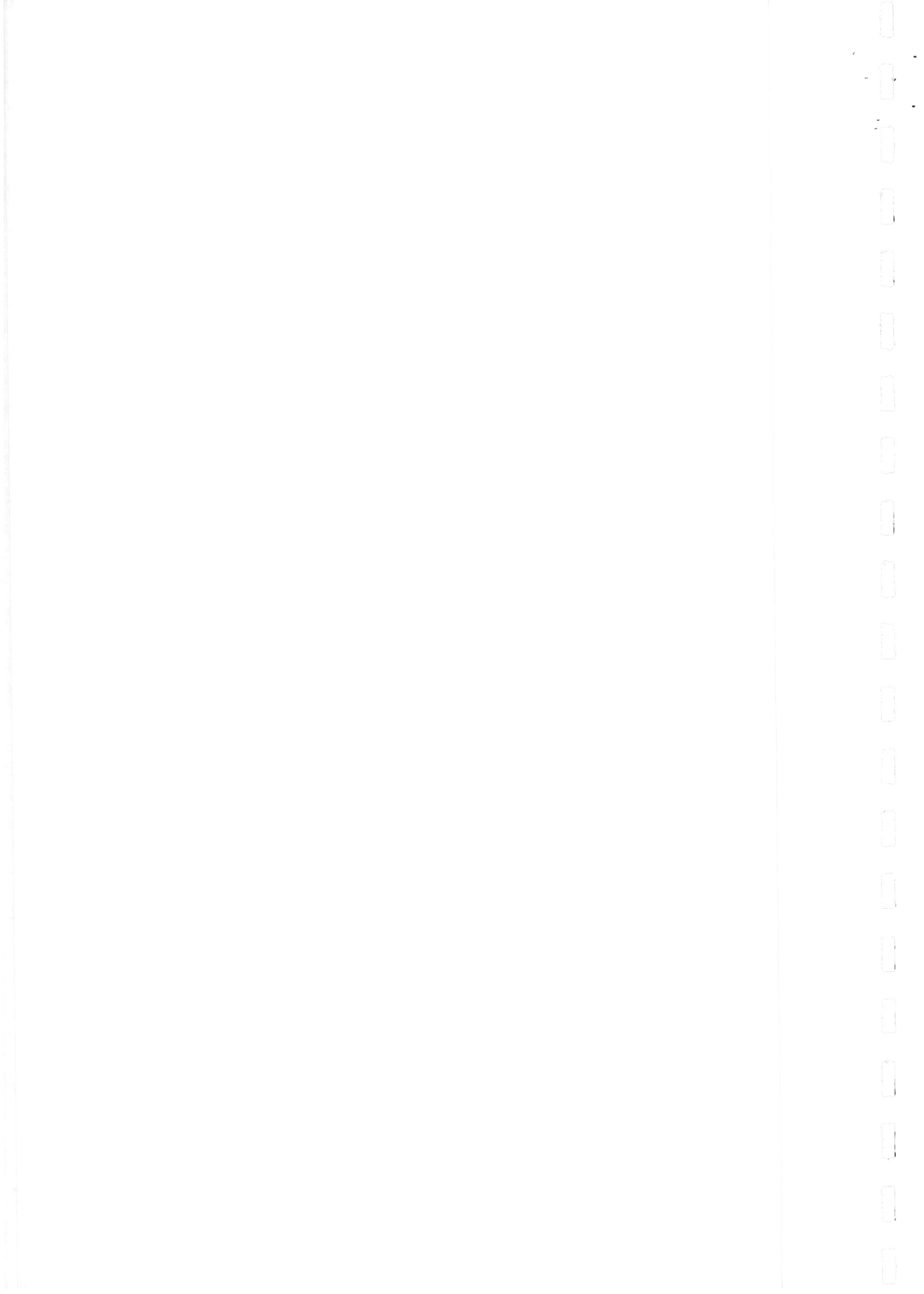
VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
RECEIPTS						
Tax Receipts	4,000,000	0	4,000,000	0	4,000,000	0%
Exchequer releases	2,036,610,000	117,660,837	2,154,270,837	2,066,458,857	87,811,980	96%
Proceeds from Sale of Assets	164,000,000	1,029,120,000	1,193,120,000	567,797,103	625,322,897	48%
Administrative fees and Charges (AIA)	12,000,000	0	12,000,000	12,000,000	0	100%
Total Receipts	2,216,610,000	1,146,780,837	3,363,390,837	2,646,255,960	717,134,877	79%
PAYMENTS						
Compensation of Employees	354,700,000	27,087,076	381,787,076	369,948,541	11,838,535	97%
Use of goods and services	1,029,950,440	749,540,749	1,779,491,189	1,135,144,411	644,346,778	64%
Transfers to Other Government Units	791,775,000	379,420,000	1,171,195,000	1,098,075,000	73,120,000	94%
Other grants and transfers	1,225,000	0	1,225,000	1,182,900	42,100	97%
Social Security Benefits	13,500,000	0	13,500,000	10,676,277	2,823,723	79%
Acquisition of Assets	25,459,560	(9,266,988)	16,192,572	6,696,518	9,496,054	41%
Grand Total	2,216,610,000	1,146,780,837	3,363,390,837	2,621,723,647	741,667,190	78%

Notes

(b) Under/Overutilization

- i. Underutilization of exchequer arose from delays and frequent interruptions of the IFMIS system particularly in the month of June which slowed down processing of payments and as a consequence request for exchequer to fund expenditure.
- ii. Under collection of AIA by the Government Advertising Agency arose due to non-collection by the Government Advertising Department.

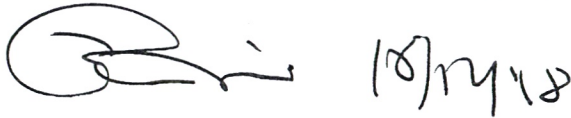


STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

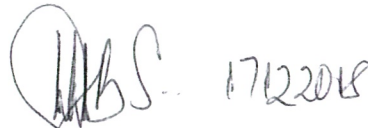
- iii. Under expenditure of Use of Goods and Services and Acquisition of Assets was due late uploading of the supplementary 2 budget which only became available in IFMIS from the 28th of June 2017, giving us only 3 days to transact with the new budget. In addition to that there were frequent interruptions of the IFMIS system over the whole month of June which did not allow us to process many of the transactions presented to us in good time.

(Changes between the original and final budget are as a result of budget allocation increments particularly in use of goods and services, compensation of employees and acquisition of assets)

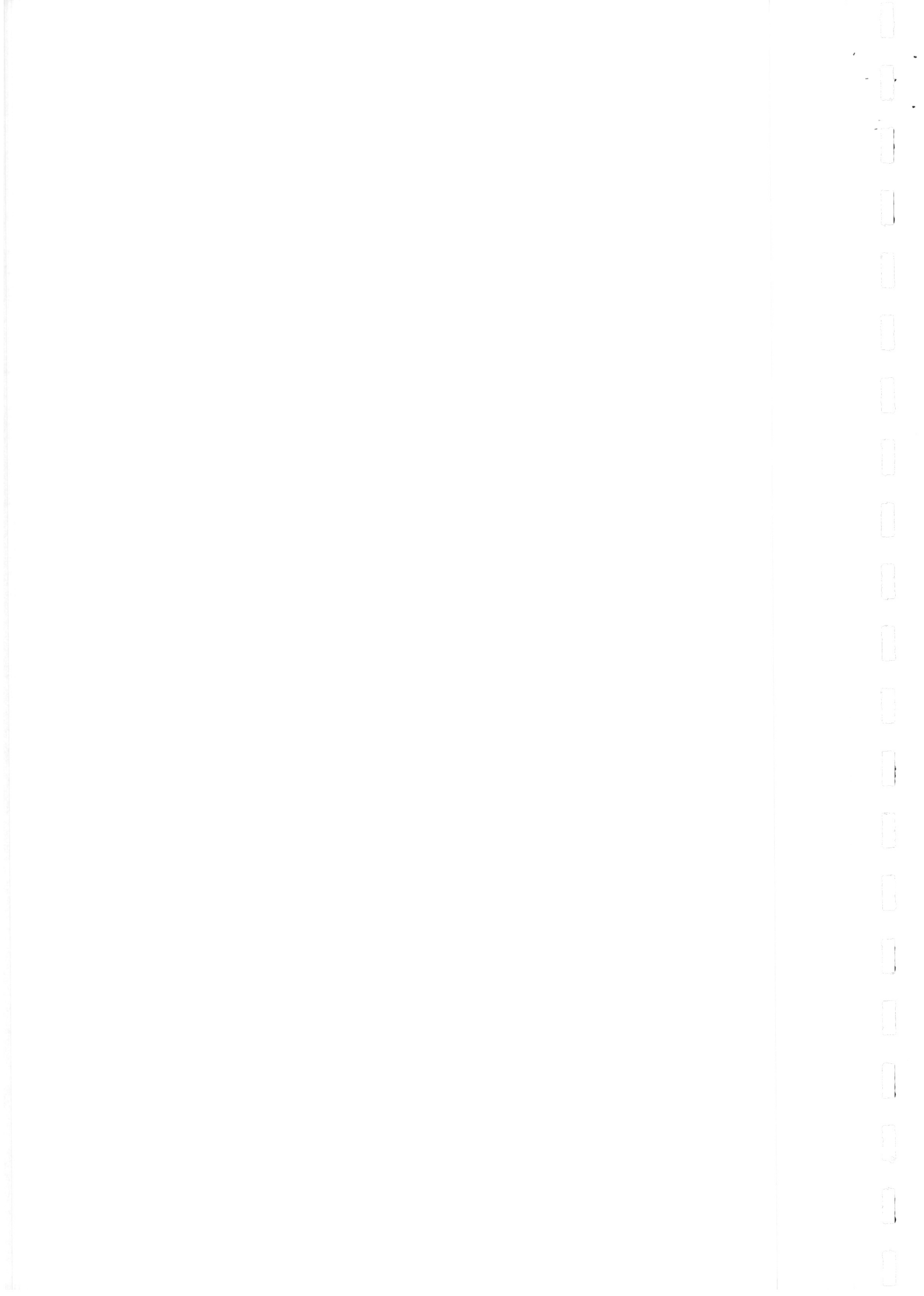
The entity financial statements were approved on _____ 2018 and signed by:



