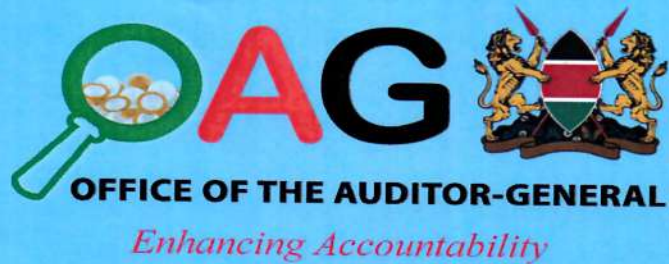


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

MEDIA COUNCIL OF KENYA

**FOR THE YEAR ENDED
30 JUNE, 2022**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

MEDIA COUNCIL OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022

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

*MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022.*

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1. Key Entity Information and Management

(a) Background information

The Media Council of Kenya is an independent national institution established by the Media Council Act, No. 20 of 2013 for purposes of setting media standards and ensuring compliance with those standards as set out in Article 34(5) of the Constitution and for connected purposes.

The Media Act 2013 came into force on 27th December 2013 following the repeal of the Media Act 2007 which established the Media Council of Kenya

(b) Principal Activities

The principal activity of the Media Council is to safeguard media freedom, enhance professionalism and arbitrate media disputes.

(c) Key Management

The Media Council of Kenya's day-to-day management is under the following key organs:

1) Council Members

- | | |
|--------------------------|------------|
| - Mr. Maina Muiruri | - Chairman |
| - Mr. P.D. Gwaro Ogaro | - Member |
| - Ms Tabitha Mutemi, OGW | - Member |
| - Dr Mbugua Njoroge PhD | - Member |
| - Ms. Patience Nyange | - Member |
| - Mr. Timothy Wanyonyi | - Member |
| - Ms. Susan Karago | - Member |
| - Ms. Roselyne Obala HSC | - Member |

2) Complaints Commissioners

- | | |
|----------------------------------|------------|
| - Mr. William Otieno Oketch | - Chairman |
| - Mrs. Esther Jowi Anyango Aduma | - Member |
| - Mrs. Polly Gathoni Waweru | - Member |
| - Mr. Demas Tuikong Kiprono | - Member |
| - Mr. Henry Omusundi Maina | - Member |
| - Prof. Nancy Achieng Booker | - Member |
| - Mr. Lempaa Vincent Suyianka | - Member |

3) Management Team

- | | |
|--------------------------------|---------------------------|
| - Mr. David Omwoyo Omwoyo, MBS | - Chief Executive Officer |
|--------------------------------|---------------------------|

- Mr. Victor Bwire – Director, Media Training & Development
- Mr. Hillary Korir – Director, Corporate Services
- CPA George Maina – Assistant Director, Finance & Accounts
- Mr, Josphat Kibaara – Assistant Director, Human Resource & Admin
- CPA Anne A. Jalang’o – Assistant Director, Internal Audit
- Ms. Mildred Maina – Senior Officer Supply Chain Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	Mr. David Omwoyo Omwoyo, MBS
2.	Director, Media Training & Development	Mr. Victor Bwire
3.	Director, Corporate Services	Mr. Hillary Korir
4.	Assistant Director, Finance & Accounts	CPA George Maina
5.	Assistant Director, Human Resource & Administration	Mr, Josphat Kibaara
6.	Assistant Director, Internal Audit	CPA Anne A. Jalang’o
7.	Senior Officer Supply Chain Management	Ms. Mildred Maina

(e) Fiduciary Oversight Arrangements

The fiduciary oversight arrangements of the Media Council of Kenya are carried out by the Council through various committees namely:

- Finance & Administration Committee
- Media Development and Training Committee
- Regulatory Affairs Committee
- Audit Committee

(f) Entity Headquarters

P.O. Box 43132 - 00100
Mara / Ragati Road Junction
Upper Hill
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 727 735252

E-mail: info@mediacouncil.or.ke

Website: <http://www.mediacouncil.or.ke>

(h) Entity Bankers

1. Standard Chartered Bank Kenya Limited

Kenyatta Avenue Branch

P.O. Box 30001-00100

Nairobi, Kenya

2. KCB Banks Limited

Capitol Hill

P.O. Box 30001-00100

Nairobi, Kenya

(i) Independent Auditors

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice



Harambee Avenue



P.O. Box 40112



City Square 00200



Nairobi, Kenya

2. The Council Members

<p>1</p>	 <p>Mr. Maina Muiruri Council Chairperson</p>	<p>Date of Birth: 03.04.1965</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of Master’s in International Studies from University of Nairobi. • Bachelor of Arts in Political Science - University of Nairobi. • Diploma in Mass Communication – Kenya Institute of Mass Communication. <p>Work experience</p> <ul style="list-style-type: none"> • He is a career journalist with the experience of working at top editorial levels in two mainstream media houses in Kenya. • He served at the Standard Media Group as a News Editor and at the Media Max Network Limited’s People Daily as Managing Editor. • He has been a visiting lecturer at the Riara University Journalism School and the Aga Khan University Graduate School of Media and Communications. • He is a Member of the International Training Programme (ITP). <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive • Council Chairperson
<p>2</p>	 <p>Mr. P.D Gwaro Ogaro Council Member</p>	<p>Date of Birth: 29.12.1962</p> <p>Education</p> <ul style="list-style-type: none"> • He has a Master of Arts degree in Communication Studies - University of Nairobi. • Bachelor of Arts in Sociology and Linguistics - University of Nairobi. • Diploma in Journalism from the Indian Institute of Mass Communication. <p>Work Experience</p> <ul style="list-style-type: none"> • The current Director at Government Advertising Agency (GAA). • Served as Director of Information in the Ministry of Information, Communications and Technology. • Served as an Information Officer with the Kenya News Agency (KNA) and as an Editor with the Rural Press in the Department of Information. • Served as Head of Communication in the Ministry of East African Community and the National Police Service before re-joining the Department of Information. <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive





<p>3</p>	 <p>Ms. Tabitha Mutemi, OGW</p> <p>Council Member</p>	<p>Date of Birth: 11.12.1969</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of master’s degree in Corporate Communications from Daystar University. • Bachelor of Environmental Health from Kenyatta University. • Diploma in Mass Communications – Kenya Institute of Mass Communication. • Certificates in Journalism and Public Relations from Daystar University and University of Nairobi. <p>Work Experience</p> <ul style="list-style-type: none"> • She has over 25 years’ experience in Media, Corporate Communications and Governance in the public sector. • She has served at the Independent Electoral and Boundaries Commission (IEBC), Kenya Meat Commission (KMC), Media Advertising Agency, Kenya Broadcasting Corporation (KBC) and Presidential Press Unit (PPU). • She is the Chairperson of Association of Professional Broadcasters (APB), Member of the Public Relations Society of Kenya (PRSK) and Association of Media Women in Kenya. <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive • Chair, Finance and Administration Committee
<p>4</p>	 <p>Dr. Mbugua Njoroge, PhD</p> <p>Council Member</p>	<p>Date of Birth: 05.05.1974</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of Doctor of Philosophy (PhD) from Kenyatta University. • Master’s Degree in Intellectual Property (MIP) from Africa University, Zimbabwe. • Master’s Degree in Communication Studies. • Postgraduate Diploma in Mass Communication from the University of Nairobi. • Bachelor of Education (B. Ed) from Egerton University. <p>Work experience</p> <ul style="list-style-type: none"> • Chief Executive Officer- Anti-counterfeit Authority • Former Chief Executive Officer – Kenya Association of Music Producers • Served as the Head of Communication at the Institute of Certified Public Accountants of Kenya (ICPAK). • Served as Corporate Communications Manager at Athi Water, Corporate affairs Manager at Kenya Broadcasting Corporation. • He was an adjunct faculty member at Kenyatta University, School of Media, Film and Creative Arts where he teaches Media Law and Ethics. • Served as the Vice-President of the Public Relations Society of Kenya (PRSK). <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive


<p>5</p>	 <p>Ms. Patience Nyange Council Member</p>	<p>Date of Birth: 16.12.1983</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of a master’s degree in International Public Relations and Global Communication Management from Cardiff University, UK. • BA Mass Communication from Daystar University, Kenya. • Diploma in Intercultural Communication from Gimlekollen School of Journalism and Communication, Norway. • She is a Chevening Scholar for the academic award of 2019-2020. <p>Work experience</p> <ul style="list-style-type: none"> • She is a communications and media engagement specialist with over 14 years’ experience in Broadcast Journalism, Public Relations and Communication, Social Media Management and Mentorship for young journalists. She has worked with local and international media organizations. • She has served as an Assistant Director in the Chairperson’s Office at the Kenya National Commission on Human Rights. • Former Broadcast Mentor with BBC Media Action and has also worked with Norwegian Broadcasting Corporation in Norway. • She is a member of the Chartered Institute of Public Relations (CIPR), Public Relations Society of Kenya (PRSK) and Association of Media Women in Kenya (AMWIK). <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive
<p>6</p>	 <p>Mr. Timothy Wanyonyi Council Member</p>	<p>Date of Birth: 01.05.1968</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of Bachelor of Science Degree in Information Sciences with Specialisation in Publishing and Media Studies from Moi University, Kenya. • Postgraduate Diploma in Media Studies from Golda Meir Mount Carmel Institute, Haifa, Israel. <p>Work experience</p> <ul style="list-style-type: none"> • He has more than 26 years’ experience in the Kenya media industry. • Worked as the Head of Content at Nation Media Group and Managing Editor at Kenya Times Media Trust Ltd. • He is a columnist for the Saturday Nation on agroforestry and also writes for Natural Resources Crime Brief, a publication of Global Financial Integrity, a Washington, DC-based think-tank that tracks illegal trade in natural resources. • He is a consultant book editor specialising in political autobiographies. Among the books he has edited is ‘‘Against All Odds’’, an autobiography of former Kenya Vice President Kalonzo Musyoka. • He is a part time journalism trainer at the Aga Khan University Graduate School of Media and Communications.

