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OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE REVENUE STATEMENT

**FOR THE YEAR ENDED
30 JUNE 2017**

**STATE DEPARTMENT FOR BROADCASTING
AND TELECOMMUNICATIONS**



**RECEIVER OF REVENUE
STATE DEPARTMENT FOR BROADCASTING AND
TELECOMMUNICATIONS**

REVENUE STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

**Prepared in accordance with the Cash Basis of Accounting Method under the International Public
Sector**

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATION
REVENUE STATEMENT
FOR THE YEAR ENDED JUNE 30 2017

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background Information

The State Department for broadcasting and telecommunications at Cabinet Level is represented by the Cabinet Secretary for Information and Technology, who is responsible for the general policy and strategic direction of the Ministry. The Accounting officer is the Principal Secretary, who was appointed receiver of revenue on 1st July 2016.

(b) Principal Activities

The receiver of revenue collects revenue from sale of licences under the communications Act, and revenue collected is remitted to the National treasury.

(c) Key Management

The Department's day to day management is under the following key offices;

Cabinet secretary - Joseph Wakaba Mucheru (CBS)

Principal Secretary - Sammy Itemere (EBS)

Senior Management;

Edith Nkanata - Senior Assistant accountant General

Sephone Ombachi - Senior Principal Finance Officer

i) 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

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATION
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ii) Entity Bankers

1. Central Bank of Kenya

Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Kenya Commercial Bank (Districts Bank Accounts)

iii) Independent Auditors

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

iv) Principal Legal Adviser

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

II. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue shall prepare an account of the revenue received and collected by that receiver during that financial year.

The Principal Secretary in charge of the State Department for Broadcasting and Telecommunications is responsible for the preparation and presentation of the Receiver of Revenue account, which gives a true and fair view of the state of affairs of the Receiver of Revenue for and as at the end of the financial year (period) ended on June 30, 2017. 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 Principal Secretary in charge of the State Department for Broadcasting and Telecommunications accepts responsibility for the entity's Receiver of Revenue accounts, 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) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the State Department for Broadcasting's Receiver of Revenue account gives a true and fair view of the state of transactions during the financial year ended June 30, 2017, and of the entity's financial position as at that date. The Principal Secretary charge of the State Department for Broadcasting and Telecommunications further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the Receiver of Revenue account as well as the adequacy of the systems of internal financial control.

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The Principal Secretary in charge of the State Department for Broadcasting and Telecommunications confirms that the entity has complied fully with applicable Government Regulations 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 Principal Secretary confirms that the Receiver of Revenue's accounts 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 Revenue Statements

The revenue statements were approved and signed by the Principal Secretary on ~~29th DECEMBER~~ 2017.



SAMMY S. ITEMERE, CBS
PRINCIPAL SECRETARY



EDITH KAINDA NKANATA
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER 3974

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON REVENUE STATEMENT-STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE REVENUE STATEMENTS

Opinion

I have audited the accompanying revenue statements of State Department for Broadcasting and Telecommunications set out on pages 7 to 14, which comprise the statement of arrears in revenue as at 30 June 2017, statement of receipts and transfers, statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the revenue statements present fairly, in all material respects, the statement of arrears in revenue of State Department for Broadcasting and Telecommunications as at 30 June 2017, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, except for the matter described in the Emphasis of Matter Section of my report and based on the procedures performed, nothing has come to my attention to believe that public money has not been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of State Department for Broadcasting and Telecommunications 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 revenue statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

As disclosed in Note VII (1) to the revenue statement although, the Principal Secretary, State Department for Broadcasting and Telecommunications was

Report of the Auditor-General on Revenue Statement - State Department for Broadcasting and Telecommunications for the year ended 30 June 2017

appointed as a receiver of revenue. The department did not receive any revenue and the revenue budget did not provide an item for revenue. These matters were addressed in the context of the audit of the revenue statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key Audit Matters

Key audit matters are those matters that in my professional judgement, are of most significance in the audit of revenue statements. There were no Key Audit Matters to report in the year under review.

Responsibilities of Management and those charged with Governance for the Revenue Statements

Management is responsible for the preparation and fair presentation of these revenue statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of revenue statements that are free from material misstatement, whether due to fraud or error.

In preparing the revenue statements, management is responsible for assessing the Ministry's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting, unless the management either intends to have the state department or to cease operations, or have no realistic alternative but to do so.

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

Those charged with governance are responsible for overseeing the Ministry's revenue reporting process.

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

The audit objectives are to obtain reasonable assurance about whether the revenue statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these revenue statements.