FATUMA HIRSI MOHAMED (MRS) CBS
PRINCIPAL SECRETARY



CPA. SAMSON M. ONGALO
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER: 3128



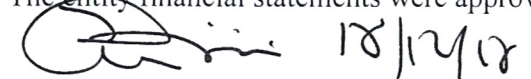
STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
 Reports and Financial Statements for the year ended June 30, 2018

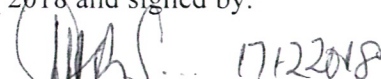
IX. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	764,000,000	(383,516,562)	380,483,438	280,100,000	(100,383,438)	74%
Other Receipts						
	764,000,000	(383,516,562)	380,483,438	280,100,000	(100,383,438)	74%
PAYMENTS						
Use of goods and services	74,000,000	(55,692,812)	18,307,188	-	(18,307,188)	0%
Transfers to Other Government Units	690,000,000	(327,823,750)	362,176,250	280,100,000	(82,076,250)	77%
Other Payments						
Totals	764,000,000	(383,516,562)	380,483,438	280,100,000	(100,383,438)	74%
Surplus/Deficit				0		

- (a) Changes between Original and Final budget were due to reductions in disbursements to SAGAs by supplementary budget. Use of goods and services was underutilised due to frequent interruptions in access to IFMIS over the last few weeks which prevented us from accessing the procure to pay module to make payments in time.

The entity financial statements were approved on _____ 2018 and signed by:


 FATUMA HIRSI MOHAMED (MRS) CBS
 PRINCIPAL SECRETARY


 CPA. SAMSON M. ONGALO
 SENIOR ASSISTANT ACCOUNTANT GENERAL
 ICPAK MEMBER NUMBER: 3128



STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	As at 30 th June 2018		As at 30 th June 2018	As at 30 th June 2018	
	KShs	KShs	KShs	KShs	KShs
General Administration Planning and Support Services	311,536,279	16,898,233	328,434,512	299,565,622	(28,868,889)
0207010000 General Administration, Planning and Support Services	311,536,279	16,898,233	328,434,512	299,565,622	(28,868,889)
Information and Communication Services	2,240,623,721	914,049,792	3,154,673,513	2,394,808,026	(759,865,488)
0208010000 News and Information Services	1,995,298,721	860,879,792	2,856,178,513	2,198,183,026	(657,995,488)
0208020000 Brand Kenya Initiative	174,325,000	(17,130,000)	157,195,000	59,325,000	(97,870,000)
0208030000 ICT and Media Regulatory Services	71,000,000	70,300,000	141,300,000	137,300,000	(4,000,000)
Mass Media Skills Development	428,450,000	(167,683,750)	260,766,250	207,450,000	(53,316,250)
020901 Mass Media Skills Development	428,450,000	(167,683,750)	260,766,250	207,450,000	(53,316,250)
TOTALS	2,980,610,000	763,264,275	3,743,874,275	2,901,823,648	(842,050,627)

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based.)

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

X. NOTES TO THE FINANCIAL STATEMENTS.

1 SIGNIFICANT ACCOUNTING POLICIES

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

i. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The receivables and payables are disclosed in the Statement of Assets and Liabilities. The Statement of Assets and Liabilities is not mandatory statement under the IPSAS Cash basis but is encouraged in order to disclose information on assets and liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

ii. Reporting entity

The financial statements are for the *State Department for Broadcasting and Telecommunications*. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

iii. Recognition of receipts and payments

a) Recognition of Receipts

The Entity recognizes all receipts from the various sources when the event occurs and the related cash has actually been received by the entity.

Transfers from the Exchequer

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

b) Recognition of payments

The entity recognizes all expenses when the event occurs and the related cash has actually been paid out by the entity.

Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of disclosure. This summary is disclosed as an annexure to the entity's financial statements.

a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2018, this amounted to Kshs.38,659,849 compared to Kshs.42,154,220 in prior period as indicated on note 15.

There were no other restrictions on cash during the year

b) Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

2 TAX REVENUES

DESCRIPTION	2017-2018	2016-2017
	KShs	KShs
Taxes on Goods and Services	0	4,000,000
TOTAL	0	4,000,000

These are collections by Media Council as AIA for issue of licenses under the Communications Act.

3 EXCHEQUER RELEASES

Description	2017-2018 KShs	2016-2017 KShs
Total Exchequer Releases for quarter 1	450,372,725	614,100,000
Total Exchequer Releases for quarter 2	819,406,132	427,400,000
Total Exchequer Releases for quarter 3	365,650,000	471,500,000
Total Exchequer Releases for quarter 4	711,130,000	1,171,300,000
TOTAL	2,346,558,857	2,684,300,000

The total Budgeted expenditure for the ministry was 3,864,874,275, only 2,346,558,857 was actually received, this was due to disruptions in the IFMIS procure to pay module especially around the close of the financial year, resulting in processing of very few vouchers and a lower request for exchequer by the Department.

4 PROCEEDS FROM SALE OF ASSETS

Description	2017-2018 KShs	2016-2017 KShs
Receipts from the Sale of Inventories, Stocks and Commodities	120,000,000	80,000,000
Disposal and Sales of Non-Produced Assets	447,797,103	40,036,736
TOTAL	567,797,103	120,036,736

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

5 ADMINISTRATIVE FEES AND CHARGES

Description	2017-2018 KShs	2016-2017 KShs
Administrative Fees and Charges	12,000,000	11,983,500
TOTAL	12,000,000	11,983,500

6 OTHER REVENUES

Description	2017-2018 KShs	2016-2017 KShs
Other Receipts Not Classified Elsewhere	-	19,142,500
TOTAL	-	19,142,500

The receipts not classified elsewhere are made up of miscellaneous receipts which are neither classified as revenue nor as AIA, were they given to the Ministry for onward transmission to other entities.

7 COMPENSATION OF EMPLOYEES

Description	2017-2018 KShs	2016-2017 KShs
Basic salaries of permanent employees	226,660,824	205,810,763
Basic wages of temporary employees	1,297,244	3,746,906
Personal allowances paid as part of salary	141,990,473	130,534,551
TOTAL	369,948,541	340,092,220

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
 Reports and Financial Statements for the year ended June 30, 2018
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 USE OF GOODS AND SERVICES

Description	2017-2018 KShs	2016-2017 KShs
Utilities, supplies and services	18,743,290	15,738,944
Communication, supplies and services	15,727,357	30,004,418
Domestic travel and subsistence	48,512,326	37,368,699
Foreign travel and subsistence	9,458,351	13,146,801
Printing, advertising and information supplies & services	751,688,099	1,013,582,099
Rentals of produced assets	54,311,538	67,709,447
Training expenses	22,116,564	10,928,491
Hospitality supplies and services	26,228,819	24,089,171
Specialized materials and services	43,540,855	16,351,025
Office and general supplies and services	13,908,789	14,114,394
Other operating expenses	92,835,486	105,775,433
Routine maintenance – vehicles and other transport equipment	15,456,547	6,037,171
Routine maintenance – other assets	4,674,875	2,695,441
Fuel Oil and Lubricants	17,941,515	14,645,285
TOTAL	1,135,144,411	1,372,186,819

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	KShs	KShs
Transfers to National Government entities (SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)	1,378,175,000	1,092,583,500
See attached list		
TOTAL	1,378,175,000	1,092,583,500

The above transfers were made to the following self-reporting entities in the year:

Description	Recurrent KShs	Development KShs	Total KShs	2016-2017 KShs
Transfers to SAGAs				
Kenya Broadcasting Corporation	574,000,000	280,100,000	854,100,000	579,000,000
Kenya Institute of Mass Communication	207,450,000	-	207,450,000	322,433,500
Kenya Yearbook editorial Board	59,325,000	-	59,325,000	49,150,000
Media Council Of Kenya	137,300,000	-	137,300,000	62,000,000
National Communications Secretariat	120,000,000	-	120,000,000	80,000,000
TOTAL	1,098,075,000	280,100,000	1,378,175,000	1,092,583,500

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix 1 to this financial statements.

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 OTHER GRANTS AND TRANSFERS

Description	2017-2018 KShs	2016-2017 KShs
Membership dues and subscriptions to international organizations	1,182,900	1,066,979
TOTAL	1,182,900	1,066,979

These relate to ICPAK and HR membership subscriptions.

