

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

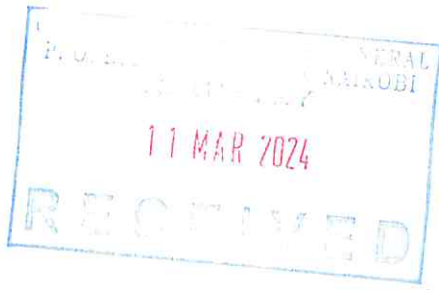
OF

THE AUDITOR-GENERAL

ON

**COMMUNICATIONS AUTHORITY
OF KENYA**

**FOR THE YEAR ENDED
30 JUNE, 2023**



**COMMUNICATIONS
AUTHORITY OF KENYA**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023**

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

**Communications Authority of Kenya
Annual Report and Financial Statements
For the year ended June 30, 2023**

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I. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

DG	Director General
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
TNT	The National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
USAC	Universal Service Advisory Council

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

II. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activity

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

(c) Key Management

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

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

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Director General/CEO	Mr. Ezra Chiloba
2.	Director/Regulatory Affairs and Governance	Mrs. Mercy Wanjau, MBS (Exited on 27 October 2022)
3.	Ag. Director/Regulatory Affairs and Governance	Dr. Japheth Odhiambo
4.	Director/ Corporate Communications	Mr. Christopher Wambua (Deployed to a special Assignment)
5.	Ag. Director/Public Education & Awareness	Ms. Patricia Muchiri
6.	Director/ Finance & Accounts & Caretaker Human Capital & Administration	CPA Joseph Kimanga
7.	Ag. Director/ Supply Chain Management	Ms. Jane Rotich
8.	Director/ Internal Audit & Risk Assurance	CPA Rosalind Murithi
9.	Director/ Human Capital & Administration	Mr. Juma Kandie (Exited on 24 th May 2023)
10.	Director/ Universal Access and Service Strategy and Coordination	Mr. Christopher Kemei
11.	Ag. Director/ Frequency Assignment and Licensing	Mr. Mohammed Haji
12.	Director/Telecom, Postal and Courier, and Electronic Transaction Licensing	Mr. Matano Ndaro
13.	Director/ Information, Communications and Technology	Mr. Michael Katundu (Exited on 17 th January 2023)
14.	Director/ Multimedia Licensing and Content Regulation	Eng. Leo K. Boruett
15.	Ag. Director/ Research, Planning & Quality Management	Dr. James Njeru
16.	Ag. Director/ Cyber Security Management and Monitoring	Dr. Vincent Ngundi
17.	Ag. Director Information, Communications, and Technology	Mr. Joseph Nzano
18.	Ag. Director Compliance & Enforcement	Mr. Peter Ikumilu
19.	Ag. Director Competition Management	Mr. Lukas Musembi
20.	Ag. Director Monitoring, Inspection & Regional Coordination	Mr. Titus Cheptoo

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Fiduciary Oversight Arrangements

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

Finance and Planning Committee

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

Board Audit and Risk Assurance Committee

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

People and Culture Committee

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

Technical and Broadcasting Standards Committee

The Technical and Broadcasting Standards Committee is established mainly to give recommendations and advise to the Board on Technical, Regulatory and Broadcasting matters in the ICT sector. This committee is established vide KICA (Amendment) Act, 2013, section 7 (f) establishes the committee and such other committees as may be necessary to carry out its functions.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Authority's Headquarters

P. O Box 14448 - 00800

CA Centre

Waiyaki Way

Nairobi, KENYA

(f) Authority's Contacts

Telephone: (254) 703 042 000

E-mail: info@ca.go.ke

Website: www.ca.go.ke

(g) Authority's Bankers

1. Kenya Commercial Bank

Sarit Centre Branch

P.O. Box 30081

Nairobi, 00800

Nairobi, Kenya

4. Equity Bank Kenya Ltd

Fourways, UpperHill

P.O. Box 75104

Nairobi 00200

Nairobi, Kenya

2. Co-operative Bank of Kenya

Westlands Branch

P.O. Box 66589

Nairobi, 00800

Nairobi, Kenya

3. Citibank NA Kenya

Head Office, Upper Hill

P.O Box 30071

Nairobi, 00100

Nairobi, Kenya

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

III. THE BOARD OF DIRECTORS



Ms. Mary W. Mungai, CBS born 1965, is the Chairperson of the Board of Directors of the Communications Authority of Kenya (CA) having been appointed on 2nd December 2022.

She is an experienced Chief Executive Officer with over 30 years of success in various industries. She is the owner and CEO of multiple businesses with over 500 direct employees, over 1000 direct and indirect employees and revenues of over \$30 million annually.

Ms. Mungai is a decisive and strategic leader with skills in strategic leadership, financial management, business operations and strategy, communication and delegation, and risk management. She has grown her companies rapidly from scratch through aggressive new market strategies and cultivated a performance-driven company culture to lead industry innovations.

She has served as a Board Member in several entities, including as a Board Member of Kenyatta National Hospital for seven (7) years, where she served as Chair of Finance and all Purposes Committee, and as Chair of Corporate Strategy and Enterprise Committee. She also has interest in the hospitality industry and the real estate.



Capt. Gilbert M. Kibe. born 1963 was the Chairman of the Board of Directors of the Communications Authority of Kenya (CA) having been appointed on 17th May 2022 by His Excellency President Uhuru Kenyatta and resigned as Chairman on 2nd December 2022.

Until his appointment, Capt. Kibe was the immediate former Director General of the Kenya Civil Aviation Authority (KCAA) where he had served for over six years.

is a visionary leader with a 42-year stellar career spanning management, training, policy development and implementation. He has proven track record in providing strategic leadership at senior level in the corporate and government sectors. He is an authority in the aviation industry where he has influenced growth and development in through policy development and implementation, advisory services, business development, training and enhancing service delivery in the sector.

Capt. Kibe has held various positions in international aviation bodies including as Chairman of the Executive Committee of the Civil Air Navigation Services Organization (CANSO), Chairman of the Regional Aviation Safety Group - Africa & Indian Ocean Islands at the International Civil Aviation Organization (ICAO) and Chairman of the Board of the East African Community - Civil Aviation Safety & Security Oversight Agency. He has also previously worked as Executive Chairman Eagle Aviation, Director Business Development at Home Afrika Ltd, Managing Director Bahati Ridge Development Ltd and Chief Executive at Nairobi Flight Training Ltd. He holds a Master of Business administration (Aviation) from Moi University, Commercial Pilots License with Single and Multi-Engine Land and Instrument Rating, among other qualifications.

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Mr. Ezra Chiloba born in 1978, is the Director General/CEO of the Communications Authority of Kenya, having been appointed on 28th September 2021. Prior to this appointment, he served as Principal Partner at Chil & Kemp Strategies Ltd, a Strategy Management Company, where he focused on strategy and risk management, policy and regulatory analysis, and leadership and management effectiveness. Mr. Chiloba also served as the Chief Executive Officer/Commission Secretary of the Independent Electoral and Boundaries Commission (IEBC) between 2015 – 2018. In this role, he was responsible for the management and administration of an unparalleled large-scale and complex national election programme. He has also worked with other reputable international and local organizations including the UN. His experience spans over 15 years in public sector management including policy, legislation, financial management, stakeholder management, risk management and leadership. He has also served as a Board Member of the Youth Enterprise Development Fund. Mr. Chiloba is an all-round public sector leader who is inspired by the idea that a progressive society is dependent on a facilitative government. He also has a deep appreciation of the communication industry; its global and local challenges and opportunities for social-economic growth. He holds an MSc in Major Programme Management (MMPM) from the University of Oxford (UK) and an MA in Public Policy (MPP) from the Central European University (Hungary). He graduated with a Bachelor of Laws degree from the University of Nairobi and was admitted to the Roll of Advocates of the High Court in Kenya. In 2015, he was named among the *Top 40 under 40 Men* by the *Business Daily*.



Prof. Edward Kisiang'ani, born in 1965, is the Principal Secretary, State Department for Broadcasting and Telecommunications, Ministry of Information, Communications, and the Digital Economy.

He serves on the CA Board in his capacity as the Principal Secretary. He holds a PhD degree in Archaeology and Political Studies from Kenyatta University. Prof. Kisiang'ani has over 20 years of work experience and has extensive university experience in teaching History and Political Studies. He was appointed on 1st December 2022.



Dr. Chris Kiptoo, CBS born in 1967, is the Principal Secretary for The National Treasury and Economic Planning. He serves on the CA Board in his capacity as the Principal Secretary. He holds a Ph.D in International Macroeconomics Finance specialization from the University of Nairobi.

He has several years experience in economic policy analysis particularly on areas related to: International Trade and Finance issues including BoP and exchange rate developments; Monetary policy, real sector and public finance issues; Policy and programme developments originating from multilateral and regional organizations;

Interrelations among macroeconomic accounts as well as macroeconomic modelling and forecasting issues. Dr Kiptoo is an accredited Fellow of the Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI) in the field of Macroeconomic Management. He is also an Associate of Kenya Chartered Institute of Bankers (A.K.I.B). He was appointed on 1st December 2022.

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Dr. Raymond Omollo, born in 1979, is the Principal Secretary for Ministry of Interior and National Administration. He serves on the CA Board in his capacity as the Principal Secretary. He holds a Ph.D in Applied Statistics from the University of Nairobi.

He has over 16 years of experience and previously served as a non-executive board member at Consolidated Bank of Kenya and Managing Director of the Lake Basin Development Authority (LBDA) since 2019.

Dr. Omollo is a statistician and research professional and has previously worked in the non-profit Research and Development organization management industry with a keen focus in Data Management, Statistical Data Analysis, Epidemiology, and Statistical Modeling. He was appointed on 1st December 2022.



Mrs. Esther Koimett, CBS born in 1957, was the Principal Secretary for the State Department of Broadcasting and Telecommunications, Ministry of Information, Communications and Technology (ICT) and served on the CA Board in her capacity as Principal Secretary until her replacement on 2nd December 2022.

She holds a Master's Degree in Business Administration (MBA) from the University of Nairobi and a Bachelors of Commerce (BCom) Degree from the University of Nairobi. She has over 25 years work experience in the public service, having previously served as Principal Secretary in the Ministries of Tourism & Wildlife and Transport, Infrastructure, Urban Development and Public Works. She has also served in numerous Boards including, Kenya Railways Corporation, Telkom Kenya Limited and Safaricom Limited.



Dr. (Eng.) Karanja Kibicho, CBS born in 1967 was the Principal Secretary State Department of Interior, office of the President until his replacement on 2nd December 2022. He holds a doctorate in Mechanical Engineering from the University of Cape Town, South Africa, a Masters of Science (MSc) degree in Mechanical Engineering and a Bachelor of Science (BSc) in Mechanical Engineering.

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



Dr. Julius Muia born in 1960 was the Principal Secretary at The National Treasury. Prior to this, he was the Principal Secretary at the State Department for Planning - The National Treasury and Planning until his replacement on 2nd December 2022. An alumnus of the University of Nairobi's School of Business, Dr Julius Muia graduated with a First-Class Honours Degree in Accounting; Master's Degree and PhD in Finance from the same university. His professional qualifications include Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach. Dr. Muia has over 25 years' experience in leadership in Kenya and UK.

INDEPENDENT BOARD DIRECTORS



Mr. Eric Langat born in 1958 is a holder of a Bachelor of Science degree in Business Administration from the University of Eastern Africa. He joined the defunct KP&TC in 1985 and later the Postal Corporation of Kenya where he served in various managerial positions in operations management, sales and marketing, logistics, strategy and international postal affairs. In his long experience in the communication sector spanning a period of over 30 years, he served as a Regional Postal Manager, Head of Courier/EMS, Logistics and Property Management. Mr. Eric Langat also served in the international postal affairs where he was as the technical advisor to the Chairman of the Universal Postal Union's Council of Administration from 2007 to 2012 and subsequently as advisor to the Director General of the International Bureau of the Universal Postal Union in Bern, Switzerland in 2013.

Mr. Eric Langat was also a member of a Task force appointed to study challenges facing the designated operator (PCK) and recommend to the Minister for ICT a Revamping strategy for the Corporation. He also served as a member of the Steering Committee that was appointed by the Ministry of ICT to spearhead the Setting up of the National Addressing System for Kenya representing the postal and courier sector until 2018.

Mr Eric Langat is currently in private business and is also a Board Member of a privately-owned tea factory. He was appointed on 24th February 2023 for a period of three (3) years.



Mr. Okeng'o Joel Nyambane born in 1989 is a highly motivated and strategic professional with a strong background in law and political science. He earned his Bachelor of Law and Bachelor of Political Science degrees from the Catholic University of East Africa, where he developed a comprehensive understanding of legal and political systems.

Throughout his academic career, Okeng'o Joel Nyambane has demonstrated exceptional dedication and hard work. His ability to think critically and strategically has allowed him to excel in both his studies and his professional pursuits. He is highly skilled in legal research, analysis, and writing, and he possesses a keen understanding of political systems and policies. He serves as the Chairperson of the Board Audit & Risk Assurance committee and a member of the Technical and Broadcasting Standards committee.

In addition to his academic achievements, Okeng'o Joel Nyambane has a proven track record of success in the workplace. He is a highly effective communicator and collaborator, and he possesses excellent interpersonal skills. His strategic thinking and problem-solving abilities have enabled him to overcome challenges and achieve his goals.

Overall, Joel is a highly skilled and dedicated professional with a passion for law and politics. He is committed to making a positive impact on society through his work, and he is constantly seeking new opportunities to learn and grow. He was appointed on 24th February 2023 for a period of three (3) years.

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Ms. Christine Bhoke Nchamah born in 1979 is a community developer, entrepreneur, and politician with a passion for women's rights and empowerment. She holds a Bachelor of Arts degree in Community Development and a Diploma in Community and Social Development from Kisii University.

Ms. Christine has a track record of advocating for vulnerable members of society and turning ideas into reality. She served as a board member of Lake Basin Development Authority from 2019-2022 and was the Secretary of Kuria West Constituency from 2013-2022. In addition, she chaired the Kuria West Women Sacco from 2015-2020. Christine's love for lending a helping hand to the less fortunate in the community is evident in her work. She was appointed on 24th February 2023 for a period of three (3) years.



Mr. Nicholas Kamuya Ng'arua born in 1957 is a practicing lawyer with Busaidy Mwaura Ng'arua & Company Advocates. Prior to this, he served as the Secretary/ CEO of the Tax Appeals Tribunal, where he was responsible for its operationalization. Nicholas has worked for the Income Tax Department and Kenya Revenue Authority for 38 years, starting as a Tax Assistant Trainee and retiring as a Senior Assistant Commissioner.

During his career, he trained and worked in all aspects of tax administration and joined the Technical Policy Unit at the Authority's Head Office. Nicholas was a member of the inaugural team that drew up the policy paper that established the now highly acclaimed Alternative Dispute Resolution unit of the Authority. He holds a Bachelor's of Laws degree from the University of Nairobi and a Postgraduate Diploma in Law from the Kenya School of Law.

Nicholas is also an associate of the Chartered Institute of Arbitrators. He has facilitated several courses and enjoys reading, golf, and traveling. His life motto is "For self and humankind." He was appointed on 24th February 2023 for a period of three (3) years. He was replaced on 26th May 2023



Mr. Paul Mureithi born in 1958 is a board member after being appointed on 17th July 2021 until 24th February 2023. He was reappointed on 24th March 2023 for a period of three (3) years. He has 25 years' experience in telecommunications having worked in Telkom (K) Limited.