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

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

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

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



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

Nairobi


14 February 2018


STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATION
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III. STATEMENT OF RECEIPTS AND TRASFERS

	Note	2016/17 Kshs	2015/16 Kshs
NON TAX RECEIPTS			
Fees on use of Goods/Services	6	-	-
TOTAL NON TAX RECEIPTS		0	0
TOTAL RCEIPTS COLLECTED			
		0	0
TRANSFERS TO THE EXCHEQUER ACCOUNT			
		-	0
BALANCE BROUGHT FORWARD	16	-	0
BALANCE CARRIED FORWARD			
	16	0	0

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 29th Dec 2017 and signed by:


SAMMY S. ITEMERE, CBS
PRINCIPAL SECRETARY


EDITH KAINDA NKANATA
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER.3974


(Ref: PFM ACT section 82, 2(a))

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IV. STATEMENT OF ARREARS IN REVENUE AS AT 30 JUNE 2017

Classification of Revenue	Accumulated amount in arrears from prior periods to June 2015 (a)	Amount in arrears for the immediate previous year to 30 June 2016 (b)	Amount in arrears for the current year to June 30 2017 (c)	Total arrears as at 30 June 2017 (a+b+c)	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Non Tax Revenues						
Fees on Use of Goods and services	0	0	0	0		
Total arrears	0	0	0	0		


 SAMMY S. ITEMERE, CBS
 PRINCIPAL SECRETARY


 EDITH KAINDA NKANATA
 SENIOR ASSISTANT ACCOUNTANT GENERAL
 ICPAK MEMBER NUMBER.3974

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATION
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V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 FOR THE PERIOD ENDED 30 JUNE 2017

	Original budget 2016-2017	Adjustments 2016-2017	Final budget 2016-2017	Actual on comparable basis 2016-2017	Performance difference 2016-2017
Non tax receipts					
Fees on use of Goods/Services	0	0	0	0	0
Total Non-tax receipts	0	0	0	0	0
Total receipts	0	0	0	0	0

(a) *Despite the fact that we received a letter of designation and responsibility as a receiver of revenue (ref:AG.1/021 vol.II/142 dated 27th July 2016), the financial estimates for the year 2016/2017 did not provide an item for revenue. We are therefore not able to provide estimates for the revenue.*

VI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

The revenue statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the entity.

2. Recognition of Revenue

The entity recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the entity.

3. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the revenue statements. The revenue budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the revenue's actual performance against the comparable budget for the financial year under review has been included as part of notes to these financial statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya.

5. Revenue in Arrears

This relates to revenue due and is yet to be received or collected by the receiver of revenue. The revenue in arrears is as disclosed in the Statement of Revenue in Arrears under section IV of these financial statements.

6. Comparative Figures

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

7. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2017.

8. Statement of Arrears of Revenue

The statement of arrears of revenue is not a requirement as per the IPSAS Cash Standard. The IPSAS Cash Standard encourages disclosure of accrual based balances since it's a transitional standard to accrual basis of accounting. The PFM Act, 2012 section 82,2b and section 69(c) of the PFM Regulations 2015 requires a Receiver of Revenue to prepare a statement on revenue of arrears due but not yet collected at the end of the period. This statement has been disclosed under section IV of these financial statements.

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATION
 REVENUE STATEMENT
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VII. NOTES TO THE FINANCIAL STATEMENTS

1. FEES ON USE OF GOODS AND ON PERMISSION TO USE GOODS OR TO PERFORM SERVICES AND ACTIVITIES

Description	2016-2017		2015-2016	
	Kshs		Kshs	
Licenses under the Communication Act	0		0	
Total Fees	0		0	
Balance brought forward	0		0	
Transfers to the Exchequer account	0		0	
Balance carried forward	0		0	

Despite being allocated as receivers of revenue, The Department's headquarters does not receive any revenue, and the estimates do not provide an item for revenue.

2. BALANCES CARRIED FORWARD

a) Balance carried forward subsequently transferred	
Amount	
1. 0	
b) Balance carried forward yet to be transferred	
1. 0	

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATION
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ANNEX 1: A REPORT OF WAIVERS AND VARIATIONS OF TAXES, FEES OR CHARGES GRANTED BY THE RECEIVER OF REVENUE DURING THE YEAR.

Name of person / organisation benefitting from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver		Reasons for waiver/ variation	The law in terms of which the variation was granted
N/A	N/A	N/A		N/A	N/A

(PFM ACT section 82 sub section 4, 5)

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATION
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VIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

There were no issues raised by the Auditor on the Statement of Revenue Previously prepared.



SAMMY S. ITEMERE, CBS
PRINCIPAL SECRETARY



EDITH KAINDA NKANATA
SENIOR ASSISTANT ACCOUNTANT GENERAL
ICPAK MEMBER NUMBER.3974