		<ul style="list-style-type: none"> • He is a member of the Kenya Editors’ Guild and Editor of its quarterly magazine, The Kenya Journalism Review. <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive • Chair – Regulatory Affairs Committee
7	 <p>Ms. Susan Karago Council Member</p>	<p>Date of Birth: 11.10.1984</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of a master’s degree in International Journalism from Westminster University (UK). • BA in Electronic Media from Daystar University. <p>Work Experience</p> <ul style="list-style-type: none"> • Currently serving as the Deputy Chief Executive Officer and Managing News Editor at Baraka FM. • She has over 15 years’ experience in journalism as a Political, Court, Parliamentary and Business Reporter. • She has taught journalism at Daystar University for 12 years • She is a member of Ethics and Freedom Committee at Kenya Editors’ Guild (KEG) which formulates and advises the Guild’s positions and interventions on media policy and legal/regulatory framework, advocacy, professional excellence, and safety of journalists. • She is a member of Association of Media Women in Kenya (AMWIK). <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive • Chair – Audit Committee.
8	 <p>Ms. Roselyne Obala HSC Council Member</p>	<p>Date of Birth: 28.9.1982</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of a master’s degree in Development Communication from the University of Nairobi. • Bachelor of Arts Degree in Mass Communication from Maseno University. <p>Work Experience</p> <ul style="list-style-type: none"> • She is the Planning and Research Editor at NTV, Nation Media Group. • Served as a Senior Reporter with the Standard Group PLC assigned to the Kenya Parliament, political writer, and part of the Kenya State House Press Corp. • She has experience spanning 12 years as an active journalist reporting both as a print and multimedia journalist. • She is a Dongfeng fellow on new media, a fellow on advanced International Training Programme (ITP), fellow on Media Regulation in a Democratic Framework in Sweden and a fellow at the Friedrich Naumann Foundation (FNF)

		<ul style="list-style-type: none"> • She has participated in the support of press freedom and sensitive reporting in Germany and is a fellow of the Women in News (WIN) programme. • She is currently the Chairperson of the Association of Devolution Journalists (ADJ), Vice Chairperson, Political Journalists Association of Kenya (PJAK) and former Chairperson, Kenya Parliamentary Journalists Association (PJAK) and member of the Kenya Editors' Guild. <p>Council Membership</p> <ul style="list-style-type: none"> • Non-Executive • Chair - Media Development and Training Committee
9	 <p>Mr. David Omwoyo Omwoyo, MBS</p> <p>Chief Executive Officer and Secretary to the Council</p>	<p>Date of Birth: 21.04.1982</p> <p>Education</p> <ul style="list-style-type: none"> • Holder of master's degree in diplomacy from the University of Malta • Holder of MA in Mass Communications from University of Leicester (UK) • Bachelor of Arts Degree in Mass Communication • Advanced Diploma in Internet Governance • Postgraduate Certificate in Public Policy Analysis from London School for Economic. <p>Work experience</p> <ul style="list-style-type: none"> • Kenya Conference of Catholic Bishops as the Director of Communications, Fundraising and Partnerships. • Egerton University, Njoro as the Resource Mobilisation and Donor Relations Manager • Catholic Diocese of Nakuru as the Communications Director and Radio Station Manager • Catholic Information Service for Africa (Projects Editor: Consultant)

3. Management Team

	<p>Mr. David Omwoyo Omwoyo, MBS Chief Executive Officer</p>
	<p>Mr. Victor Bwire Director, Media Training & Development</p>
	<p>Mr. Hillary Korir Director, Corporate Services</p>
	<p>Mr. Josphat Kibaara Assistant Director, Human Resource and Administration</p>

	<p>CPA Anne A. Jalang'o Assistant Director, Internal Audit</p>
	<p>CPA George Maina Assistant Director, Finance and Accounts</p>
	<p>Ms. Mildred Bwari Maina Senior Officer, Supply Chain Management</p>

4. Chairman's Statement

The Media Council of Kenya's media regulation mandate continued registering remarkable results during the 2021/2022 Financial Year. The Council surpassed most of its targets, thanks to sufficient funding from the National Government and enhanced collaborations with media industry stakeholders. The Council is grateful for the continued funding and goodwill.

In ensuring that the Council delivers on its mandate, the Council engaged the Ministry of ICT, Innovation and Youth Affairs in negotiating the Performance Contract for the Financial Year 2021/2022. By implementing the Performance Contract to the latter, I am pleased to report that the Council has attained over 80 per cent of its 2018- 2023 Corporate Strategic Plan objectives.

The reporting period was marked by heightened political activity in view of the 2022 General Election. As Kenya's media regulator, the Media Council of Kenya instituted measures to ensure professional coverage of the electioneering period. Notably, the Council spearheaded the development and launch of the industry-led Guidelines for Election Coverage and the Intermedia Media Charter for Safety and Protection of Media Workers to cushion journalists from eventualities that may arise during coverage of elections.

In providing space for interaction between political actors, the media and the electorate, the Council led the Kenyan media industry in organising the Presidential and Deputy Presidential Debates slated for July 2022. Additionally, the Council hosted the Technical Working Group on the gubernatorial, senatorial and women representative seats election debates which organised countrywide engagements.

In a bid to expand our mandate, the Media Council of Kenya continued collaborating with like-minded local and international partners towards ensuring professionalism of our media. The partnerships dwelt on supporting professional coverage of thematic issues, including matters of national interest. In the wake of COVID-19, the Council, in partnership with UNESCO, set up a COVID-19 online information hub for media professionals in Kenya to enable access to factual and verified information about the pandemic in Kenya. We are grateful for the support we received from our various development partners such as UNESCO, UNDP and GIZ among others.

The Council continues executing its media regulation mandate, including playing the advisory role in accordance with the Media Council Act of 2013. In the reporting period, the Council hosted the

secretariat of the Taskforce on the Kenya Media Policy Guidelines. The team constituted by the Ministry of ICT, Innovation and Youth Affairs was tasked with developing a comprehensive and futuristic media policy that will help actualise and contribute to the political, economic, and social pillars of Kenya Vision 2030 and values and principles as enshrined in the Constitution of Kenya, 2010. It is expected that the new policy will cover the various mass communication media and services operation available in Kenya and how they may be regulated. Specifically, it will cover print, electronic, film and digital media as well as media services including Public Relations, Advertising and Wire services.

The Council anticipates heightened execution of its mandate in the coming Financial Year especially on capacity building, accreditation and advocating for the safety of Kenya's media workers. We will remain steadfast in supporting professional development of our media through regular engagements with industry stakeholders. We will continue pursuing partnerships in our efforts to take our media performance to even greater levels.



Maina Muiruri
Chairman of the Council

5. Report Of the Chief Executive Officer

The Financial Year 2021/2022 was a significant period for the Media Council of Kenya. The Council surpassed most of its targets as per the 2021/2022 Performance Contract. The Council is grateful for the sustained funding from the National Treasury that enabled it to initiate interventions aimed at promoting professionalism in the media.

Much of the period was marked by heightened activities to support the media towards professional coverage of the upcoming 2022 transitional General Election. To this end, the Media Council of Kenya collaborated with stakeholders, both public and private as well as mainstream and community media to develop and commit to the elections reporting guidelines. To enable the countrywide rollout, the Council trained Trainer of Trainers, including the Council staff, to train journalists on how to cover the elections professionally.

The Council surpassed its target to train journalists and media practitioners countrywide through regular engagements. Additionally, the Council supported the media on areas such as safety and security of journalists, conflict-sensitive reporting, fake news and probable emergencies and response options during elections. The topics were deemed critical in ensuring objective and conflict-sensitive reporting before, during and after the August 9 General Elections. Those trained included journalists, media practitioners, creatives, independent content producers, Public Information Officers, Catholic Communicators and Media Managers.

Overall, the Council achieved milestones in implementing its mandate as follows:

Academy

Under the Africa Media Academy, the Council is mandated to develop a curriculum for middle-level colleges to supplement training of journalists on thematic areas. In the reporting period, the Academy developed curricula and engaged colleges for uptake. The thematic areas include: Climate Change Reporting, Child Protection reporting, Media Viability for Managers, Health Reporting and Gender Reporting. The Council also tested the e- learning platform to roll out short online courses to enhance professionalism and to reach out to diverse media practitioners.

The Council launched the Industrial Placement Programme for final year students studying journalism and communication courses in tertiary institutions with the aim of exposing them to actual work and industry experience. To execute this, the Council signed working agreements with media organisations across the country. Under the programme, the attachees are given modest stipend to cater for their travel and insurance within the three months of placement.

Accreditation

The Council surpassed its accreditation target for the Financial Year 2021/2022. This was occasioned by the Council's move to accredit National and County Public Communication and Information officers in addition to local and foreign journalists, media practitioners, media trainers, technicians and students.

The Council also reviewed the accreditation guidelines to align them with the online accreditation portal. The guidelines were submitted for further review and guidance before re-submission to the Ministry of ICT, Innovation and Youth Affairs.

In anticipation of the August 9 General Election, the Council engaged the Independent Elections and Boundaries Commission (IEBC) to establish a joint framework to ensure that only accredited journalists would be allowed to access polling stations and vote tallying centres during the polls.

Analysis

The Media Monitoring department at the Council produced daily and weekly reports from radio outlets, with the reports focusing on issues emanating from Prime Time TV and MCK Daily Briefs affecting print headlines were produced. Incidences emanating from this were escalated to Regulatory Affairs department for consideration and action.

Advocacy

Safety and protection of journalists is among the core functions of the Council. Cases of threats and intimidation among journalists is usually on the rise in times when the country is just about to conduct the general elections. In response to the rising cases on various violations, the Council conducted rapid response initiatives, evacuated journalists and held consultative forums with the security teams to advocate for journalists' protection while in the line of duty.

Adjudication

The Media Complaints Commission adopted mediation as a mechanism to adjudicate in disputes between the government and the media and between the public and the media and intra media on ethical issues. In line with the Performance Contract, the Commission recorded improved response from the public as an alternative avenue for resolving the disputes in a speedy and cost-effective manner.

Media Support

To support media development, the Council extended grants to enable journalists, professional media groups, media practitioners and independent content creators to produce professional content. To this

end, the Council extended support to over 30 media professional support groups, journalists' groups and press clubs drawn from across the country as a way of supporting media development. We also extended editorial and operational support to media enterprises to boost professionalism in reporting on various thematic areas. The Council also extended travel grants and mentorship support to media practitioners and journalists in the areas of climate change, gender-based violence, access to universal health and constitutional/legislative processes in the country. The grantees were also assigned to mentors to guide them towards professionalism.

Further, the Council supported production of information, education and information materials including posters, short videos and e-cards on elections laws, civic and voter education, peace, and professional ethics for media stakeholders.

In a bid to support media sustainability, the Council, in partnership with the Government Advertising Agency (GAA) ran a Public Sector Advertising Sensitisation drive to sensitise media managers and sales executives on sourcing advertisements run by the public sector across the country. The sensitisation targeted media outlets in Kisumu, Mombasa, Eldoret and Nakuru Counties.

The Council successfully executed the Annual Media Summit in celebration of the World Press Freedom Day on May 5th, 2022, under the theme Journalism Under Digital Siege. The summit attracted over 200 local and international delegates comprising of Journalists, Editors, Media Associations and Support Groups, Academia, Civil Society Organisations and Government Institutions.

We were also privileged to host the 19th World Association of Press Councils Annual General Meeting which was attended by 30 heads of press councils across the world. As a public institution mandated to regulate the media industry in Kenya, MCK is a member of the WAPC where the Chief Executive Officer currently sits as the second Vice President, a position he has held for the last three years.

In the reporting period, the Council celebrated the 10th anniversary since the inauguration of the Annual Journalism Excellence Awards (AJEA). Over 400 guests attended the gala dinner which saw 160 finalists recognised for their exemplary performance in executing their work in a professional manner.

Operations

As part of fulfilling its mandate of regulating and monitoring compliance to media standards, the Council acquired a Media Monitoring system from ReelAnalytics to help the Media monitoring and

analysis team in monitoring, analysing, and reporting. The system is hosted remotely at Konza Data Centre.

Through a collaboration with the Communications Authority, the Council acquired licenses for a monitoring system, Stirlitz Media that will help in monitoring content from satellite channels, Internet TV and radio. The secretariat ICT team was trained on the system and will assist the media monitoring team in utilising the features of the system.

The Council initiated the implementation of an Enterprise Resource Planning (ERP) system that will help with planning, budgeting, allocation and monitoring of resources. It is anticipated that ERP implementation will automate key business processes such as finance and accounting, procurement, human resources, employee self-services as well as giving the Council an e-presence through the implementation of online portals for job applications, e-procurement, training applications and enhancement of the current accreditation portal.

Additionally, the Council initiated a process to tag all assets and to update the fixed assets register. This is meant to assist in managing the Council's physical capital and to enable informed decisions in respect of the Council's physical inventory and assets.

Partnerships

In a bid to strengthen stakeholder relations with government and civil society organisations, the Council signed pacts with for collaboration on capacity building among communication officers and journalists on various topics.