11 SOCIAL SECURITY BENEFITS

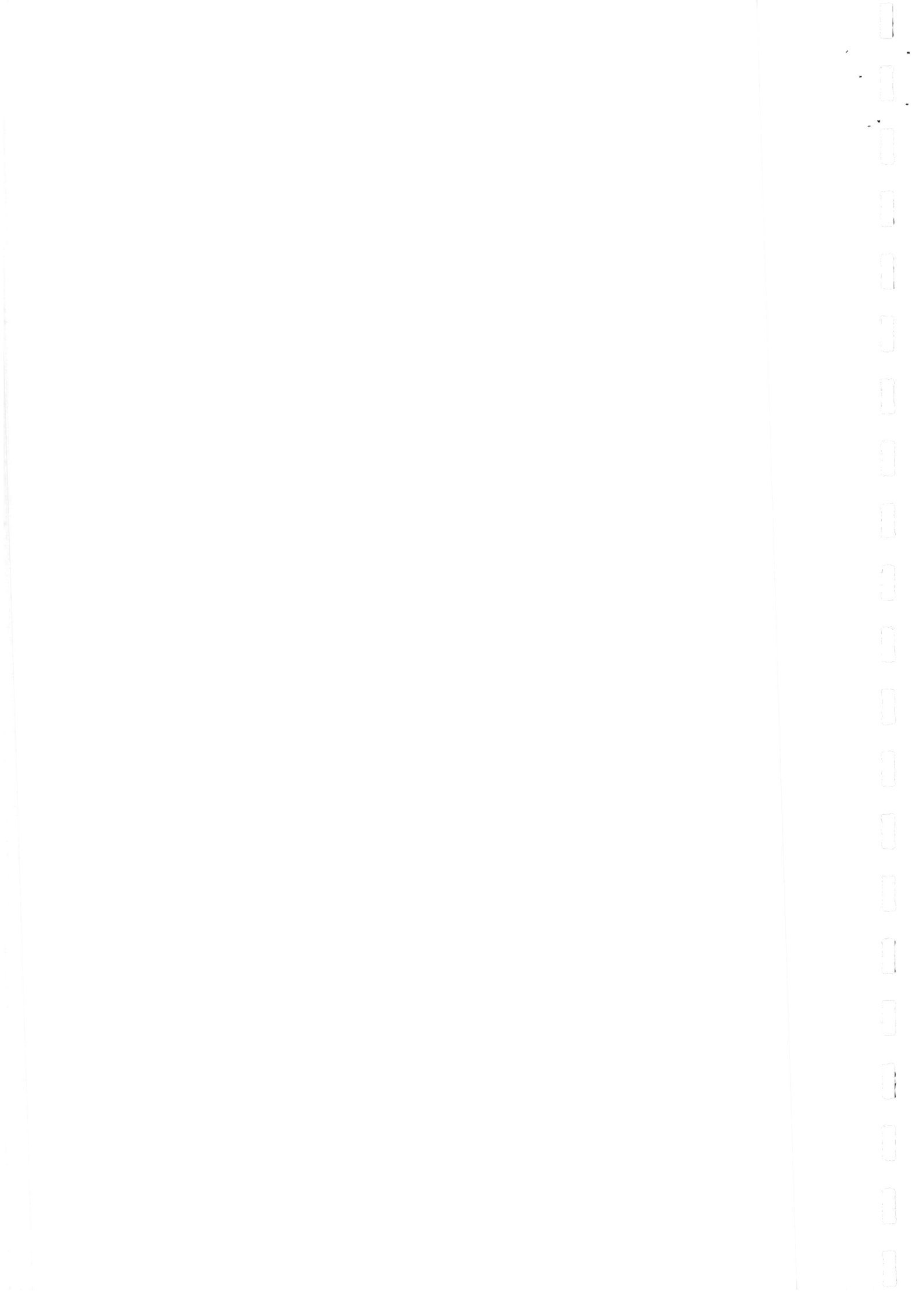
Explanation	2017-2018 KShs	2016-2017 KShs
Government pension and retirement benefits	10,676,277	0
TOTAL	10,676,277	0

These are gratuity payments made to various officers whose contracts ended in the financial year 2017/18

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
 Reports and Financial Statements for the year ended June 30, 2018
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 ACQUISITION OF ASSETS

Description	2017-2018 KShs	2016-2017 KShs
Non-Financial Assets		
Overhaul and Refurbishment of Construction and Civil Works	-	306,880
Purchase of Vehicles and Other Transport Equipment	-	13,825,000
Overhaul of Vehicles and Other Transport Equipment	1,188,922	628,757
Purchase of Household Furniture and Institutional Equipment	60,000	83,995
Purchase of Office Furniture and General Equipment	3,584,896	2,555,140
Purchase of Specialised Plant, Equipment and Machinery	956,900	716,000
Research, Studies, Project Preparation, Design & Supervision	905,800	0
TOTAL	6,696,518	18,115,772



STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
 Reports and Financial Statements for the year ended June 30, 2018
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 CASH AND BANK

13.1 Bank Balances

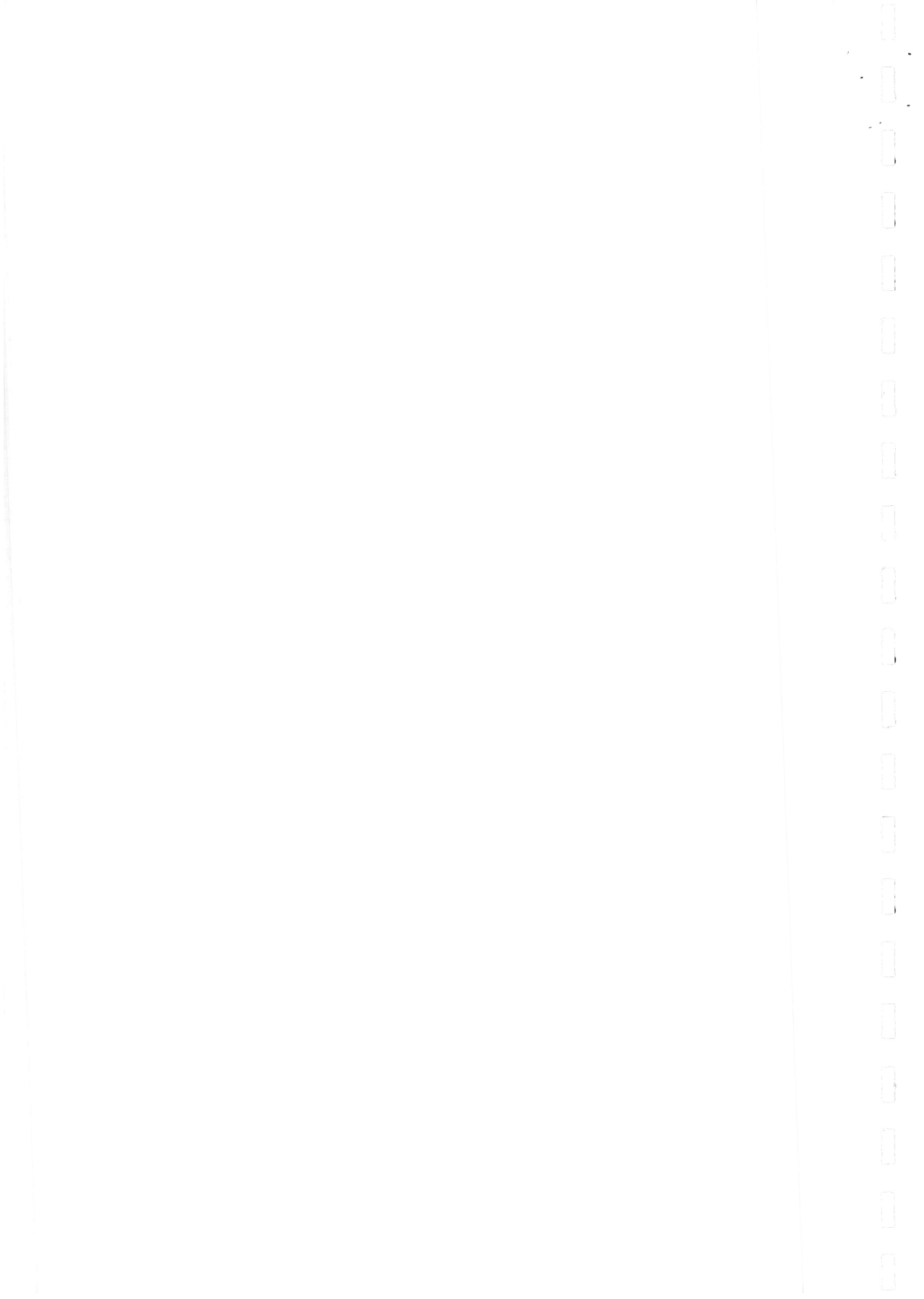
Name of Bank, Account No. & currency	Account Type	2017-2018	2016-2017
		KShs	KShs
<i>CENTRAL BANK NRB NO. 1000302418</i>	RECURRENT	20,020,521	5,005,402
<i>CENTRAL BANK NRB NO. 1000302453</i>	DEVELOPMENT	-	-
<i>CENTRAL BANK NRB NO. 1000302461</i>	DEPOSIT	38,659,849	42,154,220
TOTAL		58,680,370	47,159,622

13.2 Cash in Hand

Description	2017-2018 KShs	2016-2017 KShs
Cash in Hand – Held in domestic currency	26,648	539,295
TOTAL	26,648	539,295

Analysis of cash in hand

Description	2017-2018 KShs	2016-2017 KShs
Headquarters Cash office	26,648	539,295
TOTAL	26,648	539,295



STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 ACCOUNTS RECEIVABLE

Description	2017-2018 KShs	2016-2017 KShs
Government Imprests	4,285,307	2,575,971
Salary advances	668,043	561,078
District suspense	65,184,350	56,970,810
TOTAL	70,137,700	60,107,859

15 DEPOSITS

Description	2017-2018 KShs	2016-2017 KShs
Deposits	38,659,849	42,154,220
TOTAL	38,659,849	42,154,220