He has worked in cable network, fibre optic planning and construction in Nairobi Central and Nairobi North region as a Senior Manager. He is a Director of Tymstar Motors Limited, Tymtrack Limited, Mweiga Homes Limited, Dualway Properties Limited among others.

Mr. Mureithi has a wealth of experience in various engineering departments since 1978. He has served as a Technical trainee in Kenya Telkom's KRTS and KCCT Communications Engineering Schools, rising through the ranks as Senior Technician, Assistant Engineer, Senior Engineer, Senior Sectional Engineer and Assistant Manager Engineering in charge of Kiambu County, Westlands, Kileleshwa, Parklands and Muthangari Telephone Exchanges. He worked in the defunct Kenya Posts, Telecommunications, and Telkom (K) Ltd for 25 years. He serves as the Chairperson of the Technical and Broadcasting Standards committee and a member of the Board Audit & Risk Assurance committee.

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Dr. Kochei K Albert born in 1978 is a CEO and lead consultant at LFE Corporate Solutions, offering consultancy services and research in areas such as business coaching, leadership, project management, and financial development. He has a Bachelor of Commerce in Accounting, a Master's in Environmental Economics, and is currently pursuing a Master's in Management and Leadership.

He has previously worked as an internal auditor at World Vision Kenya and as a political and economic resilience program manager at the International Centre for Livelihood and Environmental Protection. Albert is an active member of Strathmore University alumni and has been a speaker at leadership seminars in Canada and Ethiopia. He was appointed on 24th March 2023 for a period of three (3) years. He serves as the Chairperson of the Finance and Planning committee and a member of the Staff Matters and Administration committee.



Ms. Tonia Mutiso born in 1973 is a lawyer by training with over 23 years of experience in Law, Human Resources and Marketing within the technology sector.

Currently, she is the managing partner & Co-CEO of Tellistic Technology Services, a capacity building, data analytics and software engineering firm. Formerly the Chief Marketing Officer for GE Healthcare Africa where she drove growth for the company across Africa through investments in the private and public sector, she also served in various roles at Microsoft Corporation for a period spanning 20 years.

Her most recent role at the Microsoft was as the Chief Marketing Officer for Microsoft 4Afrika where she focused on empowering African youth, catalyzing the startup ecosystem and enabling small and growing business to spur economic growth across Africa. In addition, Tonia serves on the boards of Echo Mobile and talent and human capital startup, Fuzu. She was appointed on 24th March 2023 for a period of three (3) years. She serves as the Chairperson of the Staff Matters and Administration committee and a member of the Technical and Broadcasting Standards committee.



Ms. Sarah Kabira born in 1983 is a senior telecommunications professional with over 15 years of progressive experience in the field of IT (Information Technology), with eight (8) of those in leadership positions in the ICT and telecommunication industry. She is the Managing Director of Techminds Technologies Limited an ICT Services firm. She formerly worked in leadership positions in the ICT and telecommunication industry in UK and Kenya. Sarah is in the leadership of the Women's Mentorship Network a mentorship network focused on increasing the spend and capacity building of Women owned companies. She holds a Master of Philosophy in Technology Policy from the Judge Business School, Cambridge University and Bachelor of Science in Computer Science at University of Nairobi (First Class Honors).

She has previously been named IEEE Woman Engineer of the Year and received a Shell Chevening Scholarship (Cambridge University). She was appointed to the CA board on 26th May 2023 for a period of 3 years.

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Ms. Patricia Kimama born in 1973, Ms. Patricia Kimama was first appointed to the CA Board of Directors on 29th April 2016 for a period of three years. She was re-appointed for a further three-year term effective 6th January 2020 until 6th January 2023.

Ms. Kimama holds an MBA (Strategic Management) from Daystar University, a Master's Certificate in Project Management from George Washington University, and a Bachelor's of Science Degree from Moi University.

She has attended various Executive leadership development programs such as the Senior Management Program (SMLP) from the Strathmore University's Graduate School of Business and the Stanford Business Leadership Series from Stanford University Graduate School of Business. She holds an Executive Coaching Certificate from the Academy of Executive Coaches (AoEC). She is Currently undertaking her PHD Studies in Organizational leadership at PAC University.

Patricia is a business leader with 25 years' experience. She has led business transformations, managed operations, strategy implementation, customer experience, retail management and project management in market leading corporate organizations and groups, spanning across Financial Services, Public Sector, Mobile Money, Fintech, and the Telecoms industry having served in organizations such as, Britam Holdings, NCBA Bank, CBA Bank, Safaricom and Davis & Shirtliff Limited. Previously, she served as the Chairperson of the Staff Matters & Administration Committee, Board Audit Committee and a member of the Technical Committee. She served as the Chairperson of the Finance Matters committee and a member of the Broadcasting committee.



Mr. Jackson Kiprotich Kemboi born in 1976 is a private surveyor within Uasin-Gishu county, Elgeyo-Marakwet, Nandi and Tranzoia Counties. He was appointed on 17th July 2021 for a period of 3 years. Mr. Kemboi holds a Diploma Certificate in Procurement and Bachelor of Arts degree in Political Science & Public Administration from the Moi University. He is also pursuing a Master's degree in Human Resource Management in the same University. Mr. Kemboi also serves as a Board member of the Kenya Investment Authority. He served as the Chairperson of Staff Matters Committee. He was replaced on 24th February 2023.



Prof. Levi Obonyo born in 1966, is an Associate Professor of Communication and Media Studies, and also the Dean of the School of Communication, Language and Performing Arts at Daystar University. Prof. Obonyo holds a PhD in Mass media and Communications from Temple University Philadelphia, USA.

He also holds a Postgraduate Diploma in Tertiary Education from Potchefstroom University for Christian Higher Education, South Africa. He is a former Chairman of the Media Council of Kenya. He currently serves as a member of the Advisory Council to Kenya National Commission to UNESCO (KNATCOM) specializing on communications. He joined the CA Board on 20th May 2014 and reappointed in 29th April 2016 for a further term of three (3) years that lapsed on 28th April 2019. He was reappointed for a further term of three (3) years effective 6th January 2020 until 6th January 2023. He served as the Chairperson of the Broadcasting & Standards committee.

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Ms. Kentice Tikolo, OGW born in 1964, is a communications expert with over 15 years' experience in Strategic Corporate Communications and Public Relations. She is the founder and Managing Director of Impact Africa Limited, a strategic Public Relations & Communications firm, based in Nairobi, Kenya. Prior to going to private business, Ms. Tikolo worked at the Kenya Wildlife Service as the Head of Corporate Communications. Ms. Tikolo holds a Master of Science degree in Public Relations from the University of Stirling in Scotland, and a first degree in Education from Kenyatta University. She was appointed to the CA Board on 29th April 2016 for a period of three (3) years that lapsed on 28th April 2019. She was reappointed for a further term of three (3) years effective 6th January 2020 until 6th January 2023. She served as the Chairperson of the Board Audit & Risk committee.



Ms. Laura Chite born in 1972 was appointed to the Board on 17th July 2021 for a period of three (3) years to serve as an Independent Non-Executive Director of the Board where she continues to be a champion for digital transformation. She has over 20 years' experience in the ICT sector, having held various positions in marketing, communications, human resources, sales, business development and as a CEO. She is the founder, Hernovation, a Woman in IT Leadership community focused on growing women in the tech space into leadership positions via networking, soft skills training, and mentorship in East Africa. Ms. Chite was recently appointed as the CEO at StepWise Inc, which is an Enterprise that uses the power of technology to train and equip persons from historically underprivileged communities, particularly women, youth and Persons with Disabilities, to compete and succeed in the 4th Industrial Revolution. She was previously the CEO at CIO East Africa, where she grew the business in the last four years into a brand that connects business & public sector to technology solution providers in support of their Digital transformation journey. Through her leadership, CIO East Africa has now grown into CIO Africa and will continue to bring technology closer to decision makers to drive Africa's transformational agenda and gear up for the fourth industrial revolution. She previously worked at Microsoft in various roles where she was instrumental in growing the brand across Sub-Saharan Africa. Away from boardrooms, Ms. Chite has a passion for Rugby and is currently on the Advisory board for Kisumu Rugby Football Club. She is currently the Chairperson of iGov Africa, a boutique Kenyan innovation house that partners with Governments, Development Agencies, and Innovators for the development of the innovation ecosystem dedicated to efficient public service delivery through digital transformation. Some of her business and industry accolades and engagements include: Gender Mainstreaming Awards – Inclusive Leader, East Africa, 2021; Gender Mainstreaming Awards – Positive Role Model, East Africa 2021; Judge at BOLD Awards (Awards for Global Digital Industries) and Thomson Reuters Awards, Africa; Speaker at several conferences – CIO East Africa Tech Summits, The World Blockchain Summit, Transform Africa, Africa Women in Payments, The World Bank Covid 19 Digital Transformation staff conference, International Women's Day, TedX amongst many others. She has over 20 years experience in the ICT sector, having held various positions in marketing, communications, human resources, sales, business development and as a CEO. She was replaced on 24th February 2023.

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Mr. Mahmoud Noor, born in 1974 was a board member of the Communications Authority of Kenya following his appointment in July 2021. He holds a Bachelor's Degree in Computer Science from The University of the Valley, Diploma in Telecommunications from Kenya College of Communications Technology, and the United States Telecommunications Training Institute, and a diploma in Management from Kenya Institute of Management. Mr Mahmoud Noor is an ICT Consultant and Youth advisor, with experience spanning over 23 years. A trained Telecommunications technician and served in the design and implementation of the Kenya's data and internet network while working at the then State monopoly, Telkom Kenya in the late 90's. He was also instrumental in connecting the Eastern Coast of Africa to the rest of the world through the laying of the Seacom undersea cable that connects Eastern Africa to Europe and Asia in 2009 where he rose to be the Company's Operational Manger for East and North Africa. Mahmoud has always been passionate about Community work and has participated in many community projects all over Kenya but most recently was instrumental in the support of the Technology Hubs in Nairobi by supporting them with connectivity, while doubling up as the CSR Lead in Kenya for Seacom. Mahmoud founded Swahili pot Hub, a creative space in Mombasa for Techies and Artists, a centre that has become a safe space for hundreds of youths in Mombasa and neighbouring counties of Kilifi and Kwale. Mahmoud is fondly referred to as Mentor by many young people in the Coast for his dedication to provide advice and guidance to vulnerable youths who are surrounded by juvenile gangs, radicalization and drug abuse. He is dedicated to creating a better space for the youth and future generations. He also serves as a Patron and board member to several organizations. He is a member of Companies Board of Management for the Salvation Army Likoni High School for the visually impaired and Chairman of the Management Committee of Serani Sports Ground Trust, a non-profit organization that uses sports to nurture 100s of Sports men and women in Mombasa. Other roles entrusted to Mr. Mahmoud include Chairman Kenya Redcross Society, Mombasa branch, has served as Member National Taskforce on Distributed Ledger, Blockchain and Artificial Intelligence is a Member of Advisory Board Schools 2030 Kenya, is a Member National COVID-19 ICT Advisory Committee, is a Director Kenya National Chamber of Commerce and Industry Mombasa and Director -Innovus Group. He served as the Chairperson of Technical Matters committee. He was replaced on 24th February 2023.

ALTERNATE BOARD DIRECTORS



Ms. Juliana Nashipae Yiapan, MBS born in 1969, was appointed to the CA Board of Directors on 3rd May 2019 as the Alternate Director to the Principal Secretary, State Department of Broadcasting and Telecommunications, Ministry of Information, Communications, and the Digital Economy.

She has a Master of Business Administration (Public Service) from The University of Birmingham in UK; Master of Arts in Political Science and Public Administration as well as a Bachelor of Arts Degree in Government, both from the University of Nairobi.

She has over 20 years' experience in Public Service more specifically at MoICDE, Office of the President and Office of the Deputy President, in various senior positions. She was appointed effective 3rd May 2019.

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Mr. Christopher Kirigua born in 1976 serves as Director General of the Directorate of Public Private Partnerships (PPP) at The National Treasury and Economic Planning. Until the financial year ended 30th June, 2022 he served as the Alternate to the Cabinet Secretary National Treasury, on the Safaricom PLC Board of Directors.

A seasoned investment banker, Christopher worked in the private sector for over 20 years, prior to joining public service in December 2020. Christopher was a co-chair of a strategic committee in the United Nations Global Investors for Sustainable Development, focused on widening longer-term investments mainly in emerging markets where it is needed most.

He also chaired a government and private sector initiative that was focused on post-covid economic recovery strategies for the Country. In his banking career, Christopher held a number of senior leadership roles, including Regional Head of Public Sector and Developmental Organizations for Africa focused on financing and structuring infrastructure transactions with his last posting being the Executive Director and Regional Head of Sustainable Finance for Africa and Middle East at Standard Chartered Bank.

His current role in Government, entails mobilizing private capital to support sustainable infrastructure development which will expand fiscal space and enable the Government to focus more on social investments. Christopher has successfully delivered policy reforms through the new 2021 PPP Act which repealed and replaced the 2013 PPP law. The new transformative law has enhanced private sector participation in public projects in Kenya. The new law distinguishes Kenya as a leader globally on PPP frameworks as it contains timelines on public sector delivery, eliminates bureaucracies on the approval processes without compromising governance, and provides clear process maps for the delivery of PPP Projects.

As part of the PPP infrastructure transformation, Christopher has identified digitization as one of the key pillars that catalyse the generation of successful projects. This includes digitization and privatisation of government processes which ensures efficient delivery of public sector functions including but not limited revenue collections and payments.



Mr. Fred Muhul born in 1978 is a seasoned career civil servant with experience spanning over a decade in various capacities in different government agencies. He holds a Master of Business Administration, Bachelor of Commerce and a Bachelor of Laws all from the University of Nairobi.

Mr. Muhul is also a Certified Public Accountant of Kenya, a Certified Secretary of Kenya and a holder of Postgraduate Diploma in Law from the Kenya School of Law. He is also a member of the Law Society of Kenya (LSK), Institute of the Certified Public Accountants of Kenya (ICPAK), Institute of the Certified Secretaries of Kenya (ICS) and the Institute of Internal Auditors (IIA). Mr. Muhul was appointed to the CA Board as the Alternate Director to the Principal Secretary State Department for Interior and National Administration.

Mr. Muhul is a highly skilled, dedicated and pragmatic person whose passion is to make a difference to the people of Kenya. He was appointed effective 7th February 2023

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Prof. Dulacha Galgalo born 1969 is Director, Financial and Sectoral Affairs Department at The National Treasury. Prior to secondment to The National Treasury, he worked at the Central Bank of Kenya (CBK) – long career spanning over 20 years. He was appointed effective 2nd February 2022 until 7th February 2023. At CBK, he served as Head of Academic Division at the Kenya School of Monetary Studies (KSMS). He also worked in two key departments: Research and Bank Supervision that are responsible for price stability and financial system stability respectively. Early in his career at CBK, he worked in the Banking Department dealing with currency issuance. Previously on secondment from CBK, at inception of the Commission of Revenue Allocation (CRA), he served as Policy advisor. He completed his PhD study at the University of Western Australia, Master of Business Administration and Bachelor of Commerce Degrees at the University of Nairobi. He taught in universities in Kenya and Australia. Prof. Dulacha is widely published and his areas of research interests are financial reporting, financial regulation and financial stability as well as interdisciplinary research. He is a Fellow of the Institute of Public Accountants, Australia as well as member of the Accounting and Finance Association of Australia and New Zealand (AFAANZ). He is also a practicing member of the Institute of Chartered Investment and Financial Analysts of Kenya (ICIFA) as well as Kenya Institute of Management (KIM). He served in various boards: Chairman of Council, Dedan Kimathi University of Technology; Chairman of Council, Meru University of Science and Technology; Treasurer of Council, Moi University; and board member: Agricultural Finance Corporation (AFC), Capital Markets Authority (CMA) and National Social and Security Fund (NSSF), Safaricom PLC and Kenya Ports Authority.