The Council commits to continue supporting various initiatives in line with our mandate to ensure that the Kenyan media industry is enabled to perform its rightful role and matters of national interest.



David Omwoyo Omwoyo MBS

Chief Executive Officer & Secretary to the Council

6. Statement of Performance against Predetermined Objectives for FY 2021/22

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Media Council of has 5 (five) strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: Gaps in Policy and Legal Framework

Pillar 2: Low Media Development

Pillar 3: Limitation to Media Freedom and Independence

Pillar 4: Inadequate Dispute Resolution Capacity

Pillar 5: Weak Institutional Capacity and Image

Media Council of Kenya develops its annual work plans based on these pillars. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. The Media Council achieved its performance targets set for the FY 2021/2022 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Gaps in Policy and Legal Framework	Create an Enabling Policy and Legal Framework for Media Regulation Development	1) Finalised policy review report 2) Finalised review report on media policy and framework	<ul style="list-style-type: none"> • Develop and adopt a comprehensive media sector policy framework • Review and harmonise the existing legal and regulatory framework 	<ul style="list-style-type: none"> • Developed media draft policy • Done an audit of all legal and existing framework of media. Report available. • Engaged parliament committee of ICT, National Assembly and Senate, Kenya Media Sector Working Group and the BBI Working Committee.
Pillar 2:				

<p>Low Media Development</p>	<p>Enhance Media Development</p>	<p>1) 2 Reports on Media Performance and Trends 2) 30 Awareness Campaigns 3) 2 Baseline reports 4) Reports on mentorship and Travel grants on thematic areas</p>	<ul style="list-style-type: none"> • Develop, promote and ensure implementation of appropriate curricula, training approaches and tools in the sector • Develop and set standards, thematic reporting guidelines. • Developed and implemented a media support and mentorship strategy 	<ul style="list-style-type: none"> • Report on Media Trends • Conducted 10 stakeholder’s validation • Enhanced media sector working groups and COVID- 19 rapid response committee • Conducted 20 Media literacy forums • Conducted several inhouse engagements with media outlets and independent content producers.
<p>Pillar 3: Limitation to Media Freedom and Independence</p>	<p>Promote and Safeguard Media Freedom and Independence</p>	<p>1) Semi- Annual reports on Media sector support gaps 2) 4 Annual reports on Journalists’ risk areas</p>	<ul style="list-style-type: none"> • Secure and promote networks and partnerships in the sector • Promote media literacy Enhance safety and protection of journalist • Implement itemised media monitoring and evaluation as a feedback mechanism for improvement • Strengthen protection 	<ul style="list-style-type: none"> • Operationalised national safety and protection mechanism for journalists Conducted 10 trainings for journalists and outreaches for county information officers on access to information • Produced a report on legal audit of press freedom laws in Kenya • Produced 4 reports on attacks on journalists • Conducted over 30 awareness campaigns

<p>Pillar 4: Inadequate Dispute Resolution Capacity</p>	<p>Strengthen Media Sector Mediation Capacity and Dispute Resolution Mechanism</p>	<p>1) Number of trainings to commissioner on dispute resolution.</p> <p>2) Established media resource centre</p> <p>3) Quarterly awareness reports</p> <p>4) Annual campaigns</p>	<p>mechanisms for journalists</p> <ul style="list-style-type: none"> • Improve access to information • Promote fair and just dispute resolution by the Complaints Commission • Expand access to mediation and dispute resolutions • Strengthen the institutional capacity of the Complaints Commission 	<p>on journalists' protection</p> <p>Conducted 10 trainings for journalists and outreaches for county information officers on access to information</p> <ul style="list-style-type: none"> • Developed a tool for orientation of new Commissioners • Conducted a feasibility study for the resource centre, did a strategy and acquired materials. • Conducted 4 awareness campaigns
<p>Pillar 5: Weak Institutional Capacity and Image</p>	<p>Strengthen MCK's Institutional Capacity and Image</p>	<p>1) Optimal staff numbers per department</p> <p>2) Number of trainings conducted annually</p>	<ul style="list-style-type: none"> • Improve human resource capacity development and management <p>Mobilise and manage financial resources</p>	<ul style="list-style-type: none"> • Recruited staff • Conducted 4 awareness campaigns

7. Corporate Governance Statement

The MCK Council is comprised of nine members appointed through a competitive process as set out in Section 7 of the Media Council Act, 2013. The Council comprises of a chairperson, seven members and one other appointed by the Cabinet Secretary of the Ministry under which the MCK is domiciled.

Fiduciary Oversight Arrangements: The Council has four standing Committees, which hold meetings as per the approved Council's Work plan. The Committees have documented terms of reference meant to facilitate efficient and effective decision-making in discharging their duties. The Committees are aligned to the guidelines set out within the Mwongozo Code of Governance for State Corporations.

The Council has an approved Council's Charter that defines its roles, functions, and responsibilities. The Charter outlines the Council's authority both individually and collectively and sets direction for the Council. The Council maintains a Conflict-of-Interest register. All Council members subscribe to the public service code of conduct. Remuneration of the Council is as per the guidelines of the Salaries and Remuneration Commission.

The Finance and Administration Committee advises the Council on all matters pertaining to financial and administrative issues. In addition, the committee reviews budgets, procurement plans, financial reports and provides oversight on all administrative and human resource issues, ensuring that these are competitively structured and linked to performance.

The Media Development and Training Committee provides oversight over the Council's media training, curriculum development, inspection, evaluation and accreditation of journalists, media training institutions, media enterprises and overall media development function.

The Regulatory Affairs Committee is responsible for ensuring adherence to the Code of Conduct for the Practice of Journalism and advises the Council on legal and journalists' security matters.

The Audit Committee provides oversight over the internal audit function and plays a critical role in risk management, review of internal control systems and safeguarding of the MCK's physical and financial assets. The Committee plays a major role in ensuring seamless external audit exercise, receives the report of the external auditors and reports to the Council on its recommendations.

Council Evaluation

Pursuant to the Mwongozo Code of Governance for State Corporations and guided by the provisions of Government Circular No. OP/CAB.1/43/1, the Council is scheduled to undergo an evaluation by the State Corporations Advisory Committee (SCAC) in the financial year 2021/2022.

Council Meetings

	Full Council Meeting							
	27/7/2021	10/9/2021	24/11/21	25/11/21	26/11/21	14/2/22	20/4/22	
Maina Muiruri	✓	✓	✓	✓	✓	✓	✓	
Tabitha Mutemi, OGW	✓	✓	✓	✓	✓	✓	✓	
Susan Karago	✓	✓	✓	✓	✓	✓	✓	
P.D. Gwaro Ogaro	✓	✓	✓	✓	✓	✓	✓	
Dr. Mbugua Njoroge	✓	✓	✓	✓	✓	✓	✓	
Roselyn Obala HSC	✓	✓	✓	✓	✓	✓	✓	
Timothy Wanyonyi	✓	✓	✓	✓	✓	✓	✓	
Patience Nyange	✓	✓	✓	✓	✓	✓	✓	

	Media Development & Training	
	19/ 07/2021	27/10/2021
Tabitha Mutemi, OGW	✓	✓
Ms. Roselyne Obala HSC	✓	✓
P.D. Gwaro Ogaro	✓	✓
Susan Karago	✓	✓

	Regulatory Affairs Committee		
	21/07/2021	26/10/2021	16/ 2/2022
Timothy Wanyonyi	✓	✓	✓
Patience Nyange	✓	✓	✓
Dr. Mbugua Njoroge	✓	✓	✓

Finance & Administration Committee				
	22/07/2021	10/09/2021	29/10/2021	26/ 11/2021
Dr. Mbugua Njoroge	√	√	√	√
Roselyne Obala HSC	√	√	√	√
P.D. Gwaro Ogaro	√	√	√	√
Tabitha Mutemi, OGW	√	√	√	√

The Committees of the Council were reconstituted on 14th February 2022, below is the schedule of meetings held between February and June 2022

Media Development & Training	
	15/ 02/2022
Ms. Roselyne Obala	√
P.D. Gwaro Ogaro	√
Tabitha Mutemi, OGW	√

	16/02/2022	12/4/2022
Timothy Wanyonyi	√	√
Susan Karago	√	√
Dr. Mbugua Njoroge	√	√

Finance & Administration Committee	
	17/02/2022
Roselyne Obala HSC	√
P.D. Gwaro Ogaro	√
Tabitha Mutemi, OGW	√

MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022.

Audit Committee		
	17/ 02/2022	14/04/2022
Timothy Wanyonyi	√	√
Susan Karago	√	√
Mbugua Njoroge	√	√

8. Management Discussion and Analysis

Operational and Financial performance

The Media Council of Kenya is mandated to set media standards and ensure compliance with them as stipulated in article 34 (5) of the Constitution. It also has a mandate to register and accredit journalists, register media establishments, handle complaints from the public and publish yearly audits on media freedom. This mandate has continued to be delivered in the year.

Summary of financial results against the budget

Year ended 30 th June 2022	Budget	Actual	Utilization
	FY 2021/2022	FY 2021/2022	FY 2021/2022
	KShs	KShs	KShs
Receipts	1,503,290,000	1,517,856,017	100%
Payments	1,503,290,000	1,308,073,453	87%

The Media Council of Kenya managed to raise 100% of the budgeted revenue. However, it utilised 87% of the funds received indicating an under absorption of 13%. The under absorption is attributed to 2022 general election activities which implementation spilled over to the financial year 2022-2023, the year in which the elections were held. All other activities that the Council had planned were carried out.

Receipts

The Council receives funding from the National Government through National Treasury by way of transfer of funds. The funds are channelled to the Council's bank account through the Ministry of ICT, Innovations and Youth Affairs. These funds are thereafter budgeted for and approved by the Council for utilisation. The Media Council of Kenya also received KShs 24,566,017 million from licences and permits from journalists and Media enterprises, and from other Programme related activities.

Surplus for the period

The surplus for the year ending 30th June 2022 was KShs 285,522,919 million. This surplus relates to the unutilised funds which had been allocated for 2022 general elections. Implementation of the activities spilled over to the financial year 2022-2023, the year in which the elections were held. The funds were utilised on the same vote line in the FY 2022/2023.

Projects implemented in partnership with other institution.

During the year, the Council implemented various projects in partnership with other institutions on a cost sharing basis. Among the institutions include GIZ, OSEA, National Aids Control Council, RBA, Plan International NHIF and UNESCO. A total of Ksh. 17, 744,614 was received as conditional grants for the project and credited to the respective partners accounts. The unutilized funds on these accounts are reported as payables at the end of the financial year. The funds were audited by the implementing partners.

Compliance with statutory requirements

The Council is in compliance with all statutory obligations including but not limited to remittances of Pay As You Earn (PAYE), National Hospital Insurance Fund (NHIF), National Social Security Fund (NSSF), Higher Education Loans Board (HELB) and Withholding tax within the stipulated deadlines.

Key projects and investment decisions being implemented.

During the year under review the Council did not undertake any projects and there were no investment decisions implemented or ongoing.

Major risks identified in the Enterprise Risk Management Framework (ERM)

The Council updated its Enterprise Risk Management Framework in the year under review. As a result, Risk Management has been mainstreamed within the Council to allow for structured risk assessment on a continuous basis. The Council Members are responsible for the Council's risk management and are expected to receive quarterly reports to enable the review, monitoring and evaluation of the implementation and effectiveness of the ERM framework. The Council in the course of its mandate identified key corporate risks, the associated risk levels, and their mitigation strategies.