16 FUND BALANCE BROUGHT FORWARD

Description	2017-2018 KShs	2016-2017 KShs
Bank accounts	47,159,622	140,431,930
Cash in hand	539,295	64,485
Receivables	60,107,859	52,172,575
Payables - Deposits	(42,154,220)	(53,896,852)
TOTAL	65,652,556	138,772,138

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS

Reports and Financial Statements for the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 PRIOR YEAR ADJUSTMENTS

Description of the error	2017 – 2018	2016 – 2017	COMMENTS
	KShs	KShs	
Adjustments on bank account balances	0	86,535,078	These are previous year's bank account balances recovered by The National Treasury following the closure of the financial year
Adjustments to outstanding Imprests and district data balance	0	2,001,450	Imprests outstanding in 15/16 whose documentation was subsequently presented for surrender.
	NIL	88,536,528	

All monies held in the respective bank accounts as at 30th June 2017, were recovered by The National Treasury at the close of the financial year 2015/16. The net effect of this is a reduction in the net assets reported by the entity as at the close of the previous financial year. The amounts recovered were as follows;

Bank Account	Balance	Date	EFT
	Transferred	Transferred	reference no
Recurrent A/c no 1000181575	48,372,687	22 nd July 2016	NONREF
Development A/c no 1000181788	37,573,862	22 nd July 2016	NONREF
Net errors in Bank balances as at 30 June 2016	588,529		
TOTAL ADJUSTMENT	86,535,078		

18 RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the State Department for Broadcasting and Telecommunications

- Key management personnel that include the Cabinet Secretaries and Accounting Officers
- Other Ministries Departments and Agencies and Development Projects;
- State Corporations and Semi-Autonomous Government Agencies.

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

Related party transactions:

	2017/2018 Kshs	2016/2017 Kshs
1. Key Management compensation		
Cabinet Secretary	0	0
Principal Secretary	12,956,544	12,956,544
Total	<u>12,956,544</u>	<u>12,956,544</u>

In the financial year 2017/18 the Cabinet Secretary salary was paid by the State Department of ICT.

2. Transfers to State Corporations and Semi-Autonomous Government Agencies

Description	Recurrent KShs	Development KShs	Total KShs
Transfers to SAGAs			
Kenya Broadcasting Corporation	574,000,000	280,100,000	854,100,000
Kenya Institute of Mass Communication	207,450,000	-	207,450,000
Kenya Yearbook editorial Board	59,325,000	-	59,325,000
Media Council Of Kenya	137,300,000	-	137,300,000
National Communications Secretariat	120,000,000	-	120,000,000
TOTAL	1,098,075,000	280,100,000	1,378,175,000

19 OTHER IMPORTANT DISCLOSURES

PENDING BILLS – Transactions partially processed in IFMIS that did not get to the final stage of payment due to system interruptions amounted to 3.214billion and are attached as appendix 1.

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

20 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Analysis of accounts receivable not provided, and outstanding imprests in breach of financial regulations	Accounts receivable detailed under annex 1 (outstanding imprests), annex 2 (salary advances) and appendix 1 (district data). The outstanding imprests have been partially recovered or resolved as indicated in appendix 2.	1. HRMO II-Jeniffer Wabuu (salary Advances) 2. ACCT II-George Hallowe (Imprests) 3. ACCT I-Gladys Mwanyika (District Data)	Partially Resolved	Resolve by June 2018
2.0	Repetitive employment and retention of Casuals	The necessary approvals were obtained from Public Service Commission. Which formed the basis of the employment. As at the beginning of FY 2017/18 all casuals were relieved of duty.	HRMO II- Juliana Ndundu	Partially Resolved	
3.0	Variation of contract on Partitioning and refurbishment work to 9 and 11 floors Teleposta Towers		Director SCM - Stephen Obaga	Not Resolved	

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Accounts receivable district suspense balance with outstanding imprests unaccounted for		Accountant II- George Hallowe Accountant I- Gladys Mwanyika	Not Resolved	
2.0	Pending Bills from 2015/16 carried forward to 17/18		SCMO- Joseph Kimani	Not Resolved	
3.0	Absence of Fixed Assets Register		SCMO- Joseph Kimani	Not Resolved	
4.1	Repetitive Employment and Retention of Casuals	Casuals contracts were ended in October 2016	HRMD- Miriam Gitau	Not Resolved	
4.2	Issue of Tender for refurbishment by use of Restricted Tender, and variance of contract by 22% of cost and variation of duration.		SCMO- Joseph Kimani	Not Resolved	
4.3	Lack of documentation to show contractor's possession of site, inspections, commencement and completion dates for renovation and refurbishment works on the Ministry's Stand Nairobi Show Ground, and use of restricted Tender in issuing the contract		SCMO- Joseph Kimani	Not Resolved	

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

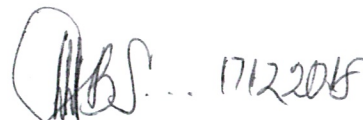
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.4	Issue of Tender for tiling works to the department of Information at Uchumi House through restricted Tender		SCMO- Joseph Kimani	Not Resolved	
4.5	Non provision of contractual documents for legal case on Anglo-leasing, between the ministry and the law Firm		Senior Legal Counsel - Charity Kagiri	Not Resolved	
4.6.1	Donations to Kenya Year Book editorial Board		Deputy Chief Finance Officer- Patrick Gichuru	Not Resolved	
4.6.2	Grants and Transfers to ministry departments	There was no actual transfer of funds to either departments, the issue arises from incorrect budget classifications which classified expenditure incurred at the ministry headquarters as transfers and grants. The budget made this provision in the expectation that the two departments would be gazetted in the said financial year as SAGAs which did not materialize in the same financial year, and caused the confusion in budget classification.	Deputy Chief Finance Officer-Patrick Gichuru	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.7.1	Un-authorized expenditure on purchase of motor vehicles	The relevant Treasury authority letters and communication that approved the expenditure was provided	Deputy Chief Finance Officer- Patrick Gichuru	Not Resolved	
4.7.2	Non-provision of inspection certificate for services rendered by Huawei Technologies		PA-Abraham Ondeng'	Not resolved	
4.8.1	Inclusion of performance bond in the bill of quantities by contractor for construction of men's hostel at KIMC	All the documents relating to the contract were availed to the auditors to confirm the respective payments.	Director-SCM – Joseph Kimani	Not Resolved	
4.8.2	Non- remittance of withholding Tax	The tax certificates were provided to the auditors as evidence that the withholding tax payments were made.	SAAG – Samson M. Ongalo	Not resolved	

 17/12/18

FATUMA HIRSI MOHAMED (MRS) CBS
 PRINCIPAL SECRETARY

 17/12/2018

CPA. SAMSON M. ONGALO
 SENIOR ASSISTANT ACCOUNTANT GENERAL
 ICPAK MEMBER NUMBER: 3128

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
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ANNEX 1 - ANALYSIS OF DEPOSITS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
	a	b	c	d=a-c		
Construction of buildings and Civil Works						
1. BAYER EAST AFRICA	251,000		-	251,000	251,000	
2. CACTUS TRADING COMPANY	959,197		940,517	18,680	18,680	
3. HIGHPOINT AGENCIES	1,923,963		1,923,963	-	961,931	
4. START GENERAL CONTRACTORS	555,933		242,510	313,423	313,423	
5. WIDEVIEW TRADERS	602,210		-	602,210	602,210	
6. YORK INVESTMENTS	358,355		-	358,355	358,355	
Sub-Total	4,650,658		3,106,990	1,543,668	2,505,599	
Supply of Services						
7. Anti – Counterfeit Agencies	630,205		500,000	130,205	130,205	
8. Misc receipt	11,600		-	11,600	11,600	
9. Competition Authority of Kenya	483,522		-	483,522	483,522	
10. Co-operative Bank of Kenya	75,862		-	75,862	75,862	
11. EPZ Authority	918,825		384,000	534,825	918,825	
12. Higher Education Loans Board	2,136,988		-	2,136,988	2,136,988	
13. Insurance Regulatory Authority	4,538,300		-	4,538,300	4,538,300	
14. Kenya Dairy Board	422,743		408,440	14,303	422,743	
15. Kenya Re-insurance Corporation	1,255,415		-	1,255,415	1,255,415	
16. Ministry Of Defence	23,422,112		-	23,422,112	23,422,112	
17. National Aids Control	922,671		-	922,671	922,671	

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
18. National Disaster Management Authority	657,224		-	657,224	657,224	
19. Post Bank	1,830,861		-	1,830,861	1,830,861	
20. Privatization Commission	625,293		-	625,293	625,293	
21. Reinsurance Authority	177,000		-	177,000	177,000	
22. WASREBSVP	3,780,000		3,480,000	300,000	2,040,000	
Sub-Total	41,888,621		4,772,440	37,116,181	39,648,621	
Grand Total	46,539,279		7,879,389	38,659,849	42,154,220	

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
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ANNEX 2 - ANALYSIS OF RECEIVABLES-SALARY ADVANCES