Mr. Peter Wanjohi born in 1965, was appointed to the CA Board of Directors on 7th February 2018 until 7th February 2023 as the Alternate Director to the Principal Secretary, Interior and Coordination of National Government. He holds a Bachelor of Business Administration degree from Newport University. He has extensive experience in planning and coordinating international, regional and local conferences and is the current Secretary, State Functions, responsible for planning, coordination, and Management of all state functions. He has also been a member of several Committees such as member of Kenya Vision 2030, National Communication Dissemination Strategy and served as a member of the Task force on Restructuring of Human Resource Requirement of the Permanent Presidential Music Commission. He is also the Chairman, Kenya Music Festival.

IV. MANAGEMENT TEAM



Mr Ezra Chiloba born in 1978, is the Director General/CEO of the Communications Authority of Kenya, having been appointed on 28th September 2021. Prior to this appointment, he served as Principal Partner at Chil & Kemp Strategies Ltd, a Strategy Management Company, where he focused on strategy and risk management, policy and regulatory analysis, and leadership and management effectiveness. Mr. Chiloba also served as the Chief Executive Officer/Commission Secretary of the Independent Electoral and Boundaries Commission (IEBC) between 2015 – 2018. In this role, he was responsible for the management and administration of an unparalleled large-scale and complex national election programme. He has also worked with other reputable international and local organizations including the UN. His experience spans over 15 years in public sector management including policy, legislation, financial management, stakeholder management, risk management and leadership. He has also served as a Board Member of the Youth Enterprise Development Fund. Mr. Chiloba is an all-round public sector leader who is inspired by the idea that a progressive society is dependent on a facilitative government. He also has a deep appreciation of the communication industry; its global and local challenges and opportunities for social-economic growth. He holds an MSc in Major Programme Management (MMPM) from the University of Oxford (UK) and an MA in Public Policy (MPP) from the Central European University (Hungary). He graduated with a Bachelor of Laws degree from the University of Nairobi and was admitted to the Roll of Advocates of the High Court in Kenya. In 2015, he was named among the *Top 40 under 40 Men* by the *Business Daily*.



Mrs. Mercy Wanjau, MBS born in 1972, Mrs. Wanjau served as the Director Regulatory Affairs and Governance. She holds a Masters degree in Law (LLM) from the University of Cape Town, Bachelors in Law (LLB) from the University of Nairobi. She also holds a Postgraduate Certificate in Regulation of Telecommunications in Developing and Transitional Economies. She is a Certified Governance Auditor with ICPSK, an Associate of the Chartered Institute of Arbitrators, Council Member of the Institute of Certified Secretaries (Kenya), board member of the SOS Children’s villages and an Advocate of the High Court of Kenya. She is also an Eisenhower Fellow. She exited service on 26th October 2022.



CPA Joseph M. Kimanga is the Director, Finance & Accounts, and covering Human Resources & Administration Department from 7th April 2023, He holds a Masters degree in Business Administration (Finance) and a Bachelor of Education (Arts) degree in Economics & Business Studies. He is a Certified Public Accountant of Kenya-CPA (K).

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FCPA. Rosalind Murithi is the Director, Internal Audit. She holds a Master of Business Administration, and Bachelor of Commerce Degree. She is a Certified Public Accountant of Kenya - CPA (K).



Mr. Juma Kandie was the Director, Human Capital & Administration. He holds Msc. in Human Resource Management, a Bachelor of Commerce degree as well as a Post Graduate Certificate in Strategy. He exited service on 26th May

2023



Mr. Matano Ndaro is the Director, Telecom, Postal and Courier and Electronic Transaction Licensing. He is currently pursuing a Masters degree of Business Administration degree and holds a Bachelor of Arts degree in Economics and a

Postgraduate Diploma in Regulation of Telecommunications.



Mr. Michael Katundu was the Director, Information, Communications, and Technology. He is a holder of a MSc. and BSc. in Computer Science. He exited service on 17th January 2023



Eng. Leo K. Boruett is the Director, Multimedia Licensing and Content Regulation. He holds a MPhil Degree in Information Engineering; BSc Degree in Electrical and Electronics Engineering; Registered Professional Engineer-

EBK; and an Executive Masters Degree in Business Administration



Mr. Christopher Wambua is the Director, Corporate Communications. He holds a master's degree in International Studies, a postgraduate diploma in Mass Communications, a post-graduate diploma in

Public Relations from the Chartered Institute of Public Relations and a degree in Education. Mr. Christopher Wambua has been deployed on a special Assignment and his roles are currently performed by Ms. Patricia Muchiri.



Mr. Christopher Kemei is the Director, Universal Access and Services Strategy and Coordination. He holds Masters a degree in Operational Telecommunications.



Ms. Jane Rotich is the Ag. Director, Supply Chain Management. She holds two Masters degree in Business Administration (Strategic Procurement) and, a Masters degree in

Business Administration. She also holds a Bachelor of Arts degree and a Postgraduate diploma in Purchasing and Supplies.

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Dr. Vincent Ngundi is Ag. Director, Cyber Security Management and Monitoring. He holds a Bachelor of Science degree in Computer Science, and a Global Executive MBA and a PhD.



Dr. James Njeru is the Ag. Director, Research, Planning & Quality Management. He holds a PhD in Agricultural Economics and Resource Management, from Moi University, Kenya and MA (Econs) University of Nairobi; and several Diploma and Certificate courses on Regulatory and Competition Management in ICTs offered by institutions such as USTTI, PURC, AFRALTI, TEMIC, Master Class, among others.



Ms. Patricia Muchiri is the Ag. Director, Public Education and Awareness and also Acting Director Corporate Communications.



Mr. Mohammed Haji is the Ag. Director, Director, Frequency Assignment and Licensing.



Dr. Japheth Odhiambo is the Ag. Director Regulatory Affairs and Governance.



Mr. Joseph Nzano is the Ag. Director Information, Communications, and Technology.



Mr. Lukas Musembi is the Ag. Director Competition Management.



Mr. Peter Ikumilu is the Ag. Director Compliance & Enforcement.



Mr. Titus Cheptoo is the Ag. Director Monitoring, Inspection & Regional Coordination.

V. CHAIRPERSON'S STATEMENT

I am delighted to present the Authority's Annual Report for the Financial Year 2022/2023. The Report provides highlights of the advancements made in the fulfilment of our vision to create a digitally transformed nation.

The year saw key governance changes in the Authority kickstarted by the entry of a new Board Chairperson and Board of Directors. Having appreciated the Authority's unique role as a sector regulator, the Board is responsible for oversight of the performance of the Authority in the implementation of the Strategic Plan. Under the leadership of the Chair, the Board has been appraised regularly on the progress and implementation of the strategic initiatives as well as the achievement of the intended outcomes.

We recognize the central role that the ICT sector plays as a catalyst for growth in all other sectors of the economy. It is evident that ICTs provide the foundation for national transformation and realization of Vision 2030 whose pillars were entrenched in our 4th Strategic Plan that ended on 30th June 2023. The plan focused on ensuring universal access to ICTs, creating an enabling environment and building internal capacity.

Towards this end, the Authority continued with the rollout of USF-funded initiatives. These initiatives are aimed at bridging the digital divide in the provision of ICT services in un-served and underserved areas of the country. Similarly, the Board has been involved in the development of the new Strategic Plan that is to guide the Authority over the next strategic period 2023-2028.

In a bid to create an enabling environment, the Authority together with other industry players embarked on the law reform process in order to develop and implement forward-looking policy and legislative frameworks to foster competitive and efficient markets and create a robust ICT sector. More importantly, this was done to ensure the creation of a conducive environment for ICTs and innovation to thrive as well as promote consumer-centric considerations and collaborative approaches in the use and application of ICTs.

On the inverse, the increased adoption of digital technologies by individuals and organizations has widened the cyber threat/attack landscape. It is in light of this reality that the Authority has

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continued to build the capabilities of the National KE-CIRT/CC with people, processes, and technologies towards enhancing Kenya's cyber readiness and resilience.

In the same regard, the Board has paid attention to all material risks that the ICT industry has and continues to face. Similarly, the Board will continue to engage with the Management of the Authority and various key stakeholders to ensure reporting of such imminent risks together with the mitigation measures as may be preferred in order to ensure a more robust digital ecosystem.

I commend the Board of Directors, Management, and members of staff for their resilience toward the success achieved during the year and over the last strategic period. Additionally, I acknowledge and appreciate the tremendous support from the Ministry of ICT and Digital Economy, our licensees, strategic partners, all other key stakeholders, and the general public. We look forward to a year of enhanced collaboration and successful engagements.



Ms. Mary W. Mungai, CBS
Chairperson of the Board

VI. REPORT OF THE DIRECTOR GENERAL

This financial year marked the end of our 4th strategic plan (2018 -2023) and I am glad to report that our focus on the three Key Results Areas, Access and Market Development, Enabling Environment and Capacity Development, has yielded remarkable accomplishments within the ICT sector. Within the year, we also ushered in a new Board of Directors, and I would like to extend a warm welcome to the team and reassure them of management's unwavering support.

The ICT sector remained vibrant, buoyed by growth in mobile telephony. The mobile telecommunications sub-sector grew marginally by 2.7 percent, with mobile subscriptions growing from 64.6 million in June 2022 to 66.4 million. This translated to a slight mobile penetration growth of 131.3 percent from 131.0 percent in the previous year.

The continued rollout of 3G, 4G, and 5G mobile transmitters has enhanced the quality of mobile broadband across the country. The total data/Internet subscriptions stood at 50.5 million, marking a growth of 6.6 percent from the previous period. The Authority also issued additional spectrum to support rollout of a variety of services, including 5G mobile services which provide enhanced user experience with higher speeds and quality, and supports new industry applications across various sectors of the economy.

In support of the government's Digital Transformation Agenda, the Authority, through the Universal Service Fund, is facilitating the rollout of approximately 2,500 km of last mile optical fiber network infrastructure. The project will prioritize connectivity to health facilities, police stations, court stations, schools, and other organizations serving critical public needs in line with the mandate of the USF.

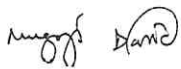
To secure our digital superhighway space, the Authority executed cybersecurity awareness and capacity building among its stakeholders, to enhance national cybersecurity readiness and resilience. To promote and facilitate the development of a diverse range of broadcasting services, the Authority licensed additional 99 new broadcasting licenses bringing the total licensed providers to 639 at the end of the year under review. This has led to an increase in the diversity and plurality of broadcast content.

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In the Postal and Courier sub-sector, the Authority continued to facilitate the development of the sub-sector by licensing additional operators. The number of licences in this sub-sector increased by 7.2 percent to 327 from 305 in the previous year.

On the international scene, Kenya continued to actively participate in meetings and forums hosted by international organizations to which the country is affiliated. As a result of the goodwill cultivated over the years, the country was re-elected to the ITU Council, re-elected to lead the ATU for a second term, got elected to the ATU Administrative Council and was also re-elected to serve in the PAPU Administrative Council for a four-year term (2022-2025).

Finally, I want to thank the Ministry of Information, Communications, and Digital Economy for their continued support and cooperation. My gratitude also goes to the Board for its ongoing prudent, thoughtful, and knowledgeable oversight. Our success is mostly a result of its obvious and open effectiveness. Lastly, may I also express my profound gratitude to our management and staff, without whose dedication, loyalty, and diligence we would not have been able to accomplish what we did this past year. We look forward to a vibrant FY2023/2024.



David Mugonyi, EBS
Director General/CEO

VII. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/23

The Authority's Strategic for the Period 2018-2023 focused on three (3) Key Result Areas and eight (8) Strategic Objectives and 19 Strategic Initiatives for from the FY 2018-19 to FY 2022-23. These Key Result Areas (KRA's) are as follows:

KRA 1: Access and Market Development

KRA 2: Enabling Environment

KRA 3: Capacity Development.

The Communications Authority of Kenya develops its annual work plans based on the above Key Result Areas, strategic objectives and strategic initiatives. The Corporate Annual Work Plan for FY 2022/23 (Year 5) had a total of 59 activities scheduled for implementation. Assessment of the Board's performance against its annual work plan is done on a quarterly basis with best performance being recorded in the third quarter with an implementation of 27.2 per cent of the AWP while the first quarter recorded the lowest score with an implementation status of 13.4 per cent. The second and fourth quarter accounted for 19.8 per cent and 16.8 per cent implementation of the Annual Work Plan respectively. The overall status of implementation of the Annual Work Plan for the FY 2022/23 was 77.4 percent. Out of the 59 activities scheduled for implementation, 32 activities were finalized 100 percent, 12 activities were at a middle stage of completion with a score between 58 percent and 99 percent while 15 activities were still at initial stages of implementation with a score below 50 percent as indicated in the table below:

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Status of Implementation of the Annual Work Plan as at 30th June 2023

Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
2.3.1.6 Undertake a media campaign to enhance CA brand awareness.	Develop concept and undertake Media Campaign	Enhanced CA brand awareness	Timely media campaigns	100% compliance	Corporate Communications (CC)	The media campaign has been successfully executed and ended in August 2022.	100
2.3.1.8 Coordinate participation and representation of the country in relevant regional and international ICT Fora	Facilitate participation and representation in relevant regional and international ICT Fora	Representation of the country in relevant regional and international ICT Fora.	No of meetings attended	100% representation as per the approvals	CC	The Authority has participated in scheduled fora for the FY 2022/23. Key amongst this was ITU Plenipotentiary Conference from 26 September to 14 October 2022 in Romania where Kenya was re-elected into the ITU Council; CTO Forum 2023 where ICT Sector Stakeholders to explored actions that would promote and accelerate digital transformation in February 2023; the 65 th AFLARTI Governing Council meeting from 13 th to 17 th March 2023; and the EACO 25th Congress and 28th Annual Assemblies in Burundi from 26th – 30th June 2023.	100
1.2.2.2 Measurements and monitoring Quality of Service (QoS) and Rollout Obligations	Undertake QoS measurements across the country	QoS Measurements and Monitoring Reports for all MNOs	Level of QoS	80%	Compliance and Enforcement (CE)	The Authority undertook QoS measurements where Airtel Networks Kenya Limited and Telkom Kenya Limited posted an average performance of 74.66% and 54.75% respectively against a target of 80%. Safaricom PLC surpassed this target by achieving an overall performance of 87.60%. The Average level of QoS was recorded at 82.62 against an annual target of 80%.	100
1.1.1.10 Monitor digital terrestrial television (DTT) network rollout and population coverage country-wide	Set out roll-out targets for BSDs and Undertake DTT coverage mapping	DTT coverage in the unserved areas	% of DTT Population Coverage	92.4 % of population covered	CE	Held 2 meetings in Aug 2022 with BSDs to negotiate and agree on DTT rollout targets for the FY 2022/23. Held quarterly meeting with SIGNET on 12 Oct 2022 and PANG 17th Oct 2022 to review the progress of implementation of DTT rollout plans. PANG completed commissioning of Nyambene Hill DTT transmitter on 15 Nov 2022. GOTV rolled out a DTT transmitter at Mwakigale	99.7