9. Environmental and Sustainability Reporting

Media Council of Kenya exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the Council's policies and activities that promote sustainability.

i) Sustainability strategy and profile

MCK has worked to strengthen working relations with Governmental and non- governmental actors with a view to enable them to understand the expanded mandate of the institution. The Council signed various Memorandum of Understanding (MOU) with like-minded institutions for collaborations and

partnerships to train and strengthen the capacity of journalists. We constantly engaged MIIYA, National Treasury and Parliament on key policy issues. The management also enhanced external relations, through innovative and creative media development interventions. This included use of technology to support operations, donor funding, cost cutting measures and joint interventions with media sector players under the Kenya Media Sector Working Group.

ii) Employee welfare

The Media Council of Kenya remains cognisant of the two-thirds gender ratio in its recruitments and other appointments. The Council also considers regional balance and inclusivity of persons living with disability, in strict adherence to merit. The Council has currently fulfilled the one-third rule in its staff compliment.

The Council places great emphasis on staff skills development, with allocation of funds for staff training every year. All staff are facilitated to attend at least one professional training each year. Further, the Council also ensures that staff attend teambuilding trainings each year for them to learn how to work as a team. This is usually preceded by appraisal and target setting for the upcoming financial year which is guided by the year's performance contract and Strategic Plan.

The Organisation has a detailed Human Resource Manual which recognises provisions of the Labour Laws including the Occupational Safety and Health Act.

iii) Market place practices-

The Council maintains good business practises through integrity, fair competition, professionalism, and compliance with legal and other obligations. Our procurement function is guided by established guidelines and ethical policy and this is reflected in how we treat our suppliers. Notably.

- We employ transparency and fairness in all our processes by ensuring that each supplier has a chance to do business with us.
- We are open with our suppliers by ensuring that they understand our processes, procedures, timelines, and criteria for selection.

Regarding fairness, where a bidder asks for clarification during the procurement process, we give all suppliers involved the information in the form of an addendum.

On supplier payments, we ensure that all valid invoices are paid in accordance with agreed terms. Any delays in payments are communicated to the suppliers on time.

Corporate Social Responsibility/Community Engagements

The Media Council of Kenya embarked on the development of a corporate social responsibility policy to guide its investment in sustainability in a strategic and effective manner, with a focus on the media industry. It is envisaged that upon adoption, the policy will lay the foundation for a sustainable strategy that is aligned to the strategic objectives of the Council. This will not only benefit the local community but also create goodwill for MCK.

To support the media industry, the Council extends travel grants to journalists to facilitate their reporting of varied matters of public interest and to cushion them against the Covid-19 pandemic. The Council continued to support journalists through provision of reporting grants. A total of 890 journalists received grants for health, gender, governance, and climate change reporting in five cycles of grants. Grant beneficiaries included journalists and media practitioners from print, broadcast, and online platforms, disseminating news and information in English, Kiswahili and local languages. The Council conducted virtual online trainings for our travel grantees besides being attached to assigned mentors. Under this programme, some journalists in distress were supported with food, Covid-19 safety consumables and safety jackets.

MCK conducted free media literacy events that enabled members of the public to understand the work of the media and how to engage the media and participate in media programmes.

10. Report of the Directors

The Council Members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of The Media Council of Kenya affairs.

i) Principal activities

The principal activities of the entity are as entrenched in The Media Council Act 2013 to provide self-regulation for the media industry and education to public, government, and media practitioners. It also carries out research on media practice in the country.

ii) Results

The results of the Entity for the year ended June 30, 2022, are set out on page 1 to 8.

iii) Council Members

The Council members who served during the year are shown on pages (v)-(ix). During the year 2021/2022, Ms Patience Nyange resigned from the board with effect from 8th February 2022.

iv) Auditors

The Auditor General is responsible for the statutory audit of the Media Council of Kenya in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
David Omwoyo Omwoyo, MBS

Secretary to the Council

11. Statement of the Council Member's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Council to prepare financial statements in respect of the Media Council of Kenya, which give a true and fair view of the state of affairs of the Council at the end of the financial year 2021/2022 and the operating results of the Media Council of Kenya for that year 2021/2022. The Council Members are also required to ensure that the Media Council of Kenya keeps proper accounting records which disclose with reasonable accuracy the financial position of the Media Council of Kenya. The Council Members are also responsible for safeguarding the assets of the Media Council of Kenya.

The Council Members are responsible for the preparation and presentation of the Media Council of Kenya financial statements, which give a true and fair view of the state of affairs of the Media Council of Kenya for and as at the end of the financial year ended on June 30, 2022. 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 Media Council of Kenya.
- (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 Media Council of Kenya.
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the Media Council of Kenya's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act 2003.

The Council Members are of the opinion that the Media Council of Kenya financial statements give a true and fair view of the state of Media Council of Kenya transactions during the financial year ended June 30, 2022, and of the Media Council of Kenya Financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the

Media Council of Kenya which have been relied upon in the preparation of the Media Council of Kenya financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Council Members to indicate that the Media Council of Kenya 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 Media Council of Kenya's financial statements were approved by the Board on 14/4/ 2023 and signed on its behalf by:



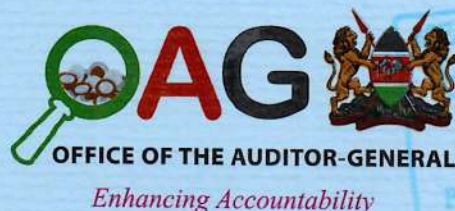
.....
Mr. Maina Muiruri
Chairperson of the Council



.....
Mr. David Omwoyo Omwoyo, MBS
CEO & Secretary to the Council

REPUBLIC OF KENYA

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



REPORT OF THE AUDITOR-GENERAL ON MEDIA COUNCIL OF KENYA FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Media Council of Kenya set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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, the financial statements present fairly, in all material respects, the financial position of Media Council of Kenya as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Media Council Act, 2013 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in the Use of Public Resources. However, the Management has not resolved some of the issues nor provided explanations for the failure to resolve 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. Lack of Lease Agreements

The statement of financial performance reflects use of goods and services expenditure of Kshs.938,033,706, which includes Kshs.21,985,507 on rental expense as disclosed in Note 9 to the financial statements. The amount includes office space rent of Kshs.636,283 in Kisumu, Kshs.636,283 in Mombasa and Kshs.19,065,450 for the Head Office in Nairobi. However, lease agreements supporting the payments were not provided for audit review.

In addition, the process of assessing and valuing the office spaces had not been finalized as at the time of the audit in February, 2023.

In the circumstances, the propriety and value for money of the rental expense of Kshs.21,985,507 could not be confirmed.

2. Inadequate Staffing

Review of the staff establishment revealed that the Council had sixty-five (65) members of staff against the authorized establishment of one hundred and six (106), resulting into a deficit of forty-one (41).

In the circumstances, the effectiveness of Council's operations could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the 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

Governance Issues

During the year under review, it was noted that the Council has not been categorized by State Corporations Advisory Committee (SCAC) as required by the State Corporations Act, 2012, which provides that state Corporations will seek advice on controls and regulations of their operations. In addition, review of the Council's Organogram revealed provision of the Corporate Secretary position which has not been filled. Further, there was no evidence of approved board work plan contrary to Section 1.9 of the Mwongozo Code of Governance, 2015 which requires Board Members to ensure development of an annual board work plan.

In the circumstances, the effectiveness of internal controls, risk management and overall governance of the Council could not be confirmed.

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

Responsibilities of Management and the Council Members

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal 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 policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council'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 Council to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Council 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 May, 2023

13. Statement of Financial Performance for the year ended 30 June 2022

	Notes	2021-2022	2020-2021
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	1,493,290,000	781,000,000
Licenses and permits	7	23,971,767	21,134,038
Revenue from exchange transactions			
Other Income	8	594,250	9,744,849
Total Revenue		1,517,856,017	811,878,886
Operating Expenses			
Use of Goods and Services	9	938,033,706	537,390,437
Employee Cost	10	221,235,702	121,357,360
Council Expenses	11	32,462,096	41,243,731
Depreciation Expense	12	34,997,856	8,569,356
Repairs and Maintenance	13	5,603,738	3,288,348
Total Operating Expenses		1,232,333,098	711,849,232
Surplus/(deficit) for the period/year		285,522,919	100,029,656


The notes set out on pages 8 to 20 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Council by:




CEO & Secretary to the Council

Mr. David Omwoyo Omwoyo, MBS CPA



Ass. Director Finance & Accounts

Member No. 10199



Chairman of the Council

Mr. Maina Muiruri

Date

14/4/2023

Date

14/4/2023

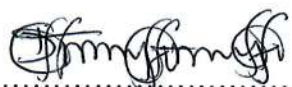
Date

14/4/2023

14 Statement of Financial Position as at 30 June 2022

	Notes	2021-2022	2020-2021
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	14	334,870,457	161,961,146
Receivables from Non-Exchange transactions	15	13,579,017	10,329,549
Total Current assets		348,449,474	172,290,695
Property, Plant and equipment	16a	189,244,283	171,404,099
Intangible Assets	16b	30,617,933	7,715,618
Total Non- Current assets		219,862,217	179,119,717
Total Assets		568,311,691	351,410,412
Liabilities			
Current liabilities			
Trade and other payables from Non exchange transactions	17	93,842,436	162,464,075
Non-current liabilities			
Fund Balance	18	474,469,255	188,946,337
Total Liabilities		568,311,691	351,410,412

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Council Members by:



CEO & Secretary to the Council
Mr. David Omwoyo Omwoyo

Date

14/4/2023



Ass. Director Finance & Accounts
CPA George Maina
Member No. 10199

Date

14/4/2023



Chairman of the Council
Mr. Maina Muiruri

Date

14/4/2023

15 Statement of Changes in Net Assets for the year ended 30 June 2022

	Fund Balance	Deferred	Total
	KShs	Income	KShs
	KShs	KShs	KShs
Balance as at July 1, 2020	88,916,681	-	88,916,681
Surplus for the period	100,029,656	-	100,029,656
As at June 30, 2021	188,946,337	-	188,946,337
As at July 1, 2021	188,946,337	-	188,946,337
Surplus for the period	285,522,919	-	285,522,919
As at June 30, 2022	474,469,255	-	474,469,255

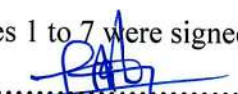
16. Statement of Cash Flows for the year ended 30 June 2022

		2021-2022	2020-2021
		KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	1,493,290,000	781,000,000
Licenses and permits	7	23,971,767	21,134,038
Other income	8	594,250	9,744,850
Total Receipts		1,517,856,017	811,878,888
Payments			
Use of Goods and Services	9	938,033,706	537,390,437
Compensation of employees	10	221,235,702	121,357,360
Council Allowance	11	32,462,096	41,243,731
Repairs and Maintenance	13	5,603,738	3,288,348
Total Payments		1,197,335,242	703,279,876
Net cash flows from operating activities		320,520,775	108,599,012
Cash flows from investing activities			
(Decrease)/Increase in receivables and prepayments	15	(3,249,469)	(2,939,078)
Purchase of property, plant, equipment	16	(75,740,356)	(147,071,359)
(Decrease)/Increase in trade payables	17	(68,621,639)	144,991,286
Net cash flows used in investing activities		(147,611,464)	(5,019,151)
Net increase/(decrease) in cash and cash equivalents		172,909,311	103,579,861
Cash and cash equivalents as at 1 st July 2021		161,961,146	58,381,285
Cash and cash equivalents as at 30th June 2022		334,870,457	161,961,146

The financial statements set out on pages 1 to 7 were signed on behalf of the Council by:


.....