Name of Staff	P/NO	Original Amount	Date Issued	Amount Paid To-Date	Outstanding Balance June 2018	Outstanding Balance June 2017	Comments/current status
SALARY ADVANCE		a	b	c	d=a-c		
1. BROWN OTUYA	1983097434	391,800	10.03.16	32,650	359,150	359,150	PASSED ON
2. WILFRED AMOLO OTIENO	1983091111	309,906	05.10.15	288,412	21,494	21,494	TRANSFERED-PRISONS
3. NYAMBURA CHEGE KIB	1985022354	91,760	04.11.15	61,176	30,584	30,584	TRANSFERED-ICT DEPT
4. SAMUEL MUKARA	2006001151	28,406	13/14	-	28,406	28,406	
5. LUCY NJERI NJOROGE	1986020949	10,144	13/14	-	10,144	10,144	
6. CHARLES AHENDA	1991103207	103,893	26.04.17	103,893	-	34,631	CLEARED
7. JAPHETH LUILU	1991000093	11,925	07.02.17	4,980	6,945	11,925	PASSED ON
8. MAROLYNE NGANYI		43,660	06.10.16	-	43,660	43,660	
9. ROBERT MUNGA CHIFULO	2012035502	14,520	16.02.16	14,520	-	2,420	CLEARED
10. JUDY KAGINA		18,664	30.06.17	18,664	-	18,664	CLEARED
11. KENNEDY WAZIRI		69,990	15.09.17	-	69,990	-	
12. FLORENCE AWUOR		27,680	25.09.17	-	27,680	-	
13. ESTHER MBUTHIA		69,990	27.11.17	-	69,990	-	
Sub-Total		1,192,338		524,295	668,043	561,078	

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
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ANNEX 3 - ANALYSIS OF RECEIVABLES- OUTSTANDING IMPRESTS

<i>NAME OF OFFICER OR INSTITUTION</i>	<i>DATE IMPREST TAKEN</i>	<i>AMOUNT TAKEN KSHS</i>	<i>DATE DUE</i>	<i>BALANCE (KSHS)</i>	<i>REMARKS</i>
Joan Atieno	20.01.18	8,400	04.02.18	8,400	
Fredrick Okelo Owiti	10.12.17	25,000	24.12.17	25,000	
Joyce Kerubo Mageto	20.01.18	14,000	04.12.18	14,000	
Hannah Wangui Mugo	28.02.18	28,000	14.03.18	2,800	
Henry Masambaga Mung'asia	15.09.16	617,172	30.11.16	617,171	
Mary Wangu Musasia	19.02.18	28,000	03.03.18	2,800	
Orare Mose(3)	18.10.17	387,000	18.11.18	80,000	
David Mamai Jakaiti	20.01.18	100,800	04.02.18	100,800	
Jacob Mutua Munyao(2)	28.06.17	86,800	14.07.17	86,800	
Paul Musungu Mutuku	31.08.17	5,000	30.06.18	5,000	
Imani Japheth	29.09.17	13,600	30.06.18	13,600	
Cleophas Okoth Awuoro	01.12.16	10,000	30.06.18	10,000	
Joseph Onyango Abonyo	15.08.17	38,900	30.09.17	38,900	
Michael Omondi Okoth	14.06.18	53,500	30.06.18	53,500	
Gabriel Kaunda	10.11.17	211,000	30.12.17	211,000	
Japheth Mulinge Luilu	16.01.17	32,600	30.01.17	32,600	

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS

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Charles Omondi Ahenda	14.06.17	56,000	30.06.17	56,000
David Korir Cheruiyot(2)	20.04.17	155,600	10.05.18	155,600
Dickson Oniala Nyandiga	09.09.17	349,000	30.09.17	30,000
Jonathan Lempapa Sosyo	10.05.18	67,200	01.06.18	67,200
Hulda Atieno Odero	20.10.17	10,000	30.06.18	10,000
Gladys Wamuyu Mungai(3)	20.01.18	77,600	04.02.18	77,600
Anthony Mwaniki Thuo	30.11.16	37,800	14.12.16	37,800
Justus Okari Kinanga	08.09.17	89,600	30.09.17	89,600
Augustus Mutuku Munywoki(2)	03.03.18	214,200	30.04.18	148,000
Sabina G Katheranya	16.08.16	28,000	31.08.18	28,000
Queensylvia Ogonji	30.06.18	15,000	30.06.18	15,000
Alex Anunda Bosire(2)	20.05.18	159,200	30.06.18	159,200
Silantoi Lilian Shukuru	30.10.16	54,600	30.11.16	54,600
Zabron Githongo Mburu	20.04.17	56,000	30.05.17	56,000
Emmanuel Simiyu Mulongo(5)	15.12.16	83,500	30.06.17	56,200
Emacar Buge Daniel(3)	20.05.18	80,800	14.06.18	80,800
Regina Nzambi Mulyungi	04.05.18	43,400	30.05.18	43,400
Remdiana Muinde Mutile(2)	15.10.17	17,080	30.06.18	17,080
Peninah Wanjiru Gakuru(2)	20.10.17	389,400	30.12.17	89,100

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Johsnstone Kipng'etich Ketuturi	30.12.16	136,400	30.01.16	20,000	
Ednah Gakii Mungira	05.10.17	7,000	30.06.18	7,000	
Nelly Nyanchomba Kibocha	21.05.18	81,250	17.06.18	81,250	
Albert Ngari Gituku	20.01.18	900,800	30.03.18	900,800	
Dennis Chebitwey Kuko(2)	24.04.18	100,800	16.05.18	128,100	
Joseph Wakaba Mucheru	16.02.18	347,590	25.03.18	347,590	
Caroline Wanjiku Waiti (2)	03.03.18	168,216	30.03.18	168,216	
Sally Linda Washiko(3)	30.08.17	156,800	21.10.18	58,800	
TOTALS		5,542,576		4,285,307	

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
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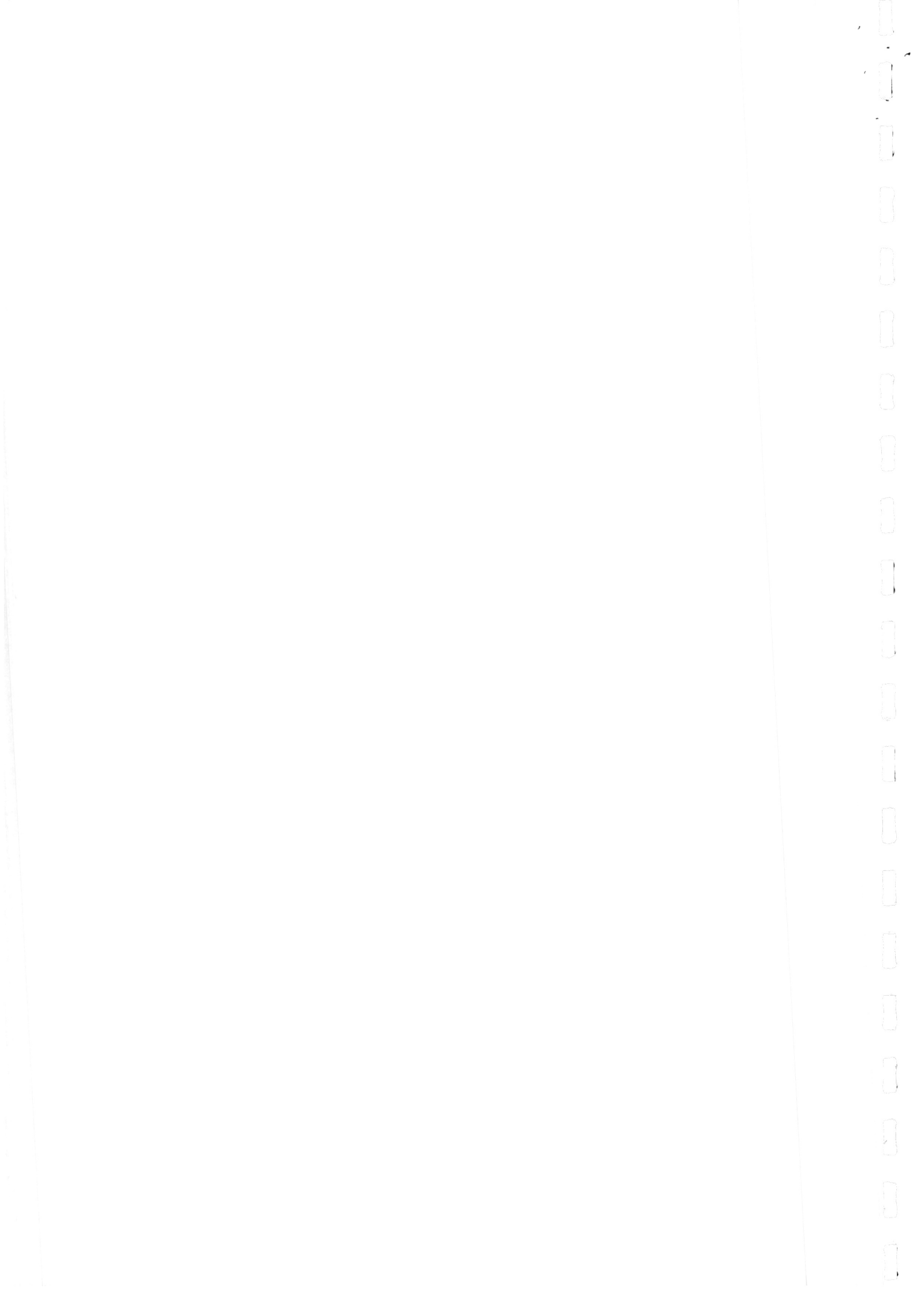
ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/2018	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land				
Buildings and structures				
Transport equipment	304,043,193	1,188,922		305,232,115
Office equipment, furniture and fittings	33,519,923	3,644,896		37,164,819
ICT Equipment, Software and Other ICT Assets	36,142,787	0		36,142,787
Other Machinery and Equipment	257,000	956,900		1,213,900
Intangible assets	488,856	905,800		1,394,656
Total	374,451,759	6,696,518		381,148,277

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
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ANNEX 5 – ANALYSIS OF DISTRICT DATA