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
						hill on outskirts of Voi town, Taita Taveta County in Nov 2022. Held meetings on 8th February 2023 with PANG and SIGNET. DTT Mapping conducted in Busia and Baringo in January 2023 as well as Laikipia and Meru counties in March 2023. Mapping done in Taita Taveta, Bomet and Narok during the 4 th quarter. DTT Population coverage stands at 92.13%.	
3.1.6.21 Deploy a Broadcast Quality of Service (QoS) Monitoring System	Supply, delivery and installation of the system	New QoS Monitoring System	Level of Completion of milestones	100% completion of the project	CE	Broadcast QoS system technical specifications developed. Tender advertised on 14th February 2023 and closed on 22 nd March 2023. Tender evaluated but was non-responsive due to inadequate budget.	16.7
1.2.1.5 Management of interconnection	Develop a Framework for Termination Rates	Determination on Termination Rates	Level of completion (milestones)	100% completion of study	Competition Management (CM)	Draft determination on the rates has been developed and approved by Management	100
2.1.2.2 Develop Network Costing Frameworks	Develop and validate the Framework on Costing (Tower Sharing and National Roaming)	Framework on Costing (Tower Sharing and National Roaming)	Level of completion (milestones)	100 % completion of study	CM	Held the validation workshop on 9th September 2022. Presented the interim report to management on 5th September 2022. Draft framework done and presented to management.	100
2.1.2.4 Develop a framework on competition for the broadcasting subsector	Develop and validate framework on competition in the broadcasting subsector	Framework for competition in the broadcasting sub-sector	Level of completion (milestones)	50% completion of study	CM	Contract for undertaking the competition study in the broadcasting sector consultancy Tilil Technologies under implementation. Inception report and 1 st progress report received. Milestones for FY 2022-23 achieved with the activity scheduled for completion in the next FY.	100
2.2.1.4 Carry out Customer Satisfaction Survey and Access to	Finalize the Customer Satisfaction survey	Customer Satisfaction survey report	Customer Satisfaction index	% Increase from the baseline	Consumer Protection & Advocacy (CPA)	Customer Satisfaction survey inception report was approved by Management on 24th October 2022. The CS Survey was finalized in March 2023. The satisfaction index for Access to Efficient and	100

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
Efficient and Quality Public Service						Quality Public Service stood at 76.4% while the internal Customer Satisfaction index stood at 73.9%. The overall CSS index is 78.0 % up from 73.2% in the previous Customer Satisfaction Survey.	
2.2.2.3 Carry out Consumer Trends and Behaviour Survey	Undertake Trends in Behaviour of Consumers of ICT Services survey	Report on Trends in Behaviour of Consumers of ICT Services	Level of completion (milestones)	100 % completion of survey	CPA	Held preliminary engagements with Institute of Development Studies, University of Nairobi on undertaking the survey. Management paper on the proposed survey presented on 20th March 2023.	16.7
2.3.1.10 Carry out Perception Survey	Undertake Perception Survey	Improve service delivery	Public Perception index	% Increase from baseline	CPA	The perception survey was finalized. The levels of stakeholder's awareness about CA reduced from 88.0% in 2019/20 to 82.14%.	93.3
1.3.1.8 Measurement of national cyber security readiness	Deploy the tool amongst relevant stakeholders and generate compliance reports	National Cyber Security Readiness Report	Cyber Readiness report	% Increase from baseline	Cyber Security (CS)	The Authority deployed the Cyber Readiness and Resilience measurement tool amongst NC4 Members. The readiness for various sub-categories was recorded at 71.2% under Technology and Infrastructure, 56.9% under Capacity & Development, 67.2% under Governance and Policy, 56.2% under Incidents, Vulnerabilities & Forensics while Risk & Continuity recorded a readiness of 62.7%. The Average Cybersecurity Readiness and Resilience was recorded at 62.8 per cent.	100.0
3.1.6.11 Deploy cyber security technology watch, assessment and response systems	Supply, delivery and installation of Cyber Security Technology Watch, Assessment and Response Systems	Upgraded systems	Level of Completion of milestones	100% completion of the project	CS	Kick-off meeting with the service provider on upgrade of the social media monitoring system held on 11th August 2022. The upgrade of the SMMS system has been completed.	100

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
3.1.6.12 Upgrade cyber forensic and investigative systems	Supply, delivery and installation of cyber forensic and investigative systems	Upgraded Systems	Level of Completion of milestones	100% completion of the project	CS	The acquisition of malware analysis tool - Malware analysis system installed, skill transfer completed, inspection and acceptance done.	100
3.1.1.2 Prepare quarterly and annual financial statements.	Prepare and Submit Quarterly and Annual Financial Statements to relevant agencies	Quarterly and Annual Financial Statements for FY 2022-23	Timely Submission	100% compliance to the statutory obligations	Finance & Accounts (F&A)	The Financial Statements for the FY 2021/22 were prepared and submitted to the relevant agencies before the statutory deadline.	100
3.1.5.7 Prepare budget estimates and monitor their implementation	Prepare and submit Annual Budget Estimates; and Monitor budget implementation	Annual Budget Estimates	Timely submission of reports	100% compliance to the set timelines	F&A	The Authority participated in the budget rationalization exercise with the National Treasury in November 2022. The 1 st , 2 nd and 3 rd quarter reports submitted to the lead agencies on 14 th October 2022, 13 th January 2023 and 14 th April 2023 respectively. The 4 th quarter financial report has been prepared for submission to the relevant MDA's.	100
1.2.1.8 Conduct Spectrum Pricing Study	Conduct Spectrum Pricing Study and implement findings	New Spectrum Pricing framework/ prices	Level of completion (milestones)	100% completion of study	Frequency Spectrum Management (FSM)	Tender for the spectrum pricing study advertised on 28 th February 2023 and closed on 29 th March 2023. Tender was non-responsive. Re-advertising done. Activity to spill-over to the subsequent FY.	16.7
2.1.2.6 Develop a framework for optimal spectrum allocation	Undertake a study to develop a framework for optimal spectrum allocation	Framework for optimal spectrum	Level of completion (milestones)	100 % completion of study	FSM	Tender for the development of the optimal spectrum allocation framework advertised on 28 th February 2023 and closed on 29 th March 2023. Tender was non-responsive. Re-advertising done. Activity to spill-over to the subsequent FY.	16.7
3.1.6.16 Upgrade frequency planning software.	Supply, delivery and installation of software	Upgraded of Frequency Planning Software	Level of Completion of milestones	100% completion of the project	FSM	Delivered, accepted & invoiced for payment.	100

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
3.1.3.1 Review staff establishment and recruit additional staff	Transition to the new organizational structure and fill vacant positions	New Org. Structure operational	Timely transition	100% compliance to the Court Rulings	Human Resource & Administration (HRA)	Transition to the new organization structure implemented as per the Circular to staff dated 18th August 2022. Staff in acting position were promoted through interviews as per the HR Circular No. 2B of 2022 Distributed 'B' dated 5/8/2022. Approval for recruitment of additional staff was granted on 22nd December 2022. Advertising for additional staff done from 26th May 2023 to 23 rd June 2023. Recruitment to be done in the next FY.	41.7
3.1.3.3 Carry out performance appraisals for all staff	Undertake staff performance appraisals	Enhanced staff productivity	Timely appraisal of all staff	100% appraisal	HRA	Performance appraisal done. Report was submitted to DG on 31 st August 2022. Analysis of Staff Performance Appraisal was carried out and a comprehensive report with recommendations was presented to the HRMAC in December 2022. Mid-year appraisal for all HoDs done in January 2023. The HRMAC Report was forwarded to the DG on 24th March 2023. Request for appraisal of all staff done on 22 nd June 2023.	100
3.1.3.7 Facelifting of the CA Centre	Undertake facelifting works	Refurbished CA centre	Level of Completion of milestones	100% completion of the project	HRA	Tender for Repairs and facelifting of CA Centre awarded and contract signed. The repair works are expected to be completed by July 2023.	97.0
3.1.6.14 Establish and equip a content monitoring room	Supply, delivery and installation accessories of the New Content Monitoring Room	New Content Monitoring Room	Level of Completion of milestones	100% completion of the project	HRA	Project Completed and inspected on 22/8/2022. Contractor paid.	100
3.1.5.23 Undertake audits as per Annual Audit Plans	Present Quarterly Audit Progress Reports to Board Audit and Risk Committee	Quarterly Audit Progress Reports	Timely submission	100% adherence to Board charter	Internal Audit (IA)	Three BARC meetings as follows; 8 th Special BARC 8 th Sept 2022 and the 53rd BARC meeting held on 14th Sept 2022. During the second quarter, 54 th BARC meeting was held on 17 th November 2022. BARC meeting held on 30 th June 2023.	100

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
3.1.2.1 Review the Business Process Re-engineering and Implement a Licensing Management System (LMS)	Acquire, Install and commission a Licensing Management System	Licensing Management System	Level of completion (milestones)	100 % completion of project	Information Communication and Technology (ICT)	The Authority finalized system building on 19th September 2022 and initiated digitization of records, data migration and creation of data templates. Data Migration, Unit Testing, Integration Testing, System Testing and Acceptance Testing in progress.	47.0
3.1.2.2 Carry out Business Process Re-Engineering (BPR) of the Customer Relationship Management (CRM) processes	Undertake Business Process Re-Engineering (BPR) of the Customer Relationship Management System	Customer Relationship Management system	Level of completion (milestones)	100 % completion of project	ICT	Requisition for the CRM was done on 14th July 2022. A pre-Bidders Conference was held on 14th September 2022. The Tender closed on 28th September 2022. Tender for Customer Relationship Management (CRM) was evaluated in October 2022 and was non responsive. Activity moved to the next FY due to rationalization of the budget.	16.7
3.1.6.6 Upgrade of Power Batteries for the IT Server Rooms	Supply, delivery and installation of Computer Servers	Servers	Level of Completion of milestones	100% completion of project	ICT	Delivery of servers completed on 4th August 2022 and the activity completed.	100
3.1.1.4 Undertake annual Board Evaluations	Facilitate the Board evaluation exercise	Evaluation reports	Level of compliance	Annual Evaluation reports	Legal Services (LS)	Evaluation which is an annual activity done. Release of evaluation results to the Board done by SCAC on 28 th October 2022.	100
3.1.1.6 Hold Full Board and Board committee meetings	Coordinate Full Board and Board committee meetings	Minutes/Abstracts of the Board Decisions	No. of Meetings Held	Adherence to Board charter	LS	14 Full Board and 34 Committee meetings held. The committee meetings comprise of Finance 7, Technical 6, Broadcasting standards 1, Staff and Administration Matters 8, Board Audit and Risk 3. New Board Induction done from 27 th -31 st March 2023.	100
2.1.1.9 Develop a frequency spectrum monitoring and enforcement framework	Undertake a study and develop a frequency monitoring and enforcement framework	Frequency monitoring and enforcement framework	Level of completion (milestones)	100 % completion of study	Monitoring, Inspection & Regional Coordination (MIRC)	Frequency monitoring and enforcement framework developed.	100

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
3.1.6.13 Expand broadcast content monitoring capacity	Implementation of Phase II: Supply, delivery and installation of loggers	Enhanced Monitoring Capacity	Level of Completion of milestones	100% completion of the project	MIRC	Contract Signed on 14th September 2022. Inception and Planning Meetings held on 16th September 2022 and 26th September 2022 respectively. Passive infrastructure installed at all ready sites including HQ. Setup of Actus Software was completed in Kisumu, Garissa, Eldoret and CA HQ. Inspection and acceptance of the first 6 sites done.	45
3.1.6.15 Upgrade Spectrum Management & Monitoring systems (SMMS) and tools	Supply, delivery and installation SMMS and tools	Upgraded Spectrum Management & Monitoring Systems	Level of Completion of milestones	100% completion of the project	MIRC	SMMS upgrade (SMMS II) was implemented.	100
1.2.2.3 Develop licensing framework for digital radio broadcasting	Undertake a study and develop a licensing framework for digital radio broadcasting	Licensing Framework for Digital Radio Broadcasting	Level of completion (milestones)	100 % completion of study	Multi Media Services (MMS)	Management approved the Framework on Digital Sound Broadcasting on 6th March 2023. Draft Licensing framework for Digital Sound Broadcasting developed. Draft minimum technical specifications for digital radio receivers that shall be used for the reception of digital radio broadcasting services subjected to public consultations. Finalization of the framework to be done in the next FY.	75
2.1.2.5 Develop a regulatory framework for Over-The-Top Services (OTTs)	Undertake a study to develop a regulatory framework for Over-The-Top Services (OTTs)	Regulatory Framework for OTTs	Level of completion (milestones)	100 % completion of study	MMS	ToRs for consultancy for study on OTTs were developed. The tender advertisement closed on 28th September 2022. The tender advertised on 30th August 2022 and closed on 28th September 2022. Tender Evaluation done but the tender was non-responsive. The study is proposed to be undertaken in FY 2023/24.	16.7
2.2.1.5 Implement the framework for the handling of	Undertake scheduled activities	Child Online Protection	% of implementation of the	100%	Public Education & Awareness	The Authority embarked on Implementation of the framework for handling COP complaints in liaison with the Ministry of ICT and Department of	66.7

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
Child Online Protection Complaints		reports	framework		(PEA)	Children service by developing draft standard operating procedures. The Proposed Harmonized Standard Operating Procedures were approved by the Board on 16 th September 2023 however the activity was halted due to complex multistakeholder engagements.	
2.2.2.1 Develop and implement consumer education and outreach activities	Develop paper on design of Consumer education and Consumer research	Report of Consumer Outreach Activities	No. of Consumer Education and Outreach Activities	4 Outreach Activities	PEA	Three (3) outreach activities executed in Q1 (Digital Literacy Day, Huawei/ CA Unitalk Cybersecurity Webinar and Kenya Music Festival). Three (3) outreach activities executed in Q2 (KEPSHA 3rd -8th December 2022 and Joy village on 1st October 2022 and 3rd December 2022). Hosted the ITU Policy and Regulation Initiative for Digital Africa (PRIDA) capacity-building workshop between 1st to March 2023. The Authority raised awareness about consumer rights and promoted consumer protection on 15th March 2023 in Kisumu. In the 4 th quarter, the Authority facilitated the Annual ICT Week 2023 on 17th & 18th May 2023 in Nairobi, USF Community Sensitization exercises 12th to 20th April in Samburu County, and the Kenya National Drama Festivals from 21st - 30th April 2023.	100
1.2.1.2 Review/Renewal of licenses	Renewal of PCK and MNOs licenses	Renewed licenses	No. of licenses	4	Postal & Telecom Services (PTS)	The licenses for Safaricom and Airtel were extended to year 2026 on 7 th September 2022. Renewal of Telkom Kenya License awaiting addressing of pending issues on their side. Renewal of the PCK license has commenced to be completed in the FY 2023-24.	100
1.3.1.5 Review the security guidelines for the Postal/Courier.	Develop the security code conduct of practice, undertake stakeholder	Approved security code conduct of	Level of completion (milestones)	100 % completion	PTS	Management paper on the regulations for security code presented. Draft approved by the DG for submission to the Board.	91.7