Mr. David Omwoyo
CEO & Secretary to the Council


.....

CPA George Maina
Ass. Director Finance & Accounts


.....

Mr. Maina Muiruri
Chairman of the Board

ICPAK M/No: 10199

Date
14/4/2023

Date
14/4/2023

Date
14/4/2023

17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from the Government	850,790,000	642,500,000	1,493,290,000	1493,290,000	-	-
Licenses and Permits (Accreditation fee)	5,000,000	-	5,000,000	13,886,617	-8,886,617	64%
Licenses and Permits (Subscription)	5,000,000	-	5,000,000	10,085,150	-5,085,150	50%
Other Income	-	-	-	594,250	-594,250	-
Total income	860,790,000	642,500,000	1503,290,000	1,517,856,017	-14,566,017	-
Expenses						
Employees Cost	192,200,000	10,000,000	202,200,000	221,235,702	-19,035,702	-9%
Council Expenses	30,000,000	-	30,000,000	32,462,096	-2,462,096	-8%
Commission Expenses	25,000,000	-	25,000,000	23,272,266	1,727,734	7%
Repair and maintenance	5,858,000	-	5,858,000	5,603,738	254,262	4%
Depreciation	32,300,000	-	32,300,000	34,997,856	-2,697,856	-8%
Audit Fees	1,500,000	-1,000,000	500,000	465,434	34,566	7%
Consultancy Fee	144,900,000	4,400,000	149,300,000	144,848,044	4,451,955.8	3%
Office, Consumables and Cleaning Exp.	10,663,400	-1,850,000	8,813,400	8,969,356	-155,956	-2%
Motor Vehicles Fuel and Oil	4,174,000	-	4,174,000	4,103,000	71,000	2%
Insurance Cost	39,250,000	-	39,250,000	41,558,829	-2,308,829	-6%

Postage, Telephone, and Internet	3,460,000	-150,000	3,310,000	3,308,852	1,148	-
Printing and stationery	5,000,000	800,000	5,800,000	5,835,510	-35,510	-1%
ICT, ERP and Office Equipment	14,700,000	7,700,000	7,000,000	6,814,362	185,638	3%
Travel and Stakeholders forum	35,300,000	25,000,000	60,300,000	63,426,022	-3,126,022	-5%
Bank charges	900,000	350,000	1,250,000	1,344,152	-94,152.25	-8%
Legal Expenses	2,000,000	-500,000	1,500,000	1,558,185	-58,185	-4%
Accommodation and conferencing	25,000,000	-	25,000,000	24,117,165	882,835.16	4%
Staff welfare/training	42,712,000	-700,000	42,012,000	41,255,089	756,911.07	2%
Rental	23,770,000	-	23,770,000	21,985,507	1,784,493	8%
Journalist Training	31,560,000	-4,400,000	27,160,000	28,227,424	-1,067,424	-4%
Others (Media Awards)	25,700,000	10,000,000	35,700,000	38,552,850	-2,852,850	-8%
Media Sector Internship Program	24,000,000	-10,000,000	14,000,000	14,329,730	329,730	-2%
Publicity and Advertisement / MOICT	16,882,600	2,000,000	18,882,600	19,455,733	573,133	-3%
2022 General Election Expenses	-	-587,400,000	587,400,000	313,241,261	274,158,739	47%
Support to Media Enterprise/Journalist & MMS	123,960,000	-	123,960,000	131,364,933	-7,404,932.95	6%
Total Expenses	860,790,000	642,500,000	1,503,290,000	1,232,333,096	(242,106,904)	
Surplus for the period	-	-	-	285,522,919		

Comparative Analysis of Approved Budget and Actual Expenditure above/Below 10%

Revenues

Licenses and permits (accreditation fee)

The positive variance of 64% is as a result a well-coordinated sensitization on the accreditation process and deployment of efficiency through the use of the self-accreditation online portal.

The increase in revenue collected within this stream is also attributed to increased demand for accreditation services by journalists and other media practitioners in preparation towards the 2022 General Elections.

Licenses and permits (subscriptions)

The positive variance of 50% relates to subscription arrears collected from media enterprises resulting from the Council's condition to offer media support and grants to journalists and media enterprises whose accreditation and subscription accounts were up to date.

Expenses

2022 General Elections Expenses

The over absorption of 46.67% relates to funds which had been allocated for use under the 2022 General Elections vote. Some of the expenditures were to be incurred during the election period (August 2022), while some related payments were to fall due within the subsequent financial period (FY 2022/2023). This led to the Council carrying over the balance to the FY 2022/2023.

18. Notes to the Financial Statements

1. General Information

Media Council of Kenya is an independent National institution established by the Media Council Act, No. 20 of 2013. The principal activity of the council is setting of Media standards and ensuring compliance with those standards as set out in article 34(5) of the Constitution and for connected purposes.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Council. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

There were no new standards or amendments published and applicable to the Council in year 2022.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

There were no new or amended standards and interpretations applicable to the Council in the year 2022.

iii. Early adoption of standards

The Council did not early – adopt any new or amended standards in year 2021/2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

The Council recognises revenues from subscription, accreditation, Donations, fines and other income. The revenues are recognised when the events occur, and the assets recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income.

b) Budget information

The original budget for the Media Council for the FY 2021-2022 was approved by the National Assembly in the Month of June. The Budgetary reallocation is amended on the original budget by the Council upon receiving the respective approvals in order to conclude the final budget. The approval for the FY 2021/2022 was done on 27th May 2021.

The Council's 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 Council. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Council 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) Property, Plant and equipment

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

Property, plant, and equipment are depreciated over their estimated useful life, using reducing balance method, using the following annual rates:

Furniture, fixtures, and equipment	12.5%
Computers	30%
Motor Vehicle	25%
Media Monitoring System	20%

d) Intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

Intangible assets are amortised using a reducing balance method at an annual rate of 30%.

e) Provisions

Provisions are recognised when the Media Council of Kenya 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 Media Council of Kenya expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised 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

f) Contingent liabilities

The Media Council of Kenya does not recognise 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.⁸

g) Contingent assets

The Media Council of Kenya does not recognise 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 Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

h) Changes in accounting policies and estimates

The Media Council of Kenya recognises 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

Retirement benefit plans

Media Council of Kenya provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current

and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

j) Related parties

Media Council of Kenya regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Media Council of Kenya, or vice versa. Members of key management are regarded as related parties and comprise the Council members, the CEO and senior managers.

k) Cash and cash equivalents

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

l) Comparative figures

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

m) 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, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Media Council of Kenya 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. MCK in its accounting assumes that the productivity of all its assets will remain the same during their lifetime and there will be no residual value at the end of their lifetime.

6. Transfers from Other Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Recurrent Grant	1,493,290,000	781,000,000
Total	1,493,290,000	781,000,000

Increased recurrent grant is attributable to supplementary allocation by the National Treasury within the financial year to bridge the gap on operational expenditure and for strategic intervention in promoting professional reporting during the 2022 general election.

7. Licenses and Permits

Description	2021-2022	2020-2021
	Kshs	Kshs
Accreditation	13,886,617	12,734,038
Subscription	10,085,150	8,400,000
Totals Licenses and Permits	23,971,767	21,134,038

Income under this vote line relates to amounts received under accreditation of journalist and subscription fees from media enterprises.

8. Other Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Other Income / Donations	594,250	9,744,849
Total Transfers and Sponsorships	594,250	9,744,849

This income relates to donations from development partners in support of MCK's signature events AJEA (Annual Journalist Excellence Awards).

9. Use of Goods and Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Audit fees	465,434	500,000
Consulting fees	144,848,044	77,241,330
Commission Expenses	23,272,766	
Office, Consumables and Cleaning	8,969,356	3,667,335
Fuels and Oil	4,103,000	3,488,310
Insurance Cost	41,558,829	32,383,737
Postage, telephone, and internet	3,308,852	1,093,535
Printing and stationery	5,835,510	3,147,193
ICT, ERP and Office Equipment	6,814,362	32,199,311
Travel and Stakeholders Forums	63,426,022	24,017,045
Bank charges	1,344,152	832,193
Accommodation and conferencing	24,117,165	35,732,687
Staff welfare/training	41,255,089	17,617,153
Rental	21,985,507	14,664,664
Training	28,227,424	30,293,820
Legal Fees	1,558,185	-
Others (Media Awards)	38,552,850	18,736,559
Publicity and Advertisement	19,455,733	59,212,357
Media Support / Media Monitoring	131,364,933	182,563,209
Elections	313,241,261	-
Industrial placement	14,329,730	-
Total	938,033,706	537,390,437

10. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and Wages	127,871,374	75,287,669
Employee related costs – contribution to pension	20,469,454	11,312,263
Travel and other allowances	19,399,081	12,051,902

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Housing Benefit	23,586,909	16,720,282
Overtime	1,348,449	713,140
Performance and other bonuses	13,265,904	5,272,102
Gratuity	15,294,531	
Total	221,235,702	121,357,359

11. Board Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairmans' honoraria	1,044,000	1,044,000
Sitting Allowances	12,340,000	9,780,000
Travel and Accommodation	19,078,096	13,097,364
Total	32,462,096	23,921,364

12. Depreciation and Amortization Expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	32,683,171	8,569,356.00
Intangible assets	2,314,686	
Total depreciation and amortization	34,997,856	8,569,356.00

13. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Vehicles	3,313,474	2,743,468
Furniture and fittings	-	192,885
Computers and Accessories	1,082,990	351,996
Others	1,207,273	-
Total Repairs and Maintenance	5,603,738	3,288,348

14. (a) Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank	334,870,457	161,961,146
Total	334,870,457	161,961,146

*MEDIA COUNCIL OF KENYA
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Bank	Account No.	Amounts
Standard Chartered Bank of Kenya	0102096149700	
Standard Chartered Bank of Kenya (Donor)	0102096149701	

14 (b) Detailed Analysis of the Cash and Cash Equivalents

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
Current Account			
Standard Chartered Bank of Kenya - Main	0102096149700	192,035,471	106,512,545.00
Standard Chartered Bank of Kenya - Projects	0102096149701	62,617,766	55,448,601.00
Kenya Commercial Bank - Main	01288714424	80,118,550	-
Kenya Commercial Bank - Projects	01288714661	98,670	-
Grand Total		334,870,457	161,961,146.00

15. Receivables from Non-Exchange Transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Staff debtors	1,166,224	1,253,733
Prepayments	8,136,214	4,966,883
Deposits	4,276,580	4,108,932
Total	13,579,017	10,329,549

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16. (a) Property, Plant and Equipment

	Motor vehicles	Computers	Furniture and fittings	Office Partitioning	Media Monitoring system	Intangible Assets	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost							
As At 1 July 2020	25,550,000	7,767,430	4,729,400	11,362,500	2,422,000	-	51,831,330
Additions	37,902,614	21,401,647	3,628,300	73,813,180	2,610,000	7,715,618	139,355,741
As at 30th June 2021	63,452,614	29,169,077	8,357,700	85,175,680	5,032,000	7,715,618	198,902,689
Additions	17,803,785	12,429,770	17,092,085	3,197,715	-	25,217,000	75,740,355
As at 30th June 2022	81,256,399	41,598,847	25,449,786	88,373,395	5,032,000	32,932,618	274,643,044
Depreciation And Impairment							
At 1 July 2020	6,387,500	2,330,229	591,175	1,420,312	484,400	-	11,213,616
Depreciation	4,790,625	1,631,160	517,278	1,242,773	387,520	-	8,569,356
As at 30 June 2021	11,178,125	3,961,389	1,108,453	2,663,085	871,920	-	19,782,972
Depreciation	13,068,622	7,562,306	906,156	10,314,070	832,016	-	32,683,171
Amortization	-	-	-	-	-	2,314,686	2,314,686
As at 30th June 2022	24,246,747	11,523,696	2,014,608	12,977,155	1,703,936	2,314,686	54,780,828
Net Book Values							
As at 30 th June 2022	57,009,651	30,075,151	23,435,177	75,396,239	3,328,064	30,617,933	219,862,215
As at 30 th June 2021	52,274,489	25,207,688	7,249,248	82,512,595	4,160,080	7,715,618	179,119,718