STATION	BALANCES 17/18	BALANCES 16/17	BALANCES 15/16	TOTALS TO DATE
BARINGO	1,247,851.00	999,547.50	3,573.00	2,250,971.50
DIO BOMET	50,190.00	271,687.10	73,275.00	395,152.10
DIO BONDO	40,062.00	89,357.40	43,287.00	172,706.40
DIO BUNGOMA	278,172.00	1,071,142.00	474.00	1,349,788.00
DIO BURETI	(479,380.00)	112.00	316,057.00	(163,211.00)
DIO BUSIA	69,072.00	176,210.80	1,200,111.00	1,445,393.80
DIO BUTERE MUMIAS	522.00	410,539.00	20,236.00	431,297.00
DIO EMBU	43,283.00	1,053,653.45	757,595.00	1,854,531.45
DIO GARISSA	143,000.75	1,626,538.55	881.00	1,770,420.30
DIO GUCHA	142,133.90	45,663.00	124.00	187,920.90
DIO HOLA/TANA RIVER	81,488.00	89,938.00	749,398.00	920,824.00
DIO HOMABAY	31,296.00	60,205.00	850,460.00	941,961.00
DIO IJARA	76,434.00	54,199.15	66,304.00	196,937.15



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DIO ISIOLO	269,610.85	563,978.35	483.00	834,072.20
DIO KAJIADO	190,731.00	4,754.00	806,851.00	1,002,336.00
DIO KAKAMEGA	132,061.00	(166,261.45)	201.00	(33,999.45)
DIO KAPSOWAR	-	439,176.00	183,575.00	622,751.00
DIO KEIYO/ELGEYO MARAKWET/ITEN	35,770.00	70,655.00	782,203.00	888,628.00
DIO KENOL	2,465.00	11,869.00	-	14,334.00
DIO KERICHO	62,484.00	901,265.00	102.00	963,851.00
DIO KIAMBU	41,317.00	125,911.00	712,217.00	879,445.00
DIO KILIFI	431,174.00	778,536.00	858,970.00	2,068,680.00
DIO KIRINYAGA	5,951.00	265,081.00	767,834.00	1,038,866.00
DIO KISII	80,532.00	434,760.45	1,112.00	516,404.45
DIO KISUMU	56,400.40	1,318,332.00	891,154.00	2,265,886.40
DIO KITUI	172,867.45	1,072,442.00	866,227.00	2,111,536.45
DIO KURIA WEST	12,467.00	58,752.40	63,736.00	134,955.40
DIO KWALE	748,293.00	128,958.00	679,650.00	1,556,901.00
DIO LAIKIPIA	61,452.00	126,783.50	713,964.00	902,199.50

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

DIO LAMU	72,177.00	80,198.95	664,959.00	817,334.95
DIO MACHAKOS EASTERN STAR	287,227.00	195,831.20	1,077,687.00	1,560,745.20
DIO MAKUENI	2,504.00	151,714.00	284,874.00	439,092.00
DIO MALAVA LUGARI	364,331.00	780,673.00	296,395.00	1,441,399.00
DIO MALINDI	(343,814.25)	9,899.00	122.00	(333,793.25)
DIO MANDERA	(147,335.00)	67,986.00	58.00	(79,291.00)
DIO MARSABIT	781,987.00	310,918.10	752,466.00	1,845,371.10
DIO MERU CENTRAL	674,261.00	1,012,577.55	720,857.00	2,407,695.55
DIO MIGORI	31,559.40	20,935.75	475,791.00	528,286.15
DIO MOLO	33,517.00	-	-	33,517.00
DIO MOMBASA	125,975.00	759,115.45	900,000.00	1,785,090.45
DIO MOYALE	70,291.00	78,356.00	596,468.00	745,115.00
DIO MT ELGON	29,266.40	374,176.10	152,407.00	555,849.50
DIO MURANGA	156,763.00	273,225.95	1,575,610.00	2,005,598.95
DIO MWALA	6,000.00	371,831.00	146,535.00	524,366.00
DIO MWINGI	74,000.00	35,495.55	2.00	109,497.55

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

DIO NAIVASHA	28,944.00	45,831.00	196,483.00	271,258.00
DIO NAKURU	(235,850.00)	24,355.60	1,776,711.00	1,565,216.60
DIO NANDI CENTRAL	99,203.00	200,176.50	764,961.00	1,064,340.50
DIO NANDI EAST	49,476.00	51,596.65	150,510.00	251,582.65
DIO NAROK SOUTH	182,492.00	8,642.80	791,559.00	982,693.80
DIO NGONG	-	360,476.00	-	360,476.00
DIO NYAMBENE/IGEMBE	307,298.00	250,008.50	506,637.00	1,063,943.50
DIO NYAMIRA	30,000.00	552,075.00	719,701.00	1,301,776.00
DIO NYANDARUA	140,505.00	739,556.80	442,820.00	1,322,881.80
DIO NYANDO	-	48,062.00	621,310.00	669,372.00
DIO NYERI	2,725.00	79,567.00	449,156.00	531,448.00
DIO RACHUONYO	122,223.00	35,499.25	192,811.00	350,533.25
DIO SAMBURU	667.00	251,761.90	707,120.00	959,548.90
DIO SIAYA	59,849.50	997,455.00	-	1,057,304.50
DIO TAITA TAVETA	118,439.00	306,013.00	891,230.00	1,315,682.00
DIO TESO	29,246.00	376,546.00	287,871.00	693,663.00

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

DIO THARAKA NITHI/CHUKA/MERU SOUTH	(386,460.00)	149,108.10	710,890.00	473,538.10
DIO THIKA	63,897.00	367,607.00	296,396.00	727,900.00
DIO TRANS NZOIA	61,280.00	84,938.25	762,385.00	908,603.25
DIO TURKANA	169,191.00	1,024,478.00	772,835.00	1,966,504.00
DIO UASIN GISHU(ELDORET)	31,851.20	257,719.95	894,463.00	1,184,034.15
DIO VIHIGA	73,133.00	608,014.00	8,077.50	689,224.50
DIO VOI	11,441.00	84,620.40	362.00	96,423.40
DIO WAJIR	816,456.00	600,057.00	708,760.00	2,125,273.00
DIO WEST POKOT	191,123.00	333,093.00	819,499.00	1,343,715.00
TOTALS	8,213,539.60	24,443,977.50	32,526,832.50	65,184,349.60

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018

ANNEX 6 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS

Ref	SC, SAGA or Public Fund's name	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Kenya Broadcasting Corporation	Broadcasting	Mr Waithaka Waihenya	854,100,000.00	yes
2	Kenya Year Book Editorial	Publishing	Mr Edward Mwasi	59,235,000.00	yes
3	Communications Authority Kenya	Broadcast and Telecommunications regulation	Mr Francis W Wangusi MBS	0	yes
4	National Communications Secretariat	Development of Communication Policy	Eng. Daniel O. Obam	120,000,000.00	yes
5	Kenya Institute of Mass Communication (KIMC)	Education in Broadcasting and Telecommunication	Mr Hiram Muriithi Mucheke	207,540,000.00	yes
6	Postal Corporation of Kenya	Provision of Postal and Courier Services	Mr Dan Kagwe	0	yes
7	Media Council of Kenya	Regulation of the Media in Kenya	Mr David Omwoyo Mwoyo	137,300,000.00	yes

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS
Reports and Financial Statements for the year ended June 30, 2018
ANNEX 7- REPORTS GENERATED FROM IFMIS



REPUBLIC OF KENYA

MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY
State Department for Broadcasting and Telecommunications

Telephone: +254-020-4920000/100

Website: www.ict.go.ke

Email: psbroadcasting@ict.go.ke

Telposta Towers
P.O. Box 30025-00100
NAIROBI

When replying please quote

Ref. No. MICT/CONF/12/16

Date: 9th October 2018

The Principal Secretary,
The National Treasury
National Treasury and Planning
NAIROBI

Tayani (Ato)
① Ensure Ato payments processed by end week. Ato

RE: SUMMARY OF PENDING BILLS FOR 2017/18 FINANCIAL YEAR 11/10/18

Reference is made to the Principal Secretaries/ Accounting Officers meeting held on 5th October, 2018 at Kenyatta International Conference Centre which among others, discussed the execution of Government Budget for the 2018/19 Financial Year.