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
	consultation and validate the guidelines	practice the					
2.1.1.3 Review the remaining 16 Set of regulations	Develop draft regulations for the remaining 12 sets	Statutory reforms	No. of legislative amendments proposed	12 draft regulations	Regulatory Affairs (RA)	The Authority is offering a supportive role to the Ministry of ICT. A multi-stakeholder committee has been formed to undertake the review process. The Authority held a forum to internally validate the regulations from 13 th – 17 th February 2023. The Authority is supporting the review process led by the Ministry of ICT and NCS where public participation has been done.	91.7
2.1.1.4 Support for Regulatory Environment and Interventions	Provide advisories on regulatory gaps and interventions	Statutory reforms	Timely submission of advisories	100% compliance to the service charter timelines	RA	Facilitated the activities of the MOICT led task force on law reforms which has completed its final report. Advisory on KICA amendment bill 2022 done. Provided regulatory advisory on 30% local shareholding and SIM card registration regulations.	100
2.3.2.5 Development/ review of Memorandum of Understandings with ACA, NEMA.	Finalize the Signing of MoUs with ACA and NEMA	Effective MOUs	No. of MoUs signed	2 MoUs	RA	Reviewed MoU between CA and KSA Reviewed of MoU between CA and ACA. Reviewed MoU between CA and KARLO, KECOBO, Nuclear Authority and NEMA. Reviewed the NDA between CA and KRA.	100
3.1.1.1 Development of Authority's Annual Reports in line with the KICA	Prepare and Submit the Authority's 2021-22 Annual Report in compliance to statutory obligations	Approved CA Annual Report for FY 2021-22	Timely Submission by 30th Sept 2022	100% compliance to the statutory obligations	Research, Planning & Quality Management (RPQM)	The Authority's Annual Report for the FY 2021-22 was developed and submitted to the Ministry of ICT and Digital economy on 22 nd June 2022.	100
3.1.5.2 Develop Performance Contracts in line with the Strategic Plan and	Prepare the Corporate Performance Contract and coordinate the	CA Performance Contract for FY 2022-23	Signed PC FY 2022-23	100% compliance with PC guidelines	RPQM	The Authority developed its corporate PC for the FY 2022-23 which was negotiated with the Ministry of ICT & Digital Economy on 1st September 2022. The negotiated PC was vetted on 30th September 2022. The PC was approved for	100

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
Performance Contracting Guidelines	negotiations, vetting and signing					implementation by the Public Service Performance Management Unit in October 2022. The Authority revised its PC in line with the Government manifesto in February 2023.	
3.1.5.5 Preparation of the Authority's 5th Strategic Plan in line with KICA; Constitution 2010, Vision 2030 and MTP IV	Develop the 5th Strategic Plan	The 5th Strategic Plan	Level of Completion of milestones	100% completion of the development of the SP	RPQM	The Authority is in the process of development of its 5 th Strategic Plan. Inception report received on 29 th December 2022. 1 st Draft developed and subjected to an interdepartmental review from 27 th – 31 st March 2023. Draft SP submitted to the Board for input from 4-5 th May 2023. Draft SP ready for presentation to the Board for approval.	66.7
3.1.6.17 Develop a virtual library	Supply, delivery and installation of virtual library	Digitized Library	Level of Completion of milestones	100% completion of the project	RPQM	The revised concept note on establishment of the virtual library has been developed. Trained key users on the LOFT system implementation in February 2023. System is being utilized as envisioned. Made e-newspapers available on MyLOFT, Completed Turnitin subscription and Added 1086 book records to KOHA.	91.7
3.1.6.18 Upgrade the Library Information Management and Security Systems	Supply, delivery and installation of the system	Upgraded System	Level of Completion of milestones	100% completion of the project	RPQM	Terms of reference have been developed. Tender for the system advertised and closed on 29 th March 2023. Tender evaluation done but tender was non-responsive.	16.7
3.1.1.3 Prepare and present Risk Management Report to Board	Develop and present the Risk Management Report	Risk Management Report	Timely Submission	100% compliance to the service charter timelines	RPQM	Status report prepared and presented to 53 rd BARC meeting held on 14 th Sept 2022 as Agenda item No 6. Quarterly risk management reports presented to BARC.	100
3.1.5.14 Business Continuity Management:	Review the BCM Framework	BCM Framework	Level of Completion of	100% completion	RPQM	The tender for the review of the BCM framework was signed for implementation. Inception and Gap analysis reports done; Draft Business Intelligence	66.7

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
Review the Business Continuity Management Framework			milestones			Analysis developed. Activity to spillover to the next FY.	
3.1.5.9 Prepare annual procurement plan and facilitate its implementation	Prepare and submit procurement plan	Approved Procurement Plans	Timely submission of reports	100% compliance to the set timelines	Supply Chain Management (SCM)	The procurement plan was developed and approved on 18 th August 2022. The Board at its meeting held on 25 th January, 2023 approved the revised CA corporate procurement plans for the FY 2022/2023 amounting to Kes 1,421,399,360.64 being a reduction from the earlier approved plan of Kes. 1,681,677,176.25.	100
3.1.5.10 Coordination of Tendering, Contracts preparation and execution	Facilitate the tendering process and Facilitate Procurement plan implementation	Implementation of the Approved Proc Plan	% of implementation of the Proc Plan	100%	SCM	As at 30 th June 2023, the implementation of the CA Corporate Procurement plan was at 91.0% based on the procurement activities undertaken and awards made.	91.0
3.1.5.24 Prepare and submit Quarterly Reports on Procurement to Public Procurement Regulatory Authority (PPRA), NCPWDs and Ministry of Trade and Industry	Develop and submit Quarterly Reports	Quarterly Reports	Timely submission	100% adherence to the statutory obligations	SCM	1 st , 2 nd and 3 rd quarter report for the FY 2022/2023 were submitted to the lead agencies in October 2022, January 2023 and April 2023 respectively. The 4 th quarter report has been prepared for submission.	100
3.1.6.10 Disposal of identified stores and assets	Dispose the identified items and stores	Disposal Plan Implementation Report	No. of items	100% disposal	SCM	The Authority has identified and consolidated the items due for disposal which have been approved by management. The Authority engaged a consultant to facilitate the valuation of assets. Disposal finalized in June 2023.	100
2.2.1.6 Carry out standards and type	Standards and Type-approval Reports	No. of Reports	Compliance Level	% level of compliance	Standards & Type Approval	The Authority type-approved 516 ICT equipment within an average turn-around of 9 Days.	100

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
approval inspections				e with standards	(STA)		
1.1.1.1 Support infrastructure development – Mobile network connectivity	(a.) Complete the roll-out of connectivity projects in the remaining 86 sublocations under Phase II	Sub-locations in the unserved and underserved connected	No. of additional sub-locations on air	Phase II – 86 Sub-locations on air	Universal Service Fund (USF)	During the year, an additional 36 sub locations were put on air while passive infrastructure was constructed in 30 sub-locations.	85.0
1.1.1.1 Support infrastructure development – Mobile network connectivity	(b.) Design and deploy mobile cellular mobile network infrastructure and services project under Phase III	Sub-locations in the unserved and underserved connected	No. of Sub-locations covered	Phase III – passive infrastructure deployed in 34 sub-locations	USF	Passive infrastructure contracts signed on 18th October 2022 and 24 th November 2022 for Atlas Towers and ATC Kenya respectively and the inception meetings held. Tender for active components in 68 sub-locations under phase III and the 29 sub-locations under phase II was re-advertised on 16th May 2023 and awarded on 22nd June 2023 to Safaricom and Airtel. Contract execution will be done on 12th July 2023.	16.7
1.1.1.2 Support infrastructure development – Public institutions providing essential services (NPS, Judiciary and MoH) @ Kshs. 250 million, Kshs. 150 million and Kshs. 383.84 million, respectively	Support the connectivity of Level-3 public County hospitals.	Level - 3 public hospital connected	No. of public Institutions	97 Police Stations, 110 Courts and 24 Level-3 public hospital connected with broadband	USF	NPS - Tender for the LAN was terminated due to non-responsiveness. Brief to NPS on the project status was done. Judiciary - Conducted site surveys in 80 court stations spread across the country and held a consultative meeting with the Judiciary on 24th August 2022 to review the project progress. Feasibility study report, BoQs and estimated budget finalized. TORs for the Judiciary LAN finalized on 15th February 2023. Draft tender document shared with Judiciary who have partnered with the Authority's proposal to progress phase one of the project covering 47 court stations at an estimated cost of Ksh 250M. MOH – Project scope expanded to align with GoDTA. Project differed to FY 2023/24 to cater for expanded scope.	16.7

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
						osal to progress phase one of the project covering 47 court stations at an estimated cost of Ksh 250M. MOH – Project scope expanded to align with GoDTA. Project differed to FY 2023/24 to cater for expanded scope. to progress phase one of the project covering 47 court stations at an estimated cost of Ksh 250M. MOH – Project scope expanded to align with GoDTA. Project differed to FY 2023/24 to cater for expanded scope.	
1.1.2.1 Provide ICT Devices to learning institutions – Education Cloud Portal	Support the establishment of the Kenya Education Cloud Open Resources Portal project (in partnership with the Kenya Institute for Curriculum Development (KICD))	Access to Education Cloud Portal system	Project completion rate	100% completion	USF	Held consultative meetings with KICD and agreed on the workplan and project components. Tender documents developed Baseline survey on school readiness for the Open Education Resource done in 38 counties covering 200 schools in March 2023. Call of submission for digital curriculum content for grade I, II and III (Kiswahili and English), all learning areas for Grade 6 and sciences and mathematics for Form Four done.	41.7
1.1.2.3 Develop and Implement framework supporting Innovations on	(a.) Support development of content and provision for learners with special needs (in partnership with Kenya Institute for the Blind (KIB))	Assistive devices available at KIB	Project completion rate	100% completion	USF	Submitted Concept note to Ministry of ICT and Digital Economy on 12th Sep 2022 for progression to Treasury for Approval. Consultation with KIB and the Ministry was done on 22 nd February 2023. The Authority received draft specifications for project components from KIB. A virtual stakeholders engagement meeting was held on 5 th June 2023 to discuss the subsequent steps in the project implementation.	8.3
1.1.2.3 Develop and Implement framework on	(b.) Implement the KARLO Project – Agricultural Content	Digitized agricultural content	Project completion rate	100% completion /	USF	Held preliminary engagements with KARLO on the implementation of this project. Draft project work-plan developed by 23rd November 2022.	16.7

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Activities	Implied Tasks	Output	KPIs	Target FY 2022/23	Department	Achievement as at 30 th June 2023	Score (%)
supporting Innovations	digitization for dissemination to farmers.	assessable to farmers		availability		Technical Cooperation Agreement (TCA) on project roll out signed between CA and KALRO on 10 th March 2023. A joint baseline survey done by both CA and KALRO was conducted between 17th to 21st April 2023. These surveys were conducted in the targeted seven (7) Agricultural Information Centres (AICs) located in Kitale, Kakamega, Opapo, Katumani, Buchuma, Kericho and Alupe.	
OVERALL							77.4

The implementation of these activities had been cascaded to all Departments/Divisions and monitored through periodic analysis of status of implementation of signed performance contracts between the Director General and Heads of Departments (HoDs). The Authority did not achieve some of the proposed targets by set timelines. To ensure achievement of the desired outcomes, these have been rolled over to the next Strategic Planning cycle.

VIII. CORPORATE GOVERNANCE STATEMENT

a) Fiduciary Oversight Arrangements

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

i. Finance and Planning Committee

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

ii. Board Audit and Risk Assurance Committee

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

iii. People and Culture Committee

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

iv. Technical and Broadcasting Standards Committee

The Technical and Broadcasting Standards Committee is established mainly to give recommendations and advise to the Board on Technical, Regulatory and Broadcasting matters in the ICT sector. This committee is established vide KICA (Amendment) Act, 2013, section 7 (f) establishes the committee and such other committees as may be necessary to carry out its functions.

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b) During the Financial Year, the Board of Directors held Meetings as follows:

	Name of Board Member	Full Board	Finance Committee	Technical Committee	Broadcasting & Standards Committee	Staff & Administration Committee	Board Audit & Risk Committee	Total
1	Mary Mungai	9						9
2	Capt. Gilbert Kibe (Retired)	9						9
3	Albert Kochei	5	2			4		11
4	Christine Bhoke Nchamah	5	2			4		11
5	Christopher Kirigua	3		1			1	5
6	Eric Langat	5	2	3				10
7	Fredrick Muhul	5				3	1	9
8	Joel Okeng'o	5		3			1	9
9	Juliana Yiapan	18	8	5		17	5	53
10	Paul Mureithi	18	7	3		6	1	35
11	Sarah Kabira	1				1		2
12	Tonia Musyoka	5		2		4		11
13	Nicholas Ng'arua (Retired)	4				3	1	8
14	Alex Wafula Wamalwa (Retired)	1						1
15	Esther Njoki Njoroge (Retired)	1						1
16	Mgeni Mboto Hassan (Retired)	1						1
17	Jackson Kemboi (Retired)	13	5	7		14		39
18	Kentice Tikolo (Retired)	11		1			4	16
19	Laura Chite (Retired)	13				14		27
20	Mahmoud Noor (Retired)	13		9			4	26
21	Patricia Kimama (Retired)	11	5	1		3		20
22	Peter Wanjohi (Retired)	8	3	1				12
23	Prof. Levi Obonyo (Retired)	11		6		3		20
24	Prof. Dulacha Barako (Retired)	4	4	5		8	4	25

(c) Board and Members' Performance

The Board has established a Board Charter that guides its operations and on an annual basis sets performance target through a workplan. In compliance with the provisions of the *Mwongozo*, a Board evaluation was carried out by the State Corporations Advisory Committee. The Board attained an overall score of 94.88 per cent.

(d) Members Trainings and Induction

During the Financial Year under review, Members of the Board attended the following induction trainings coordinated by SCAC as part of continuous capacity building for members. Management arranges for induction sessions/retreats for newly appointed members. During the Financial Year, Management arranged for a one-week induction for the newly appointed Chairperson.

(e) Board Succession Plan

Succession planning for the Board is managed by ensuring that there is a staggered recruitment and appointment of Board Members by the appointing authority. The First batch of the 3 Board members was appointed on 6th January 2020 and their term ended on 6th January 2023 anticipating the other batch of four (4) Board members was done later in 17th July 2021 and replaced on 24th February 2023 to ensure continuity and succession planning at the Board Level.

(f) Process of Appointment and Removal of Directors

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

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

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

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

(g) Roles and functions of the Board

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

(h) Conflict of Interest

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

(i) Board Remuneration

The Board of Directors are paid fees and allowances as remuneration for conducting official business that they may be called upon to undertake. The Directors' remuneration rates are as outlined in the State Corporations Act, the Salaries and Remuneration Commission and periodic government Circulars/Guidelines.

(j) Governance audit

During the financial year, the Authority procured an external consultant to conduct a Governance Audit. The Audit will be for up to the Financial Year ended 2022/2023. The Audit is expected to provide an opportunity to enhance the governance systems of the Authority.