Notes to the Financial Statements (Continued)

16 (b) Intangible Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At beginning of the year	7,715,618	-
Additions	25,217,000	-
At end of the year	-	-
Additions—internal development	-	7,715,618
At end of the year	32,932,618	7,715,618
Amortization and impairment		
At beginning of the year	-	-
Amortization	2,314,686	-
At end of the year	2,314,686	-
Impairment loss	-	-
At end of the year	-	-
NBV	30,617,933	7,715,618

17. Trade and Other Payables

Description	2021-2022	2020-2021
	Kshs	Kshs
Provisions for Audit fees	500,000	500,000
Donor Accounts	13,163,307	13,844,165
Other payables	80,179,129	148,119,910
Total	93,842,436	162,464,075

18. Fund Balance

Description	2021-2022	2020-2021
	Kshs	Kshs
Reserves	188,946,336	88,916,681
Accumulated Surplus	285,522,919	100,029,656
Total	474,469,255	188,946,336

19. Related Party Balances

Description	2021-2022	2020-2021
	Kshs	Kshs
Council	32,462,096	41,243,729
Senior Management	72,922,301	42,920,549
Total	105,348,397	84,164,278

20. Reporting Currency

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

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022.

19. Appendix

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

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

Reference No. on the external audit Report 2020/2021	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>REPORT ON THE FINANCIAL STATEMENT S.</p> <p>Basis for Qualification.</p>	<p>Unsupported Property Plant and Equipment</p> <p>The statement of financial position reflects property, plant and equipment balance of Ksh. 171,404,099 as disclosed in Note 16 (a) to the financial statements. However, the asset register presented for audit reflected assets totaling to Ksh. 108,591,644 resulting in unexplained and unreconciled difference of Ksh. 62,812,455.</p> <p>Further, the fixed assets register did not have information detailing the asset description, asset code, locations, cost, accumulated depreciation, net book values and acquisition dates. In addition, Note 16 to the financial statements reflects additions of assets amounting to Ksh. 139,355,741. The additions include assets valued at Ksh. 113,445,304 which were not supported by delivery notes, invoices, local purchase orders, inspection and acceptance committee reports or completion certificates.</p> <p>In the circumstances, the accuracy and completeness of the reported property, plant and equipment balance of Ksh. 171,404,099 as at 30 June, 2021 could not be confirmed.</p>	<p>IPSAS 17 section 14 (a) (Recognition) requires that assets are only recognized within the financial statements if it is probable that future economic benefits or service potential associated with the item will flow to the entity upon actual receipts.</p> <p>The difference noted within the fixed asset register presented for audit review and the Statement of Financial Position is as a result of the cancellation of LPO's issued by the Supply Chain Management Department towards acquisitions of office equipment and furniture, but which had not been delivered by close of the financial year.</p> <ul style="list-style-type: none"> - LPO's issued to Perisak Enterprises and Glacier East African were cancelled due to non-delivery of items after the stipulated LPO period. - Deliveries from Dignity Traders Ltd and Amillion café Ltd were partially done, with a bulk of items being delivered after the closure of the financial period. <p>The Statement of Financial Position has now been revised to reflect actual assets received.</p> <p>Additionally, the Council has now commenced the process of updating its fixed assets register, to reflect information detailing out the asset description, asset code, locations, current user, cost, accumulated depreciation, net book values and acquisition dates.</p> <p>Distribution lists for items received within the financial period which includes delivery notes, invoices, local purchase orders, inspection and acceptance</p>	<p>Resolved / Not Resolved</p>	<p>BY 31ST OF DECEMBER R, 2022</p>

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022.**

Reference No. on the external audit Report 2020/2021	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<u>Unresolved Prior Year Audit Matters.</u>	In the audit report of the previous year, several issues were raised under the report on financial statements and report on lawfulness and effectiveness in the use of public resources. However, the management has not resolved some of the issues nor provided explanations for failure to resolve the issues. <u>FY 2018/2019</u> <u>Cash and Cash Equivalents</u> Accounting error	<p>committee report or completion certificate for works done have now been availed for audit review.</p> <ul style="list-style-type: none"> • The amount of Ksh. 579,290 relates to two cheques that were issued to two suppliers in May and June 2018 respectively but were not presented as a result of MCK receiving cancellations of two events. - Ksh 504,390 was a cheque issued to Silverbird travel for air tickets for the Council's international trip that was subsequently cancelled due to lack of a timely clearance by the parent ministry for travel. - Ksh 74,900 was a cheque issued to Silver Springs hotel for use of conference facilities. The event was cancelled as a result of the commencement of the national budgeting process (MTEF) that required the presence of the committee members. <ul style="list-style-type: none"> • As at the time of the external audit exercise, these cheques had not been receipted back in the cash book. • Journal entries reflecting the correct accounting position were subsequently passed and availed for audit review. <p>The Council has contacted the State Department for Housing to assist in the preparation of a lease agreement for its office space in compliance with government guidelines and similar requirements on the same.</p> <p>The Council now has a duly signed motor vehicles repairs contract for its fleet.</p>		N/A
	<u>Irregular Payment of Rent.</u> Unsigned lease agreement			BY 30TH OF JUNE, 2023
	<u>Irregular Payment of Motor Vehicles Expenses.</u> Lack of a contract for Motor Vehicle repairs.			N/A
	<u>Unsupported Council Allowances.</u> Insufficient supporting documents for Council allowances.	Supporting documents for the expenditures such as invitation letters, local and foreign travel documents, passport copies and back to office reports have now been availed for audit review.		N/A

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022.**

Reference No. on the external audit Report 2020/2021	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>FY 2019/2020 Unsupported Property, Plant and Equipment Balance. An updated Fixed Assets Register supporting the PPE balance.</p>	<p>The Council has now commenced the process of updating its fixed assets register, to reflect information detailing out the asset description, asset code, locations, current user, cost, accumulated depreciation, net book values and acquisition dates.</p>		<p>BY 31ST OF DECEMBER, 2022</p>
	<p>Rental Expenses No supporting documents including lease agreements to support expenditure.</p>	<p>The Council has contacted the State Department for Housing to assist in the preparation of a lease agreement for its office space in compliance with government guidelines and similar requirements on the same.</p>		<p>BY 30TH OF JUNE, 2023</p>
	<p>Motor Vehicle Repairs and Maintenance Updating of the contract for Motor Vehicle repairs to indicate terms of engagement.</p>	<p>The Council now has a duly signed motor vehicles repairs contract for its fleet.</p>		<p>N/A</p>
	<p>Media Support and Monitoring Unsupported Grants</p> <ul style="list-style-type: none"> • Grants awarding evaluation and vetting reports. • No evidence to confirm receipt of the grants and whether the grants were utilized for the intended purposes. 	<ul style="list-style-type: none"> • Supporting documents have now been availed for audit review. Reports on grants awarding, evaluation and vetting, including evidence of expenditure have now been availed for audit review. • Issuance of grants is now guided by the agreements negotiated with development partners and the PFMA 2012 for GoK funds. 		<p>N/A</p>
	<p>Journalists Training and Mentorship Documentary evidence to demonstrate that the Council appointed the respective coordinators for the contracts</p>			
	<p>Cash and cash equivalents Reconciliation of the donor account to reflect opening balances of receipts and payments including inter-bank transfers between the GoK and donor account.</p>	<p>Bank reconciliations on the donor account and other supporting documents have now been availed for audit review.</p>		<p>N/A</p>
<p>REPORT ON LAWFULNES S AND EFFECTIVEN</p>	<p>Failure to Comply with the Executive order on E-Procurement During the period under review, the Council procured goods and services outside the approved E-procurement platform.</p>	<ul style="list-style-type: none"> • The Council maintains and continuously updates and publicizes its tenders through the Public Procurement Information Portal (PPIP) and on its website in compliance with Section 1(A) of the Executive Order number 2 of 2018. 		<p>BY 30TH OF JUNE, 2023</p>

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022.**

Reference No. on the external audit Report 2020/2021	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<u>ESS IN USE OF PUBLIC RESOURCES.</u>	<p>This is contrary to Executive Order No. 6/2015 which directed all State Corporations to arrange to migrate their procurement systems to the e-procurement platform developed by the National Treasury.</p> <p>The management did not provide satisfactory explanations for the non-compliance with a government directive.</p>	<ul style="list-style-type: none"> The Council is also in full compliance with Part I - III of the order. Compliance with section IV (B) has commenced through the procurement of an ERP system that shall have a dedicated Procurement Module to enable e-procurements 		
<u>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE.</u>	<p><u>Corporate Governance Structure</u> During the year under review, the Audit Committee of the Council met only twice contrary to section 179(1) of the Public Finance Management (National Government) regulations 2015, which requires an Audit committee to meet at least four times a year.</p> <p>Further, the Audit Committee chairman resigned during the year but had not been replaced as at the time of Audit in February 2022. As a result, internal audit reports have not been deliberated by the Committee.</p> <p>Further, the Gazette notice and appointment letters for the Council members were not provided for audit review.</p> <p>In the circumstances, the effectiveness of internal controls, risk management and governance of the Media Council could not be confirmed.</p>	<ul style="list-style-type: none"> The Council in its sitting of the 14th February, 2022 appointed an audit committee in accordance with the requirements of various Corporate governance instruments. The Audit committee was inducted in line with the requirements of Gazette Notice number 2691 and held its inaugural sitting on the 14th April 2022, where it received reports from the Internal Audit Dept. The appointing authority for the Council members is the Cabinet Secretary, Ministry of ICT, Innovation and Youth Affairs (MIYYA). The Council in its communication dated 05th November, 2019 wrote to the parent Ministry requesting for letters of appointment for Council members. The Council awaits their response. 		BY 30TH OF JUNE, 2023

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CEO & Secretary to the Council