As agreed, find attached summary of the Pending Bills for the State Department as at 30th June, 2018, which is categorized as;

1. Government Advertising Agency	Kshs. 3,170,790,700.00
2. Access to Government Procurement Opportunities	Kshs. 10,550,807.00
3. Citizen Contractors/ Suppliers	Kshs. 33,122,008.00
Total	Kshs. 3,214,463,515.00

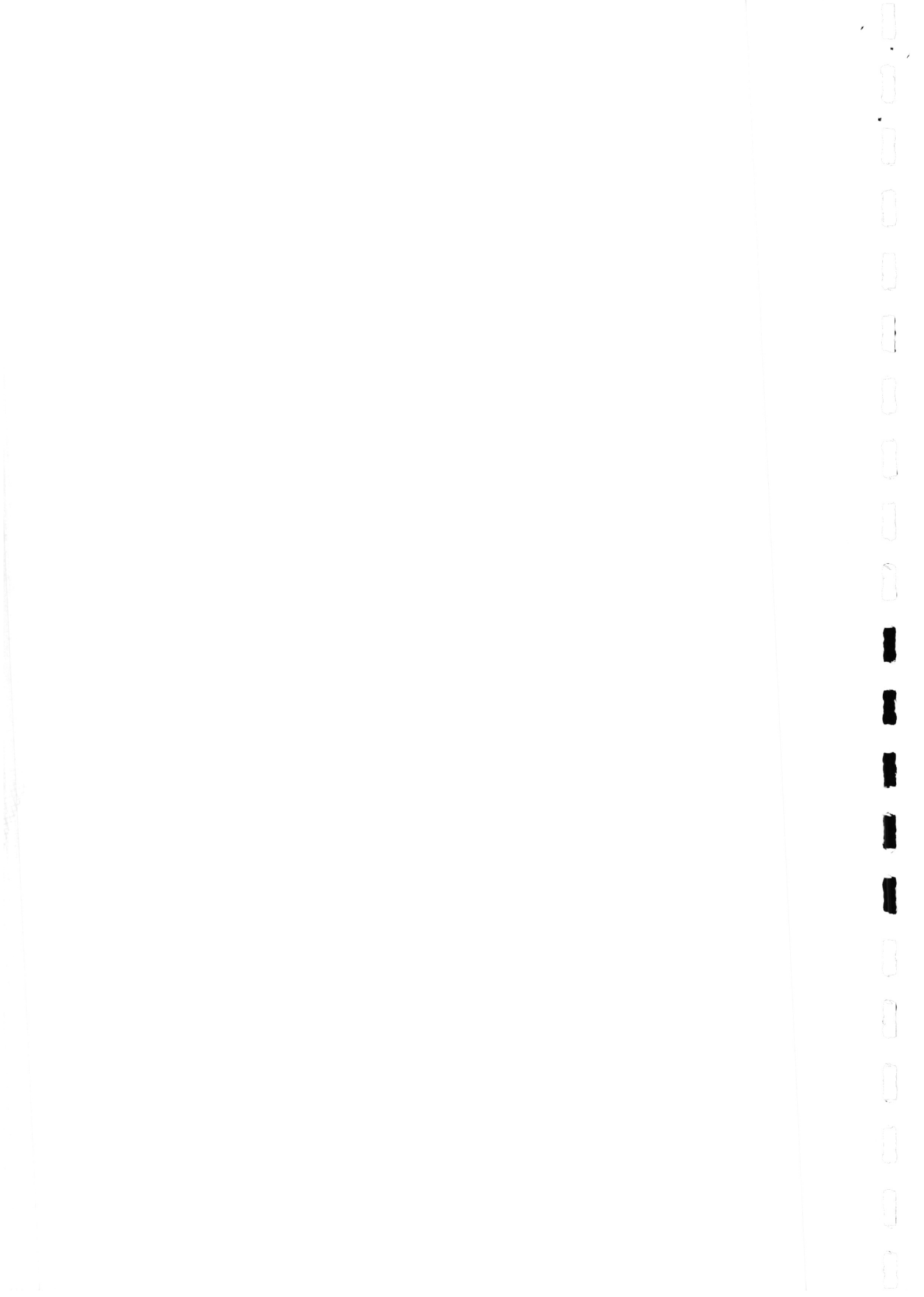
This is submitted for your information and necessary action.

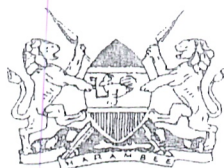
DAVID M. JAKAITI, EBS
FOR: PRINCIPAL SECRETARY

② Other pending bills to also be settled before end month Ato

③ As invoices released by SCU to be settled after internal audit considerations Ato

11/10/18





Appendix 31

REPUBLIC OF KENYA
MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY
STATE DEPARTMENT OF BROADCASTING AND TELECOMMUNICATION

Telephone Nairobi 254-020-4920000/100
Telegrams: "Telposta", Nairobi
Fax; 315147
When replying please quote
Ref. No. MIC/ACCT/25/

Telposta Towers
P.O. Box 30025
NAIROBI
KENYA
10th July, 2018

The Director
Kenya Institute of Mass Communication
KIMC Complex
NAIROBI

RE: DISBURSEMENT OF FUNDS TO THE SAGAS FOR FINANCIAL YEAR 2017-18

The Ministry of Information Communication and Technology wishes to confirm the amounts disbursed to you as at 29th June 2018 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table and sign and stamp the request in the space provided and return it to this office on or be 13th July, 2018.

Confirmation of amounts received by KIMC as at 29 th June, 2018							
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=CA+B+C	Amount Received by Kenya Institute of Mass Communication Kshs..... as at 29 th June 2018	Difference (Kshs) (E)=(D-E)
AFT17215147CG	03.08.17	48,862,500.00			48,862,500.00		
FT17298ZZJDO	25.10.17	48,862,500.00			48,862,500.00		
FT180430QWJI	12.02.18	48,862,500.00			48,862,500.00		
FT18117G72BH	27.04.18	48,862,500.00			48,862,500.00		
TOTAL					195,450,000.00		

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

Head of Accounts Department:

Name JOHN K. WAMBAGY

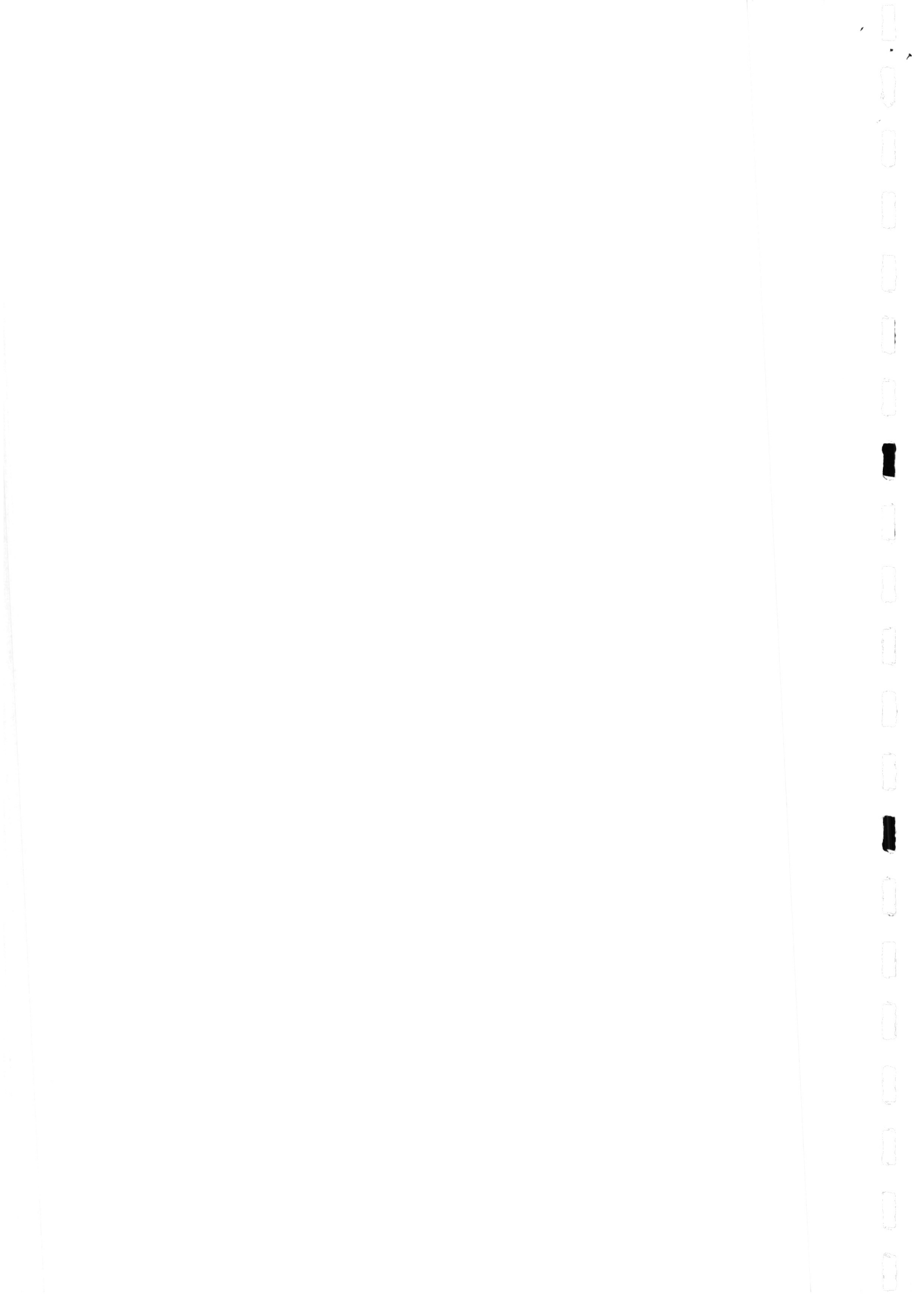
Sign

ACCOUNTANT I/C
K.I.M.C
P.O. Box 42422-00100
NAIROBI

Date 13/7/2018

AMOS MATANGA TAYARI
FOR: PRINCIPAL SECRETARY

cc. Director General Accounting Service and Quality Assurance,
National Treasury
NAIROBI

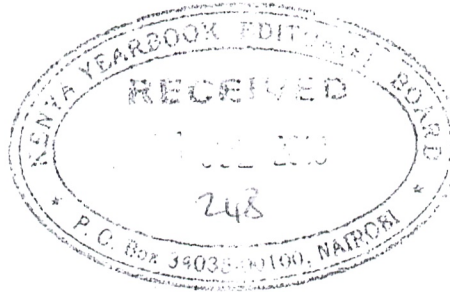




REPUBLIC OF KENYA

MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY
STATE DEPARTMENT OF BROADCASTING AND TELECOMMUNICATION

Telephone Nairobi 254-020-4920000/100
Telegrams: "Telposta", Nairobi
Fax; 315147
When replying please quote
Ref. No. MiC/ ACC/KYB/



Telposta Towers
P.O. Box 30025
NAIROBI
KENYA
10th July, 2018

The Chief Executive Officer
Kenya Yearbook
NAIROBI

RE: DISBURSEMENT OF FUNDS TO THE SAGAS FOR FINANCIAL YEAR 2017-18

The Ministry of Information Communication and Technology wishes to confirm the amounts disbursed to you as at 29th June 2018 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table and sign and stamp the request in the space provided and return it to this office on or before 13th July, 2018.