(k) Ethics and conduct

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

IX. MANAGEMENT DISCUSSION AND ANALYSIS

Operational and financial performance

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

As at 30th June 2023, the total revenue earned was Kshs. 12.12 billion against a revised budget of Kshs. 10.72 billion. This represents a positive variance of 13%. The income of the Authority is majorly earned from Frequency utilization fees and Annual operating license fees, which account for 76.7% and 15.3% respectively; of the amount earned as at the end of the year. These revenue streams are invoiced at the beginning of the financial year. Interest Income is the third revenue source contributing 7.8% of the total income earned as at end of the year.

The total operating expenditure for the period ended 30th June 2023 was Kshs. 4.92 billion compared to a budget of 5.43 billion, other gains/losses total to Kshs.733.02 million (net loss). The resultant surplus is Kshs.4.46 billion. The major expenditure was Use of Goods and Services Kshs.1.91 billion (excluding 90% surplus advance payment of Kshs. 2 billion) accounting for 63%, followed by personnel emoluments Kshs.1.34 billion accounting for 19%. The other expenditures include depreciation and amortization Kshs.771.71 million, Repairs and maintenance Kshs.377.13 million and Board of Directors, Councils and Commissions Expenses Kshs.54.66 million

Compliance with statutory requirements

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

Major risks

The Authority developed and implemented the ERM framework as per guidelines based on ISO 31000 International Standard — Risk Management Principles and Treasury Circular No. 3.2009, Institutional Risk Management Framework. Further in FY 2022/23 the authority undertook a risk assessment review of the authority strategic/operational risks.

Key corporate risks

The Authority undertakes risk assessment on a continuous basis. In the course of the year, the following key corporate risks, associated risk levels as well as risk treatment options were identified.

Our top ten (10) risks

1. Inadequate content regulation leading to failure to detect non-compliance with content standards; 16
2. Failure to effectively manage interconnection between licensees; 15
3. Inadequate USF Project Models (project designing); 16
4. Delays in the completion implementation of the ICT Roadmap 2018 -2023; 16
5. Inability to recover ICT Systems and Services following a disaster or major disruption at the Authority; 16
6. Inadequate monitoring and analysis of cyber threats intelligence and cyber incidence; 16
7. Inadequate digital forensic capacity to address rising cybercrime; 16
8. Regulatory Gaps arising out of delays in review of the regulatory instruments; 15
9. Low funds absorption and 16
10. Failure to effectively prosecute and resolve cases arising from enforcement activities 16

(ii) Environmental performance

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

- **Environmental Sustainability Planning:** The Authority's Environmental Sustainability Committee holds quarterly meetings every financial year and submit quarterly reports to National Environmental Management Authority (NEMA) updating status progress of Environmental Sustainability activities.
- **Environmental Planning:** The Authority Conducts Environmental audits to inform the appropriate measures to put in place in Environmental Sustainability, assess the understanding of the staff in mainstreaming ES at the workplace and to implement the recommendation from the audit.
- **Pollution Control:** The Authority is committed to practicing responsible waste management through adoption of appropriate mechanism for collection and disposal of organic, plastic, paper waste and e- waste by designating segregation bins for each variety of waste for proper disposal. The Authority has employed interventions for recycling, reusing and reducing waste at its premises e.g. use of reusable drinking water bottles instead of the plastic tumbler cups, harvesting rain water to be used in the fish pond, reuse envelopes for internal dispatches.
- **Ecological Enhancement:** The authority continues to participate through-
 - a) implementation of environmental CSR activities such as tree planting campaign in Kisumu County during the World Consumer Rights Day .
 - b) Planting trees in CA's remote stations and staff residential houses
 - c) support Government initiative in enhancement of national forest cover through joint tree growing programme at the Konza Technologies
- **Partnerships:** Authority is committed in enhancing participation in National, Regional and International Environment and Green ICT Initiatives through partnership with East African Communications Organisation (EACO), International Telecommunication Union (ITU), NEMA among other relevant bodies.
- **Environmental Awareness:** The authority has created sensitization programs such as capacity development training for committee members, sensitization of all staff on Environmental mainstreaming, raise comprehensive awareness on ecological growth, climate mitigation and pollution control in the corporate sector

(iii) Employee welfare

The Authority's institutional capacity provides the foundation for achieving performance excellence. This entails possessing the requisite resources, expertise, and systems essential for fulfilling its mandate. To achieve performance excellence, the Authority fosters innovation, invests in human capital, harnesses technology, and aligns efforts with strategic goals. This holistic approach elevates capacity, resulting in performance outcomes that establish new standards of excellence. In achieving its high Institutional capacity, the Authority prioritizes the recruitment, development, and retention of talented and motivated employees, through training, mentorship, and professional development programmes.

Human Resource Establishment

The Authority transitioned to a new organizational structure, that increased the number of departments from 11 to 20 and reassigned the roles in functional areas with an aim of enhancing service delivery. The staff complement stood at 376 comprising of 246 staff on permanent and pensionable terms and 130 staff on temporary engagement with a female-to-male ratio of 47:53. Six permanent and pensionable staff exited the service while two staff joined on secondment.

Organizational Learning

The Authority provided opportunities for training and development programmes in order to enhance staff competency for improved service delivery, effective management, career progression and professional development. These trainings were categorized in five broad areas: Management skills development; Regulatory and Technical capacity building; Organizational development and effectiveness; Career/professional development; and Performance Contracting obligations programmes.

Industry practices

Responsible competition practise

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

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

a. Responsible supply chain and supplier relations

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

b. Responsible marketing and advertisement

The Authority consider sound corporate governance, ethical conduct, robust risk management and regulatory compliance to be fundamental to our commercial sustainability. In this regard, the Authority usually adheres to that to all advertising and marketing standards, code of ethics and rules government pertaining to placements of advertisements.

c. Product stewardship

The consumer protection mandate of the Authority is spelt out in the Kenya Information and Communications Act, 1998 and associated regulations. The Authority heavily relies on this legal anchor to empower, protect and create a confident ICT consumer.

The Authority undertook various initiatives to ensure that all licensed ICT service providers: establish appropriate customer care and complaints handling mechanisms; provide safe and secure communication services encompassing child online protection; provide information on their products and services, charges, terms and conditions; safeguard of all consumer information and confidentiality; enabled consumers to have access to emergency services.

During the year, various regulatory interventions were undertaken with a view to empower and protect consumers as well as create an enabling environment.

(iv) Consumer Research, Education and Empowerment

In line with our mandate on consumer protection, we safeguard the welfare of ICT consumers by empowering and protecting them, guaranteeing their right to access quality and affordable products and services, as well as the freedom to choose from a variety of goods and services available. In light of this, the Authority has implemented mechanisms aimed at providing consumers with information regarding the quality of ICT products and services, effective customer care and complaints management, as well as ensuring the provision of safe and secure communication services for children.

Consumer empowerment

The Authority's consumer education and empowerment programme seeks to enable consumers to actively participate and exercise their rights and freedom. This programme acknowledges the shift to outcome-based regulation and is more cognizant of consumer experiences.

We distributed informative consumer advisory materials during consumer education outreach activities, corporate events, licensees' forums and school events. Advisory information was also shared through the Authority's website and social media platforms. These advisories contained information on the rights and regulations pertaining to the access, usage and safety of communication services.

The Authority's Child Online Protection Programme

ICTs offer open access to information which presents threats that come due to anonymity, inadequate age verification mechanisms, among others that may expose children to inappropriate content, cyberbullying and predatory behaviour. In this regard, the Authority continued implementing the second phase of the Child Online Protection and Safety Programme dubbed "Huwezi Tucheza, Tuko CyberSmart ". This was achieved through partnership that entailed sponsorships, exhibitions and sensitization during various fora that included Kenya Music Festivals, Kenya Primary Schools Headteachers Association (KEPSHA) Annual Delegates Congress, Kenya Secondary Schools Headteachers Association (KESSHA) Annual National Conference for Principals, and Kenya National Drama & Film Festivals.

Participation in these fora provided a platform for discussing how children can protect themselves while using ICTs. Some of the themes highlighted during the year included, cyberbullying, screen time limitations, productive use of the internet, sexual exploitation and parental guidance.

(v) Corporate Social Responsibility/Community engagements

In our annual corporate social responsibility (CSR) initiatives, we've extended our commitment to social responsibility through various activities that align with our CSR policy. In this regard, we supported the Cerebral Palsy Society of Kenya during the Annual Cerebral Palsy awareness month, construction of two classrooms at St. Joseph Chepukat Mixed Secondary School in West Pokot County and a library block at Chebonet Mixed Secondary School in Elgeyo Marakwet County.

The Authority continued with the sponsorship of FC Talanta, a youth-focused football club excelling in Kenya's Premier League, reflects our commitment to nurturing young talent. In addition, we sponsored various sports events such as Sports Personality of The Year Awards (SOYA). Through these comprehensive efforts, we continue to create a positive societal impact while upholding our CSR values.

XI. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Authority's affairs.

Principal activities

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

Results

The results of the entity for the year ended June 30, 2023 are set out on page 1 to 36

Directors

The members of the Board of Directors who served during the year are shown under part III above. During the year 2023, **Capt. Gilbert Kibe** resigned on 2nd December 2022 and **Ms. Mary Wambui Mungai, CBS** was appointed with effect from 2nd December 2022.

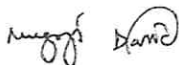
Dividends/Surplus remission

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

Auditors

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

By Order of the Board



.....
David Mugonyi, EBS

Director General/CEO

Date: 6th March 2024

XII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

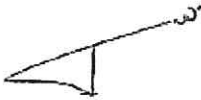
The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the KICA Act, PFM act and the Public Audit Act. The Directors are of the opinion that the Authority financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2023, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)

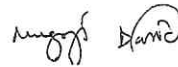
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 6th March 2024 and signed on its behalf by



**Ms. Mary W. Mungai, CBS
Chairperson**



**David Mugonyi, EBS
Director General/CEO**

REPUBLIC OF KENYA

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COMMUNICATIONS AUTHORITY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Communications Authority of Kenya set out on pages 1 to 35, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in

Report of the Auditor-General on Communication Authority of Kenya for the year ended 30 June, 2023

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Communications Authority of Kenya as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Kenya Information and Communication Act, 1998.

Basis for Qualified Opinion

1. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.19,287,929,000 as disclosed in Note 21 to the financial statements which includes freehold land with a value of Kshs.15,957,281,000. However, the following unsatisfactory observations were made:

1.1 Lack of Ownership Documents for Land in Garissa County

The Authority has erected a monitoring station on a land in Garissa County. However, the land has not been valued for inclusion in the financial statements. Further, the ownership documents (title deeds) for the land were not provided for audit review.

1.2 Existing Charge on Land in Trans-Nzoia County

The Authority has a land and property in Trans-Nzoia County valued at approximately Kshs.68,570,000. The land originally belonged to the Agricultural Finance Corporation but was transferred to the defunct Kenya Posts and Telecommunications. In 1999, the ownership of the land was again transferred to Communications Authority of Kenya for the construction of a monitoring station. However, review of the certificate of title revealed that the parcel of land had a charge of Kshs.462,500,000 relating to Kenya Commercial Bank against Agricultural Development Corporation. The charge was registered on 12 October, 2010 which is five (5) months after the title had been transferred to the Authority from Kenya Posts and Telecommunication.

In the circumstances, the accuracy, completeness and ownership of the freehold land valued at Kshs.15,957,281,000 could not be confirmed.

2. Unconfirmed Receivables from Non-Exchange Transactions

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.134,787,000 and as disclosed in Note. 19 to the financial statements. The balance is net off cumulative provisions for bad and doubtful debts (general and

specific) totaling Kshs.7,446,747,000. Included in the balance of Kshs.7,446,747,000 is an amount of Kshs.4,001,420,516 which relates to the balance owed by Telkom Kenya Limited. However according to a letter Ref. TNT/ZZ/331/02 dated 29 June, 2020, the National Treasury committed to pay the frequency spectrum for financial years 2019/2020 and 2020/2021 despite the Management having provisioned for the bad and doubtful debts in full. Further, records indicate that as at the time of audit in January, 2024 no money had been received from the National Treasury. In addition, as previously reported Telkom Kenya Limited vide letter Ref: TKL/RA/CA/(LIC) dated 21 December, 2020 indicated as a Nil amount being owed to the Authority.

In the circumstances, the accuracy completeness of the receivables from non- exchange transactions balance of Kshs.4,001,420,516 could not be confirmed.

3. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects a balance of Kshs.10,706,601,000 as cash and cash equivalents as at 30 June, 2023. However, balance of remittance to the National Treasury of Kshs.5,982,499,000 was not supported by either a ledger or a note to give its breakdown. Additionally, Note 23 to the financial statements indicates total remittance to the National Treasury as Kshs.3,692,446,000 (same as the balance reflected in the statement of financial performance) resulting to unreconciled variance of Kshs.2,290,053,000. The statement further reflects, under investing activities, purchase of property, plant and equipment balance of Kshs.1,190,659,000 which however varies with the balance disclosed in both Notes 21 (B) and 22 of Kshs.963,280,000 and Kshs.141,182,000 respectively totaling to Kshs. 1,104,462,000 resulting to unconfirmed and unreconciled variance of Kshs.86,197,000. Furthermore, note 28 on cash generated from operations, reflects decrease in receivables from non-exchange transactions of Kshs.684,297,000 while a recomputation of the same indicates the decrease to be Kshs.413,547,000 resulting to unreconciled variance of Kshs.270,750,000.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.10,706,601,000 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board. This is contrary to Section 68, 2 (l) of the Public Finance Management Act, 2012 which states that the accounting officer shall “take appropriate measures to resolve any issues arising from audit which may remain outstanding”. Management has not provided satisfactory explanation for the delay in resolving the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Payment of Acting Allowances

The statement of financial performance reflects an expenditure of Kshs.1,343,133,000 under personnel emoluments as disclosed in Note 10 to the financial statements. The expenditure includes an amount of Kshs.22,709,317 paid as acting allowance to nineteen (19) employees of the Authority. However, review of human resource records revealed that all the nineteen (19) employees had served in acting positions for more than six (6) months without being confirmed. This is contrary to the Section C.14(1) of the Public Service Commission – Human Resource Policies and Procedures Manual, 2016 which provides that acting allowance will not be payable to an officer for more than six (6) months.

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

2. Failure to Prepare Annual Financial Statement for the Staff Housing and Mortgage Scheme

The Authority did not prepare separate financial statements for the staff housing and mortgage scheme, but rather aggregated the staff loans in the Authority's combined financial statement under other receivables at Note 20. This is contrary to Section 16 (e) of the Civil Servants (Housing Scheme Fund) Regulations (2004) which requires administrators of the scheme to prepare, sign and transmit to the Auditor-General for

audit in respect of each financial year and within three (3) months after the end thereof, statement of Accounts relating to the fund.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Irregular Approvals of Staff Housing and Mortgage Loans

Statement of financial position and Note 20 to the financial statements reflects receivables from exchange transactions amount of Kshs.816,431,000. Included in the amount is Kshs.665,799,069 representing house mortgage loans advanced to one hundred and twenty (120) employees of the Authority. However, review of application documents and the internal control procedures on the administration of the Authority's staff loans revealed that loans were advanced without regard to the employee's remaining years to retirement or terms of the contract. This situation resulted in employees getting loans running past their employment duration which may lead to defaults.