Date

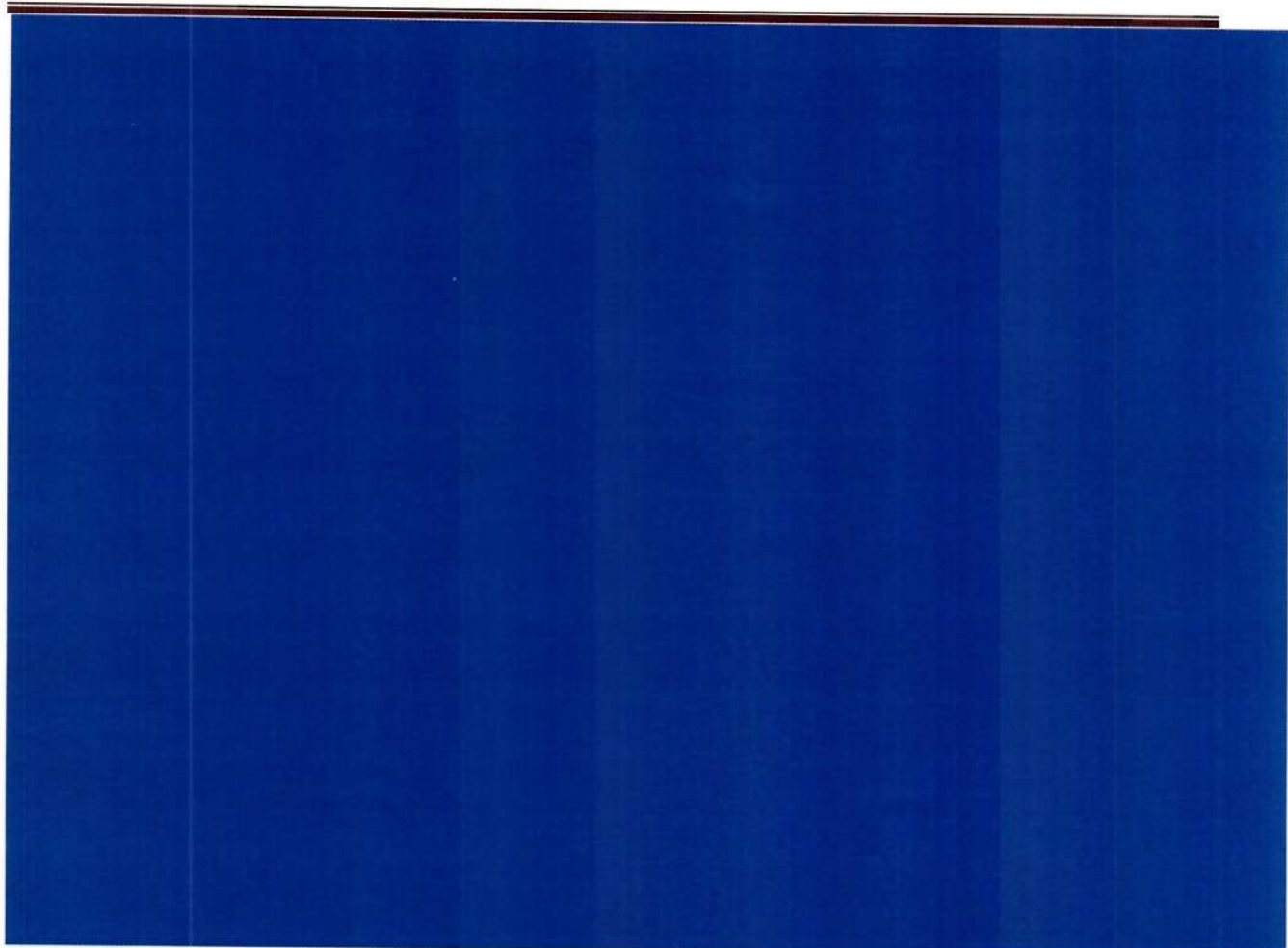
Appendix II: Projects implemented by Media Council

There were no projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

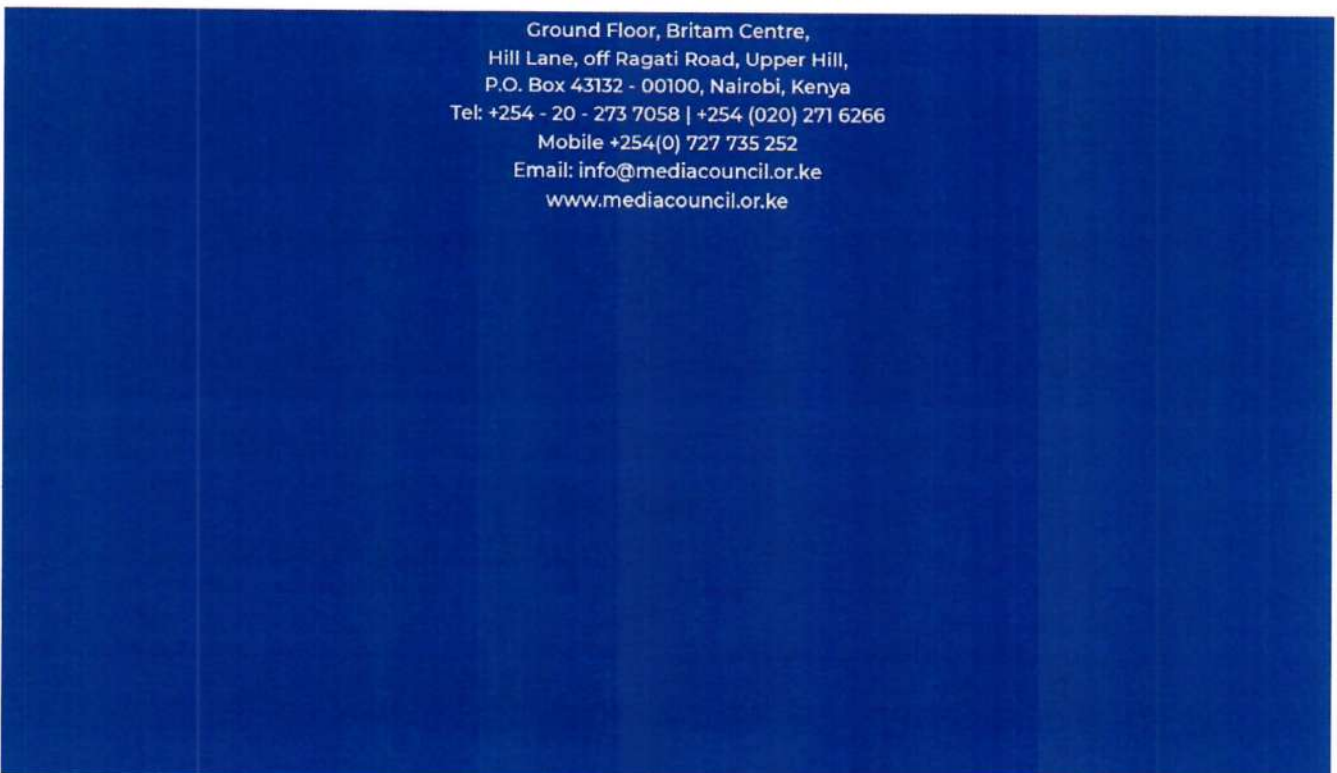
Appendix III: Transfers from Other Government Entities

MEDIA COUNCIL OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022.



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APPENDIX 1 (a): PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS (FY 2018/2019)

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

Reference No. on the external audit Report 2018/2019	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)										
<p>1.0 Inaccuracies in Cash and Cash Equivalents.</p>	<p>The statement of financial position and as disclosed under Note 15 to the financial statements reflects cash and cash equivalents of Ksh. 21,401,555. It was noted that the closing balances for the financial year 2017/2018 were amended and a revised set submitted on 26 March 2019, with the cash and cash equivalents balance being adjusted from Kshs. 1,189,992 to Kshs. 1,986,182. However, out of the total adjustment increase of Kshs. 796,190 an amount of Kshs. 579,290 was not supported.</p> <p>In view of the foregoing, it has not been possible to confirm the completeness and accuracy of the cash and cash equivalents balance of Kshs. 21,401,555 as at 30th June, 2019.</p>	<ul style="list-style-type: none"> The amount of Ksh. 579,290 relates to two cheques that were issued to two suppliers in May and June 2018 respectively but were not presented as a result of MCK receiving cancellations of two events. Ksh 504,390 was a cheque issued to Silverbird travel for air tickets for the Council's international trip that was subsequently cancelled due to lack of a timely clearance by the parent ministry for travel. Ksh 74,900 was a cheque issued to Silver Springs hotel for use of conference facilities. The event was cancelled as a result of the commencement of the national budgeting process that required the presence of the committee members. As at the time of the external audit exercise, these cheques had not been receipted back in the cash book. Journal entries reflecting the correct accounting position were subsequently passed and availed for audit review. <table border="1" data-bbox="1089 427 1403 1209"> <tr> <td>Silverbird Travel</td> <td>504,390</td> </tr> <tr> <td>Council trip to Ghana that was not cleared for travel on time by the Parent Ministry.</td> <td></td> </tr> <tr> <td>Silversprings Hotel</td> <td>74,900</td> </tr> <tr> <td>Policy review meetings that were not completed because of the commencement of the national budgeting process.</td> <td></td> </tr> <tr> <td></td> <td><u>579,290</u></td> </tr> </table>	Silverbird Travel	504,390	Council trip to Ghana that was not cleared for travel on time by the Parent Ministry.		Silversprings Hotel	74,900	Policy review meetings that were not completed because of the commencement of the national budgeting process.			<u>579,290</u>	<p>RESOLVED</p>	<p>N/A</p>
Silverbird Travel	504,390													
Council trip to Ghana that was not cleared for travel on time by the Parent Ministry.														
Silversprings Hotel	74,900													
Policy review meetings that were not completed because of the commencement of the national budgeting process.														
	<u>579,290</u>													

Reference No. on the external audit Report 2018/2019	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.0 Inaccuracies in Property, Plant and Equipment.	The statement of financial position and as disclosed under Note 14 to the financial statements reflects Property, Plant and Equipment balance of Kshs. 34,249,574 as at 30 June, 2019. This was at variance with the fixed assets register balance of Ksh. 33,643,100 resulting in an unexplained and unreconciled variance of Ksh. 606,475. Further, the assets register was not updated with details on locations and users, depreciation charge, reference numbers, acquisition dates and serial numbers. Under the circumstance, the completeness, valuation and accuracy of the Property, Plant and Equipment balance of Kshs. 34,249,574 as at 30 June, 2019 could not be confirmed.	<ul style="list-style-type: none"> The variance of Ksh. 606,475 relates to part of the Council's ICT Equipment that had not been updated within the PPE schedule as at the time of preparation of the financial statements. Pursuant to the PMF Regulations 2015, section 143, the Council undertook a valuation exercise to update its assets register, with a view to revising the PPE and establishing accurate Net Realizable Values that would henceforth be carried within the subsequent period financial statements. 	RESOLVED	N/A
3.0 Inaccuracies in Trade and Other Payables	The statement of the financial position reflects a balance of Ksh. 22,636,915 as trade and other payables from non-exchange transactions. Included in this balance is Kshs. 16,931,653 in respect of sundry creditors which includes Kshs. 1,814,258 as balance carried forward from the previous year. Included in the figure of Kshs. 22,636,915 is also an amount of Kshs. 23,626 indicated as payroll payables carried forward from the previous year.	<ul style="list-style-type: none"> The sundry creditors amount of Ksh 1,814,258 related to payables as at 30th June 2018. The payroll payables amount of Ksh 23,626 related to staff imprest claims as a result of over expenditure. The balances were part of the pending bills that the Council fully settled upon receipt of the supplementary disbursement from the exchequer. 	RESOLVED	N/A

Reference No. on the external audit Report 2018/2019	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Management did not provide explanations or reconciliations in respect of the sundry creditors and the payroll payables for audit review.</p> <p>Consequently, the accuracy, completeness and validity of the trade and other payables from non-exchange transactions of Ksh. 22,636,915 as 30 June 2019 could not be confirmed.</p>			
<p>4.0 Irregular Payment of Rent</p>	<p>The statement of financial position and as disclosed under Note 13 to the financial statements reflects general expenses balance of Kshs. 125,519,442. Included in the amount is rental expenses of Ksh. 11,519,442. The Council paid Ksh. 11,504,178 in respect of rent and storage fees. However, the lease agreement submitted for audit was not signed by both parties. Also, the contract agreement for storage space was not submitted for audit review.</p> <p>Consequently, the accuracy, completeness and validity of the rental expenses of Ksh. 11,519,442 as 30 June 2019 could not be confirmed.</p>	<ul style="list-style-type: none"> The Council has contacted the State Department for Housing and Urban Development to assist in the preparation of a lease agreement for its office space. The Council has now submitted for audit review a valid lease agreement with Armstrong Movers for the provision of storage space. 	<p>NOT RESOLVED</p>	<p>30th June, 2023</p>
<p>5.0 Irregular Payment of</p>	<p>The statement of financial position and as disclosed under Note 13 to the financial statements reflects the general expenses</p>	<ul style="list-style-type: none"> The Council now has a duly signed motor vehicles repairs contract for its fleet. 	<p>RESOLVED</p>	<p>N/A</p>