Confirmation of amounts received by Kenya Yearbook as at 29 th June, 2018							
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=CA+B+C)	Amount Received by Kenya Yearbook Kshs..... as at 29 th June 2018	Difference (Kshs) (E)=(D-E)
FT17215TF507B	03.08.17	14,831,250.00	-	-	14,831,250.00	14,831,250	0
FT117298BYN7J	25.10.17	14,831,250.00	-	-	14,831,250.00	14,831,250	0
FT18033J8KH0	02.02.18	14,831,250.00	-	-	14,831,250.00	14,831,250	0
FT1171NNCM	27.04.18	14,831,250.00	-	-	14,831,250.00	14,831,250	0
TOTAL		59,325,000.00	-	-	59,325,000.00	59,325,000	0

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

Head of Accounts Department:

Name

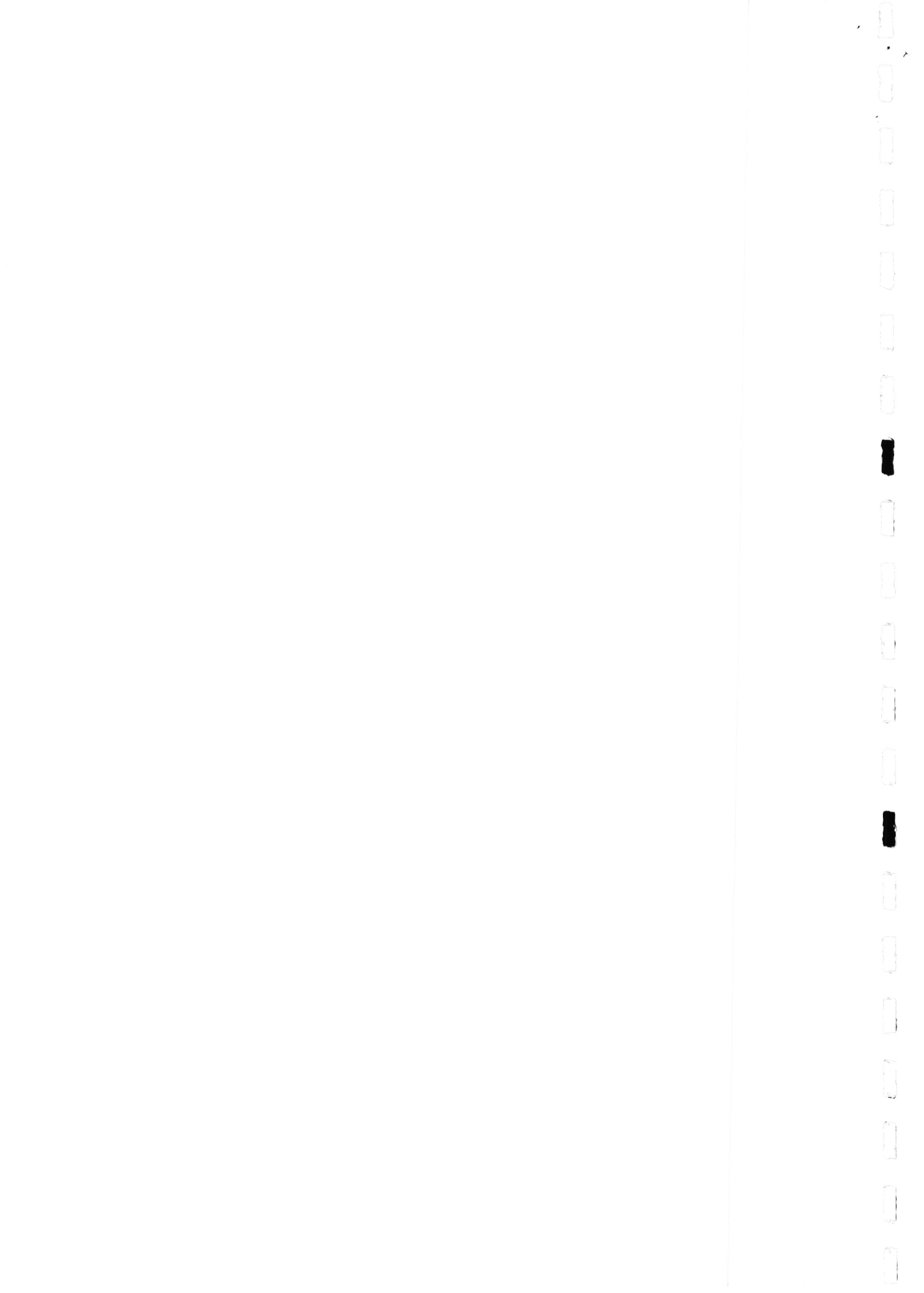
Sign

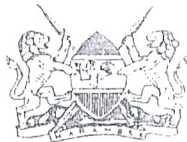
Date 10/07/18

AMOS MATANGA TAYARI
FOR: PRINCIPAL SECRETARY

cc. Director General Accounting Service and Quality Assurance,
National Treasury
NAIROBI

Finance/Account
for your message
11/7/2018





REPUBLIC OF KENYA
MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY
STATE DEPARTMENT OF BROADCASTING AND TELECOMMUNICATION

Telephone Nairobi 254-020-4920000/100
Telegrams: "Telposta", Nairobi
Fax; 315147
When replying please quote
Ref. No. MIC/ ACC/MCK/TY/1/

Telposta Towers
P.O. Box 30025
NAIROBI
KENYA
10th July, 2018

The Chief Executive Officer
Media Council of Kenya
NAIROBI

RE: DISBURSEMENT OF FUNDS TO THE SAGAS FOR FINANCIAL YEAR 2017-18


The Ministry of Information Communication and Technology wishes to confirm the amounts disbursed to you as at 29th June 2018 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table and sign and stamp the request in the space provided and return it to this office on or be 13th July, 2018.

Confirmation of amounts received by Media Council of Kenya as at 29 th June, 2018							
Transaction ID	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)	Amount Received by Media Council Kshs..... as at 29 th June 2018	Difference (Kshs) (F)=(D-E)
FT17215PWZ2N	03.08.17	14,250,000.00	NIL	N/A	14,250,000.00	14,250,000	0
FT17298Y9946	25.10.17	14,250,000.00	NIL	N/A	14,250,000.00	14,250,000	0
FT180317QX21	31.01.18	14,250,000.00	NIL	N/A	14,250,000.00	14,250,000	0
EFT18117ZXNVC	27.04.18	14,250,000.00	NIL	N/A	14,250,000.00	14,250,000	0
Total		57,000,000.00			57,000,000.00	57,000,000	

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

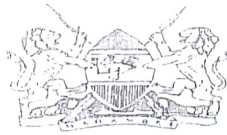
Head of Accountants Department:

Name Samuel Okoth Odongo Sign Peter Date 13/07/2018


AMOS MATANGA TAYARI
FOR: PRINCIPAL SECRETARY

cc. Director General Accounting Service and Quality Assurance,
National Treasury
NAIROBI





REPUBLIC OF KENYA

MINISTRY OF INFORMATION COMMUNICATIONS AND TECHNOLOGY
STATE DEPARTMENT OF BROADCASTING AND TELECOMMUNICATION

Telephone Nairobi 254-020-4920000/100
Telegrams: "Telposta", Nairobi
Fax: 315147
When replying please quote
Ref. No. MIC/ ACCT/28/

Telposta Towers
P.O. Box 30025
NAIROBI
KENYA
10th July 2018

The Chief Executive Officer
National Communication Secretariat
NAIROBI

RE: DISBURSEMENT OF FUNDS TO THE SAGAS FOR FINANCIAL YEAR 2017-18

The Ministry of Information Communication and Technology wishes to confirm the amounts disbursed to you as at 29th June 2018 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table and sign and stamp the request in the space provided and return it to this office on or before 13th July, 2018.

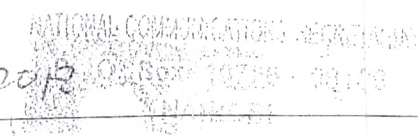
Confirmation of amounts received by National Communications Secretariat as at 29 th June, 2018							
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)	Amount Received by National Communications Secretariat Kshs... as at 29 th June 2017	Difference (Kshs) (F)=(D-E)
	04.08.17	20,000,000.00			20,000,000.00	20,000,000.00	0
FT17305VMDDRR	01.11.17	40,000,000.00			40,000,000.00	40,000,000.00	0
FT1803144SDQ	31.01.18	20,000,000.00			20,000,000.00	20,000,000.00	0
FT18137LJQ53	17.05.18	40,000,000.00			40,000,000.00	40,000,000.00	0
Total		120,000,000.00			120,000,000.00	120,000,000.00	0

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

Head of Accounts Department:

Name DAVID OBIAN Sign [Signature]

Date 13/07/2018



AMOS MATANGA TAYARI
FOR: PRINCIPAL SECRETARY

cc. Director General Accounting Service and Quality Assurance,
National Treasury
NAIROBI