In the circumstances, effectiveness of the internal controls system on management of Staff Housing and Mortgage Scheme could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statement, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the applicable basis of accounting unless Management is aware of intention to terminate the Authority or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities,

financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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 Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 April, 2024

**Communications Authority of Kenya
Annual Report and Financial Statements
For the year ended June 30, 2023**

XIV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Kshs'000	2022 Kshs'000
Revenue from non-exchange transactions			
License Fees	6	11,175,171	10,635,318
Revenue from exchange transactions			
Finance income	7	948,896	708,867
Rental Revenue from facilities	8	3,793	3,849
Other Income	9	1,017	49,794
		<u>953,705</u>	<u>762,511</u>
Total revenue		<u>12,128,876</u>	<u>11,397,829</u>
Expenses			
Personnel Emoluments	10	1,343,133	1,221,212
Board Expenses	11	54,664	50,596
Depreciation	12	771,716	661,269
Repairs and maintenance	13	377,133	311,647
Use of Goods and Services	14a	3,914,591	1,387,047
Contracted Services	14b	467,842	594,449
Total Expenses		<u>6,929,080</u>	<u>4,226,219</u>
Other gains/(losses)			
Additional Impairment General Provision Allowance	15	(390,852)	(757,225)
Additional Impairment Specific Provision Allowance	15	(706,992)	(1,990,905)
Gain on sale of assets	16	766	1,519
Gain/(Loss) on foreign exchange transactions	17	364,049	167,686
Surplus for the year		<u>4,466,767</u>	<u>4,592,685</u>
Provisional Surplus (90%) to The National Treasury	26	3,692,446	3,982,499
Net Surplus for the year		<u>774,321</u>	<u>610,186</u>

The notes set out on pages 1 to 36 form an integral part of these Financial Statements



Director General/CEO
David Mugonyi, EBS

Date: 6th March 2024



For: Director Finance & Accounts
CPA. Joseph M. Kimanga
ICPAK Membership No:4341

Date: 6th March 2024



Chairperson of the Board
Ms. Mary W. Mungai, CBS

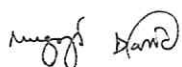
Date: 6th March 2024

**Communications Authority of Kenya
Annual Report and Financial Statements
For the year ended June 30, 2023**

XV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023 Kshs'000	2022 Kshs'000
ASSETS			
Current Assets			
Cash and cash equivalents	18	10,706,601	10,086,194
Receivables from non-exchange transactions	19	134,787	548,334
Receivables from exchange transactions	20	816,431	749,348
Total Current Assets		11,657,820	11,383,876
Non-Current Assets			
Property, plant and equipment	21	19,287,929	18,695,350
Intangible Assets	22	299,294	472,984
Total Non-Current Assets		19,587,223	19,168,334
TOTAL ASSETS		31,245,043	30,552,210
LIABILITIES			
Current Liabilities			
Provisional Dividend/Remittance (90%) Surplus	23	3,692,446	3,982,499
Trade and other Payables from exchange transactions	24	3,420,321	2,576,069
Payments received in advance	25	74,431	638,309
Total Current Liabilities		7,187,198	7,196,877
TOTAL LIABILITIES		7,187,198	7,196,877
Net Assets		24,057,845	23,355,333
Owners' Equity		741,965	741,965
Accumulated Surplus	26	7,299,558	6,597,047
Revaluation Reserve	27	16,016,322	16,016,322
Total Net assets and Liabilities		24,057,845	23,355,334

The notes set out on pages 1 to 36 form an integral part of these Financial Statements



Director General/CEO
David Mugonyi, EBS

Date: 6th March 2024



For: Director Finance & Accounts
CPA. Joseph M. Kimanga
ICPAK Membership No:4341

Date: 6th March 2024



Chairperson of the Board
Ms. Mary W. Mungai, CBS

Date: 6th March 2024

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XVI. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Note	Owners Equity Kshs'000	Revaluation Reserve Kshs'000	Accumulated Surplus Kshs'000	Total Reserves Kshs'000
At July 1, 2021		741,965	16,016,322	5,863,418	22,621,704
Surplus for the year		-	-	4,592,685	4,592,685
Remittance to Treasury - Provision	23	-	-	(3,982,499)	(3,982,499)
Prior year adjustments	26			123,443	123,443
At 30 June 2022		741,965	16,016,322	6,597,047	23,355,334
At July 1, 2022		741,965	16,016,322	6,597,047	23,355,334
Surplus for the year		-	-	4,466,767	4,466,767
Remittance to Treasury - Provision	23	-	-	(3,692,446)	(3,692,446)
Prior year adjustments	26			(71,810)	(71,810)
At 30 June 2023		741,965	16,016,322	7,299,558	24,057,845

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XVII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
	Note	Kshs'000	Kshs'000
OPERATING ACTIVITIES			
Cash generated from/ (used in) Operations	28	6,843,849	4,887,740
Remittance to The National Treasury		(5,982,499)	(3,028,334)
Net Cash generated from/(used in) Operations		<u>861,350</u>	<u>1,859,406</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	21	(1,190,659)	(351,351)
Proceeds from disposal of assets	16	820	2,492
Interest received	7	948,896	708,867
Net cash generated from/(used in) Investing activities		<u>(240,943)</u>	<u>360,008</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>620,407</u>	<u>2,219,414</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		10,086,194	7,866,780
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	<u><u>10,706,601</u></u>	<u><u>10,086,194</u></u>

The notes set out on pages 1 to 36 form an integral part of these Financial Statements



Director General/CEO
David Mugonyi, EBS

Date: 6th March 2024



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XVIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percentage Variance	Note
Description	2023	2023	2023	2023	2023	2023	
	Kshs (000)	Kshs (000)	Kshs (000)	Kshs (000)	Kshs (000)	%	
Revenue							
Internally Generated Revenue	11,133,665	(947,273)	10,186,392	11,175,171	988,779	9.71%	
Other Income	1,504,964	(961,799)	543,165	1,318,520	775,356	142.75%	1
Total Revenue	12,638,629	(1,909,072)	10,729,557	12,493,691	1,764,134	16.44%	
Operating Expenses							
Personnel Emoluments	1,489,968	79,407	1,569,375	1,343,133	(226,242)	-14.42%	
Board Expenses	104,000	(37,900)	66,100	54,664	(11,436)	-17.30%	2
Depreciation	549,990	198,812	748,802	771,716	22,914	3.06%	3
Repairs and Maintenance	532,035	(79,554)	452,481	377,133	(75,347)	-16.65%	4
Use of Goods and Services	2,292,378	1,679,996	3,972,374	3,914,591	(57,783)	-1.45%	
Contracted Services	982,448	(351,839)	630,608	467,842	(162,766)	-25.81%	
Provision for Bad & doubtful debts	-	-	-	1,097,844	1,097,844		5
Capital Expenses	1,902,906	(131,501)	1,771,406	1,190,659	(580,747)	-32.78%	
Total Expenses	7,853,725	1,357,421	9,211,146	9,217,583	6,437	0.07%	
Operating Profit (Loss)	6,687,810		5,289,816	3,276,108	1,757,697		
Net Earnings	6,687,810		5,289,816	3,276,108	1,757,697		
Distribution to National Exchequer	6,019,029	-	4,760,835	3,692,446	(1,068,389)		
Retained Earnings	668,781	-	528,982	(416,338)	689,309		
Notes to the Budget:							
1. The revenue realization was due to increase in interest rates above the projections							
2. The low absorption was due delay in approval for the budget							
3. This represents the allocation of cost of the assets and depends on assets capitalized							
4. The low absorption was due to delay in projects							
5. This is a provision for impairment based on the fair value of the receivables							

XIX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Authority's financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, and financial instruments at fair value, impaired assets at their estimated recoverable amounts and liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority.

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

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.

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Standard	Effective date and impact:
	<p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

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Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held	<p>Applicable 1st January 2025</p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be</p>

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Standard	Effective date and impact:
for Sale and Discontinued Operations	measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022/2023.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

License Fees

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

Type approval and other fees are recognized as and when realised. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions

Interest income

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

Other Income

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

b) Budget information

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

c) Taxes

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Authority operates and generates taxable income. The Authority is tax exempt as per the Public Financial Management Act 2012 Regulations 2015 (219) (3). Management periodically evaluates positions taken in the tax legislations with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Property, plant and equipment

All property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of financial performance as incurred. Depreciation is charged on a straight line basis over the estimated useful lives of the assets. The rates of depreciation used are based on the following estimated useful lives:

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

e) Financial instruments

Financial assets

Initial recognition and measurement

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

Receivables

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Financial liabilities

Initial recognition and measurement

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

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

f) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Authority expects some or all of a provision to be reimbursed, reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

g) Nature and purpose of reserves

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

h) Changes in accounting policies and estimates

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

i) Employee benefits

Post-employment benefits

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

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

i) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the prevailing rate of exchange on the date of the transaction. Bank balances denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from this running balance in the cashbook and the bank balance, are recognized in the statement of financial performance in the period in which they arise.

j) Intangible assets

Intangible assets acquired are initially recognized at cost. The cost of intangible assets acquired is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful life of the intangible assets is assessed as either finite or

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

k) Related parties

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

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits and liquid investments with an original maturity of twelve months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

m) Budget information

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

n) Comparative figures

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

o) Subsequent events

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

However, existing circumstances and assumptions about future developments may change due to legislations, market or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 REVALUATION OF ASSETS

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Revenue from Non-Exchange Transactions

6 License fees

Description	2023	2022
	Kshs (000)	Kshs (000)
Annual frequency license fees	9,302,027	8,958,651
Annual operating license fees	1,867,420	1,671,305
Application Fees	1,791	2,323
Type approval & Registration fees	3,933	3,040
Total Revenue from Non-exchange Transactions	<u>11,175,171</u>	<u>10,635,318</u>

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

Revenue from Exchange Transactions

7 Finance income

Description	2023	2022
	Kshs (000)	Kshs (000)
Cash Investments and fixed deposits	1,113,585	831,390
Taxes	-164,689	-122,522
Total Revenue from exchange Transactions	<u>948,896</u>	<u>708,867</u>

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

8 Rental Revenue from facilities

Description	2023	2022
	Kshs (000)	Kshs (000)
Rental Income	3,793	3,849
Total Other Income	<u>3,793</u>	<u>3,849</u>

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Other Income

Description	2023	2022
	Kshs (000)	Kshs (000)
Sale of tender documents	10	23
Penalties	1,000	49,771
Insurance Recovery	7	0
Total Other Income	<u>1,017</u>	<u>49,794</u>

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

10 Personnel Emoluments

Description	2023	2022
	Kshs (000)	Kshs (000)
Salaries and Wages	1,000,868	896,156
Contribution to pensions	108,706	96,610
Travel and other allowances	113,716	111,085
Housing benefits and allowances	119,843	117,361
Total Personnel Emoluments	<u>1,343,133</u>	<u>1,221,212</u>

11 Board Expenses

Description	2023	2022
	Kshs (000)	Kshs (000)
Sitting allowance	16,200	18,600
Monthly fees	963	712
Telephone allowance	4,137	3,760
Traveling Expenses	30,989	23,328
Board Welfare	532	563
Training-Directors	1,842	3,633
Total Board Expenses	<u>54,664</u>	<u>50,596</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Depreciation

Description	2023	2022
	Kshs (000)	Kshs (000)
Depreciation & Amortization for the year	771,716	661,269
	<u>771,716</u>	<u>661,269</u>

13 Repairs and Maintenance

Description	2023	2022
	Kshs (000)	Kshs (000)
Property	68,567	30,240
Equipment	288,504	264,826
Motor Vehicles	20,063	16,581
Total Repairs and Maintenance	<u>377,133</u>	<u>311,647</u>

14 (a) Use of Goods and Services

Description	2023	2022
	Kshs (000)	Kshs (000)
Training	124,477	126,082
Enforcement & Compliance	160,926	193,913
Corporate affairs	48,128	40,957
Consumer Affairs	247,336	155,283
Medical Expenses	86,635	82,275
Advertising	99,383	108,483
Meetings and conferences	312,302	294,304
Exhibitions	26,213	27,860
Utilities	62,099	53,224
Postage and telephone	24,402	22,972
Rent and Rate	26,614	27,210
Bank charges	2,531	2,316
Insurance	29,342	22,689
Printing and stationery	10,344	11,236
Periodicals and publications	4,240	6,918
Certification Expenses	42,770	12,465
Staff welfare	113,107	101,087
Transport Expense	39,526	27,498
Subscriptions	135,256	103,585
Sporting Activities	17,823	12,723
Corporate Social responsibility	40,947	28,218
Universal Service Obligation	30,509	18,599
National Communications Secretariat	212,500	120,000

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Description	2023	2022
	Kshs (000)	Kshs (000)
Communications Appeals Tribunal	10,000	10,000
The National Treasury	2,000,000	0
Research and Development	7,180	8,440
Total Use of Good and Services	<u>3,914,591</u>	<u>1,618,337</u>

14 (b) Contracted Services

Description	2023	2022
	Kshs (000)	Kshs (000)
Consultancy fees	183,613	72,994
Accrued-Audit fees	1,491	1,491
Statutory Audit Fees	8,936	3,615
Computer software	120,318	133,389
Security	89,264	62,479
Legal fees	49,926	75,619
House keeping	14,293	13,571
Total Contracted Services	<u>467,842</u>	<u>363,158</u>

15 Reconciliation for Impairment Allowance on Receivables

Description	2023	2022
	Kshs (000)	Kshs (000)
At the beginning of the year	6,348,903	3,600,774
Additional Impairment General Provision Allowance	390,852	757,225
Additional Impairment Specific Provision Allowance	706,992	1,990,905
At the end of the year	<u>7,446,747</u>	<u>6,348,903</u>

The Provision for impairment is as per the Policy (1Year - 25%, 1-2 Years - 50% & 2-3 Year - 100%). and specific provision for impairment has been made of Kshs.414 million in regards to Licensees.

16 Gain on sale of assets

Description	2023	2022
	Kshs (000)	Kshs (000)
Proceeds from disposal of assets	820	2,492
Acc Depreciation	3,185	2,471
Cost of Acquiring the asset	-3,239	-3,444
Proceeds from disposal	<u>766</u>	<u>1,519</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Gain/Loss on foreign exchange transactions

Description	2023	2022
	Kshs (000)	Kshs (000)
Gain/Loss on foreign Exchange	364,049	167,686
Total loss on foreign exchange transactions	<u>364,049</u>	<u>167,686</u>

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

18 Cash and cash equivalents

Description	2023	2022
	Kshs (000)	Kshs (000)
Current Account	10,706,601	10,086,194
Total Cash and Cash Equivalent	<u>10,706,601</u>	<u>10,086,194</u>

18(B) Cash and cash equivalents detailed analysis

Financial Institution and Account Number	2023	2022
	Kshs (000)	Kshs (000)
Kenya Commercial Bank (A/c Number 1106738608)		
Current Account	7,769,200	9,100,423
Sub-Total	<u>7,769,200</u>	<u>9,100,423</u>
Citibank N.A. (A/c Number 300042015)-KES		
Current Account	417,756	258,301
Sub-Total	<u>417,756</u>	<u>258,301</u>
Citibank N.A. (A/c Number 300042007)-USD		
Current Account	356,180	160,840
Sub-Total	<u>356,180</u>	<u>160,840</u>
Co-operative Bank of Kenya (A/c Number 01136151735800)		
Current Account	617,255	566,630
Sub-Total	<u>617,255</u>	<u>566,630</u>
Equity Bank of Kenya (A/c Number)		
Current Account	1,546,210	0
Sub-Total	<u>1,546,210</u>	<u>0</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 Receivables from non-exchange transactions

Description	2023	2022
	Kshs (000)	Kshs (000)
Licensee fee receivables	7,581,535	6,897,237
Impairment Allowance/ Provision	-7,446,747	-6,348,903
Total non-current receivables	<u>134,787</u>	<u>548,334</u>

20 Receivables from exchange transactions

Description	2023	2022
	Kshs (000)	Kshs (000)
Deposits	13,604	8,604
Amount due from USF	30	0
Other Receivables	802,797	740,744
Total receivables from exchange transactions	<u>816,431</u>	<u>749,348</u>

21 Property, plant & equipment

Description	2023	2022
	Kshs (000)	Kshs (000)
Property Plant & Equipment	20,829,163	19,869,123
Accumulated depreciation	-1,541,234	-1,173,773
Total non-current assets	<u>19,287,929</u>	<u>18,695,350</u>

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21 (B) Property, Plant & Equipment

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

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

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

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

	Freehold Land	Buildings and Civil Works	Plant and Machinery	Motor Vehicles	Computers & Related Equipment	Equipment, Furniture and Fittings	Capital Work In Progress	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
At 1 July 2021	15,957,281	1,004,936	106,192	165,747	280,358	1,859,657	426,338	19,800,509
Assets Retirement				-4,492				-4,492
Additions	0	0	2,085	16,270	50,244	4,506	0	73,105
Revaluations								
Transfers/Adjustments			0			0	0	0
At 30 June 2022	15,957,281	1,004,936	108,277	177,525	330,602	1,864,163	426,338	19,869,123
At 1 July 2022	15,957,281	1,004,936	108,277	177,525	330,602	1,864,163	426,338	19,869,123
Assets Retirement				-3,239				-3,239
Additions	-	-	31,980	32,540	65,891	95,284	737,586	963,280
Revaluations								
Transfers/Adjustments			0			0	0	-
At 30 June 2023	15,957,281	1,004,936	140,257	206,826	396,493	1,959,447	1,163,924	20,829,163

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	Freehold Land	Buildings and Civil Works	Plant and Machinery	Motor Vehicles	Computers & Related Equipment	Equipment, Furniture and Fittings	Capital Work In Progress	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Depreciation and Impairment								
At 1 July 2021		75,355	21,375	84,475	219,110	475,748		876,077
Depreciation	0	25,123	10,658	33,617	30,580	201,236		301,214
Impairment								0
Transfers/ Adjustments				-3,518				-3,518
At 30 June 2022	-	100,478	32,032	114,573	249,690	676,984	-	1,173,773
At 1 July 2022		100,478	32,032	114,573	249,690	676,984		1,173,773
Depreciation	-	25,123	10,840	38,163	49,356	247,165		370,646
Impairment								0
Transfers/ Adjustments				-3,185				-3,185
At 30 June 2023	-	125,602	42,872	149,551	299,046	924,148	-	1,541,234
Net Book Values								
At 30 June 2023	15,957,281	879,335	97,385	57,275	97,447	1,035,299	1,163,924	19,287,929
At 30 June 2022	15,957,281	904,458	76,245	62,952	80,912	1,187,180	426,338	18,695,350

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 Intangible Assets

Description	2023	2022
	Kshs (000)	Kshs (000)
Intangible software	1,536,199	1,308,819
Accumulated depreciation	-1,236,905	-835,835
Total non-current intangible assets	<u>299,294</u>	<u>472,984</u>

Intangible Assets at Cost	2023	2022
	Kshs (000)	Kshs (000)
Cost		
At the beginning of the year	1,239,615	1,030,573
Additions	141,182	209,042
At the end of the year	1,380,797	1,239,615
Works in Progress		
At the beginning of the year	69,068	0
Additions WIP	86,335	69,068
At the end of the year	155,402	69,068
Total Intangible at the end of the year	1,536,199	1,308,683
Amortization and Impairment		
At the beginning of the year	835,835	475,780
Amortization for the year	401,070	360,055
Amortization at the end of the year	1,236,905	835,835
Net Book Values at end of the Year	299,294	472,984

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23 Provisional Dividend/Remittance (90%) Surplus

Description	2023	2022
	Kshs (000)	Kshs (000)
Unrealized gains/losses adjustment	(327,644)	-150,918
Provisional Remittance to The National Treasury - Current year	4,020,090	4,133,416
Total Remittance to The National Treasury	<u>3,692,446</u>	<u>3,982,499</u>

24 Trade and other Payables from exchange transactions

Description	2023	2022
	Kshs (000)	Kshs (000)
Trade payables	762,988	609,646
Universal Service Fund Levy	6,261	561
Urban IT	0	225
The National Treasury	2,623,296	1,901,716
Accrued Expenses	1,491	2,982
Employee Remittances	26,285	60,939
Total trade and other payables	<u>3,420,321</u>	<u>2,576,069</u>

25 Payments received in advance

Description	2023	2022
	Kshs (000)	Kshs (000)
Payments received in advance	<u>74,431</u>	<u>638,309</u>

26 Accumulated Surplus

Description	2023	2022
	Kshs (000)	Kshs (000)
Accumulated surplus at 1 July 2022	6,597,047	5,863,418
Surplus for the year	4,466,767	4,592,685
Prior year adjustments	-71,810	123,443
Provisional Remittance Surplus (90%)	-3,692,446	-3,982,499
Accumulated surplus at 30 June 2023	<u>7,299,558</u>	<u>6,597,047</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 Revaluation Surplus

Description	2023	2022
	Kshs (000)	Kshs (000)
New value of Assets	19,364,357	19,364,357
Original value of Assets	-3,348,035	-3,348,035
Revaluation surplus at 30 June 2020	<u>16,016,322</u>	<u>16,016,322</u>

28 Cash generated from operations

Description	2023	2022
	Kshs (000)	Kshs (000)
Surplus before remittances	4,466,767	4,592,685
Adjustments for:		
Depreciation of property, plant & equipment	771,716	661,269
Loss/Gain on sale of assets	-766	-1,519
Interest Received	-948,896	-708,867
Additional Impairment Provision Allowance	1,097,844	2,748,130
Additional Dividends Remittance	2,000,000	0
Retained Earnings Adjustments	-71,810	123,443
	7,314,856	7,415,141
Working capital adjustments		
(Decrease)/Increase in receivables from non-exchange transactions	-684,297	-2,995,944
(Decrease)/Increase in receivables from exchange transactions	-67,083	-136,690
(Decrease)/Increase in payments received in advance	-563,879	-633,842
(Decrease)/Increase in trade and other payables	844,252	1,239,076
Net Working Capital Changes	-471,007	-2,527,400
Net cash flows from operating activities	<u>6,843,849</u>	<u>4,887,740</u>

29 Credit Risk

(i) Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables.

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

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

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

Description	Total Amount	Total Amount
	Kshs (000)	Kshs (000)
At 30 June 2023		
Receivables from non-exchange transactions	134,787	548,334
Receivables from exchange transactions	816,431	749,348
Total	<u>951,219</u>	<u>1,297,682</u>
At 30 June 2022		
Receivables from non-exchange transactions	548,334	300,520
Receivables from exchange transactions	749,348	612,658
Total	<u>1,297,682</u>	<u>913,178</u>

29(B) Liquidity Risk

(ii) Liquidity risk management

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

Description	Less than 1 Month	1-3Months	Over 5 Months
	Kshs (000)	Kshs (000)	Kshs (000)
At 30 June 2023			
Trade payables and other payables	3,420,321	3,078,289	342,032
Surplus Remittance	3,692,207	3,692,207	-
Total	<u>7,112,528</u>	<u>6,770,496</u>	<u>342,032</u>
At 30 June 2022			
Trade payables	2,576,069	2,318,462	257,607
Surplus Remittance	3,982,499	3,982,499	0
Total	<u>6,558,568</u>	<u>6,300,961</u>	<u>257,607</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29(C) Foreign Currency Risk

(iii) Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Authority's income or the value of its holding

of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

a) Foreign currency risk

The Authority has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the Authority's foreign currency denominated monetary assets is as follows:

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

Description	2023	2022
	USD (000)	USD (000)
At 30 June 2023		
Current Account Balance - Citibank	2,535	1,365

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Interest rate risk

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

30 Capital Risk Management

Capital Risk Management

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

Description	2023	2022
	Kshs (000)	Kshs (000)
Retained earnings	7,299,558	6,597,047
Capital reserve	16,758,287	16,758,287
Total funds	24,057,845	23,355,334
Less: cash and bank balances	9,160,391	10,086,194
Net debt/(excess cash and cash equivalents)	14,897,454	13,269,140
Gearing	62%	57%

31 Related Party Transactions

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

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

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Government of Kenya

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

Description	2023	2022
	Kshs (000)	Kshs (000)
Transactions with related parties		
a) Key management compensation		
Directors' emoluments	54,664	50,596
Compensation to the CEO	18,507	15,931
Compensation to key management	104,933	84,504
Loans to CEO and key Management	84,615	71,614
Sub-Total	262,719	222,646
b) Other Entities		
The National Treasury	2,623,296	1,901,716
Amount payable to USF	6,261	561
Sub-Total	2,629,558	1,902,277
Amount receivable from USF	-30	0
Sub-Total	-30	0
Total	2,892,247	2,124,923

32 Owners' Equity

Description	2023	2022
	Kshs (000)	Kshs (000)
Surplus	4,466,767	4,592,685
Remittance surplus (90%)	-3,692,446	-3,982,499
Net Surplus	<u>774,321</u>	<u>610,186</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 Contingent Assets and Contingent Liabilities

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

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

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

34 Surplus Remission

In accordance with the Public Financial Management Act 2012 Regulations 2015 (219) (3), regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

35 Events after the Reporting Period

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

36 Ultimate and Holding Entity

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

37 Currency

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

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XX. APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

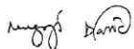
	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame																									
I	The statement of financial position reflects receivables from non-exchange transactions balance of Kshs. 548,334,000 as at 30 June, 2022. As disclosed in Note 19 to the financial statements, the balance is net off cumulative provisions for bad and doubtful debts (general and specific) totaling to Kshs. 6,348,903,000. Included in the balance of Kshs. 6,348,903,000 is an amount of Kshs. 3,060,718,138.12 which relates to the balance owed by Telkom Kenya Limited. However, according to the letter Ref: TNT/ZZ/331/02 dated 29 June, 2020, The National Treasury committed to pay the frequency spectrum for financial years 2019/2020 and 2020/2021 despite the Management having provisioned for the bad and doubtful debt in full. Further, records indicate that as at the time of this audit in November 2022, no money had been received from The National Treasury. In addition, as previously reported, Telkom Kenya Limited vide, letter Ref: TKL/RA/CA/(LIC) dated 21 December,	The National Treasury committed to provide to Telkom Kenya Limited the amount of money required to cover frequency spectrum fees for the financial years 2019/20, 2020/2021 and 2021/22.	1. The provision for impairment is relation to Telkom Kenya Limited debt has over time been provided for as per Table 1 below: Table 1: Telkom (K) Ltd - Provision FY 2021/2022 <table border="1"> <thead> <tr> <th>Financial Year</th> <th>Outstanding Amount</th> <th>Specific Provisions</th> <th>General Provisions</th> <th>Total Provisions</th> </tr> </thead> <tbody> <tr> <td>2021/2022</td> <td>948,908,407.50</td> <td>711,681,305.63</td> <td>237,227,101.88</td> <td>948,908,407.50</td> </tr> <tr> <td>2020/2021</td> <td>1,039,152,996.00</td> <td>779,364,747.00</td> <td>259,788,249.00</td> <td>1,039,152,996.00</td> </tr> <tr> <td>2019/2020</td> <td>1,072,656,734.62</td> <td>780,307,520.15</td> <td>292,349,214.47</td> <td>1,072,656,734.62</td> </tr> <tr> <td>TOTAL</td> <td>3,060,718,138.12</td> <td>2,271,353,572.78</td> <td>789,364,565.34</td> <td>3,060,718,138.12</td> </tr> </tbody> </table>	Financial Year	Outstanding Amount	Specific Provisions	General Provisions	Total Provisions	2021/2022	948,908,407.50	711,681,305.63	237,227,101.88	948,908,407.50	2020/2021	1,039,152,996.00	779,364,747.00	259,788,249.00	1,039,152,996.00	2019/2020	1,072,656,734.62	780,307,520.15	292,349,214.47	1,072,656,734.62	TOTAL	3,060,718,138.12	2,271,353,572.78	789,364,565.34	3,060,718,138.12	DG	Response provided	
Financial Year	Outstanding Amount	Specific Provisions	General Provisions	Total Provisions																											
2021/2022	948,908,407.50	711,681,305.63	237,227,101.88	948,908,407.50																											
2020/2021	1,039,152,996.00	779,364,747.00	259,788,249.00	1,039,152,996.00																											
2019/2020	1,072,656,734.62	780,307,520.15	292,349,214.47	1,072,656,734.62																											
TOTAL	3,060,718,138.12	2,271,353,572.78	789,364,565.34	3,060,718,138.12																											
			2. Despite The National Treasury correspondence																												

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
	<p>2020 indicated a nil amount being owed to the Authority. Management did not explain the varying details in the two sets of record.</p> <p>In the circumstances, the accuracy, completeness of the reported receivables from non-exchange transactions balance of Kshs. 548,334,000 as at 30 June, 2022 could not be confirmed.</p>		<p>received on 28th June 2020 to provide funds, the debt is still outstanding and Management deemed it prudent to make a provision of the Telkom debt. The National Treasury commitment to avail funds to Telkom Kenya attached as <i>Annex 1A</i>.</p> <p>3. The National Treasury vide Letter Dated 22nd October 2021 attached as <i>Annex 1B</i> reiterated the commitment. However, The National Treasury has not honored the commitment and CA has no enforcement mechanism to effect on another Government agency of stature of The National Treasury.</p> <p>4. CA License and frequency resources are not transferable and are exclusively held by Telkom Kenya Limited with no relationship with The National Treasury. Hence, absence of an enforceable and legally binding transfer of debt to The National Treasury.</p> <p>5. Management has unsuccessfully made several attempts to pursue the debt with Telkom Kenya Limited. On 21st December 2021, CA wrote a demand note and a notice of intention to institute enforcement action against the entity on account of non-payment of regulatory fees. On 11th January 2022, TKL wrote to TNT with a copy to CA requesting TNT to expedite the formalization of the settlement to CAs' outstanding balance. They further acknowledged that enforcement action</p>			

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	Basis of Qualified Opinion	Key Issues	Management Response	Focal Point	Current Status	Time frame
			<p>would adversely impact the continuity of their business. Telkom letter to TNT dated 11th January 2022 herein attached Annex 1C.</p> <p>6. The letters from The National Treasury and Telkom Kenya did not specify the due date and the procedures for the CA to obtain the funds The National Treasury shall avail to Telkom Kenya Limited.</p> <p>The Authority has continued to make follow up on the outstanding debt. Demand letter dated 18th August 2022 is herein attached Annex 1D.</p>			



Director General/CEO
Date: 6th March 2024



Chairperson of the Board
Date: 6th March 2024

XXI. APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

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

XXII. APPENDIX III: INTER-ENTITY TRANSFERS

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

XXIII. APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

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