Reference No. on the external audit Report 2018/2019	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Motor Vehicles Expenses.	<p>balance of Kshs. 125,519,442. Included in the amount is motor vehicle expenses of Ksh. 2,719,312 out of which an amount of Ksh. 561,654 in respect of motor vehicle repairs was not supported with a contract. Further, the Council paid Ksh. 1,309,248 as fees for motor vehicles insurance. However, the contract agreement submitted for audit did not indicate the vehicles that were covered and the applicable rates.</p> <p>Consequently, the accuracy, completeness and validity of the motor vehicle expenses of Ksh. 2,719,312 for the year ended 30 June, 2019 could not be ascertained.</p>	<ul style="list-style-type: none"> The Council now has a duly signed motor vehicles insurance contract for its fleet. The contract clearly indicated the registration details of the motor vehicles covered. 		
6.0 Unsupported Council Allowances.	<p>The statement of financial position and as disclosed under Note 10 to the financial statements reflects Council allowances of Ksh. 39,226,146.</p> <p>Included is the amount of Ksh. 4,526,731 paid to Council members to cater for domestic and foreign travel expenses. However, supporting documents such as invitation letters, local and foreign travel documents, passports copies, certificates of attendance and back to office reports were not provided for audit.</p>	<ul style="list-style-type: none"> Supporting documents for the expenditures such as invitation letters, local and foreign travel documents, passport copies and back to office reports have now been availed for review. 	RESOLVED	N/A

Reference No. on the external audit Report 2018/2019	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7.0 Unsupported Training.	<p>Consequently, the accuracy, completeness and validity of the Council allowances amount of Ksh. 39,226,146 could not be confirmed.</p> <p>The statement of financial position and as disclosed under Note 13 to the financial statements reflects general expenses balance of Kshs. 125,519,442. Included in the amount is training expenses of Ksh. 18,354,082 out of which expenditures amounting to Ksh. 419,560 was not supported.</p> <p>Consequently, the accuracy, completeness and validity of the training expenses amount of Ksh. 18,354,082 could not be confirmed.</p>	<ul style="list-style-type: none"> Copies of training certificates relating to the schedule have now been availed for audit review. 	RESOLVED	N/A
OTHER MATTERS: Budgetary Control and Performance.	<p>The statement of comparative budget and actual amounts reflects final receipts and expense budget of Ksh. 250,743,652 and Ksh. 239,528,000 respectively resulting to a next surplus of Ksh. 11,215,652. Similarly, the Council expended Ksh. 244,955,731 against and approved budget of Ksh. 250,743,652 resulting to an under-expenditure of Ksh. 5,787,921.</p> <p>The underperformance affected the planned activities and may have impacted negatively on service to the public.</p>	<ul style="list-style-type: none"> Included within the reported surplus amount of Ksh. 11,215,625 were capital acquisitions of Ksh. 5,947,435, supported by the PPE. The balance of Ksh. 5,787,921 related to payments for activities that had been planned and undertaken within the year but were work in progress as at the close of the financial period. 	RESOLVED	N/A

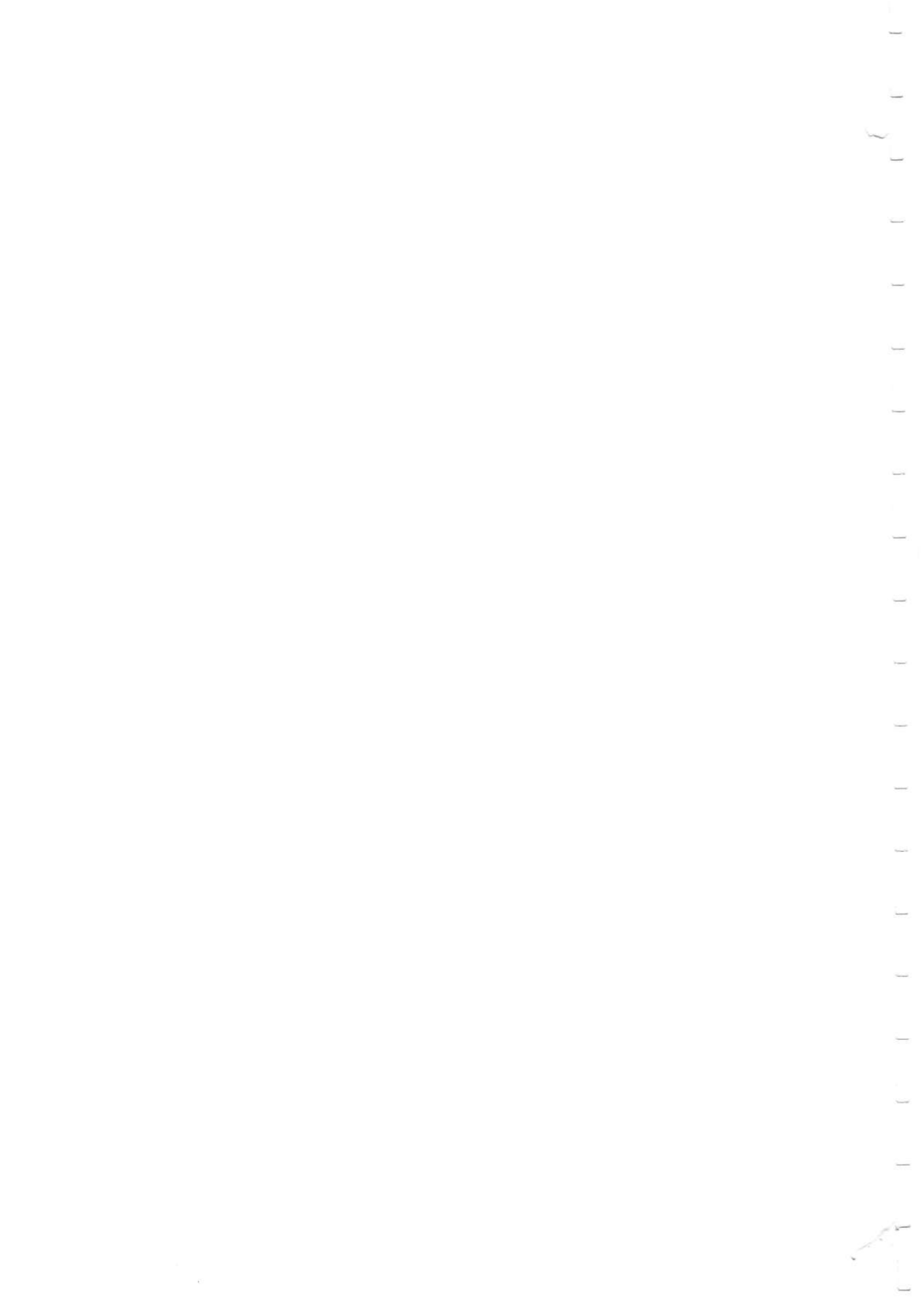
Reference No. on the external audit Report 2018/2019	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES: 1.0 Acquisition of Computers.	<p>Included in the balance of Kshs. 34,249,574 in respect of Property, Plant and Equipment as at 30 June 2019 at Note 14 to the financial statements is Ksh. 2,534,681 utilized for acquisitions of computers. Documents presented for audit review indicated that the Council entered into a contract for supply of ICT items at a contract sum of Ksh. 2,358,2353. The following were noted.</p> <p>(i) The Council was provided with framework agreements for the supplies by ICT Authority.</p> <p>However, the authority decided to use firms listed in its prequalified list.</p>	<ul style="list-style-type: none"> The Council communicated with the ICT authority, seeking approval to use the councils prequalified list of suppliers who are also prequalified by the ICT authority. This was after the feedback from the ICT authority indicating that procurement of any ICT related equipment could only be queued after six months from the date of request due to numerous requests from other government entities. Eurocom Systems limited is prequalified by the ICT authority. 	RESOLVED	N/A
	<p>The user department requisitioned for the purchase of ten (10) laptops among other ICT items in line with the procurement plan to the Accounting Officer. However, the Accounting Officer adjusted the required units of laptops to seventeen (17). The basis for the increase was not provided for audit review.</p>	<ul style="list-style-type: none"> The adjustment of seven (7) additional laptops was as a result of the replacement of core mandate staff within the period, who urgently required working tools to fasttrack the achievement of MCK Strategic objectives and Performance Contract requirement. The ICT department had also put in a request for the replacement of desktops and laptops that were obsolete since some of them had been acquired at the inception of MCK in the year 2007. 	RESOLVED	N/A
	<p>(ii) The specifications for the requirements outlined the computer processor as Core i5-7200U type of computers in both the procurement plan and the requisition. However, the supplier quoted and delivered Core i5-8250U instead of the</p>	<ul style="list-style-type: none"> Core i5-8250U is an upgraded, better version of Core i5-7200U. Eurocom Systems limited was cognizant of the rapid technological advancement and communicated to the relevant office the need to supply the superior versions of the requested laptops at no additional cost. This request was adjudged to be reasonable and economical and thus was accepted by the Council. 	RESOLVED	N/A

Reference No. on the external audit Report 2018/2019	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE: Weak Controls over recovery of Salary Advances.</p>	<p>type which were initially specified. It has not been explained why the Council accepted items which were not as per the specifications.</p> <p>Consequently, the Council breached the law.</p> <p>The statement of financial position reflects a balance of Ksh. 6,389,873 as receivables from non-exchange transactions as at 30 June, 2019. Included in this balance are staff debtors' balances of Ksh. 2,526,500 representing the outstanding staff salary advances. The recovered salary advances as at 30 June 2019 of Ksh. 545,001 was less than the amount that should have been recovered during that period of Ksh. 1,867,501 resulting to unrecovered advances of Ksh. 1,322,500 which ought to have been recovered.</p> <p>No explanation was provided for the non-recovery which was of the salary advances.</p>	<ul style="list-style-type: none"> • Delay in recovery of the listed salary advances was occasioned by an anomaly in the ERP system that was corrected and deductions effected. • All outstanding salary advance balances have now been fully cleared. 	<p>RESOLVED</p>	<p>N/A</p>

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Chief Executive Officer

Date



APPENDIX 1 (b): PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS (FY 2019/2020)

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

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>1. Revenue from Licenses and Permits</p>	<p>The statement of financial performance reflects licenses and permits income of Kshs.14,884,839, which as disclosed in Note 7 to the financial statements comprised of accreditation and subscriptions revenues balances of Kshs.8,036,14 and Kshs.6,848,705 respectively. According to Gazette notice no. 897 of 13 January, 2009, all journalists operating in Kenya are supposed to make annual subscriptions accreditation fees of Kshs.2,000 for local journalists and Kshs.10,000 for foreign journalists either operating in Kenya or Kshs 5,000 for foreign journalist operating in Kenya on short term assignments. Upon receipt of the fees, the journalist name is to be entered into a register and updated annually by the Council. Further, Gazette notice no. 896 of 13 January, 2009 required all media enterprises operating in Kenya to make monthly levies ranging between Kshs10,000 and Kshs.150,000 depending number of outlet(s), outreach and power frequency for each of the media enterprise and the levies are paid quarterly to the Media Council of Kenya. However, the forward by the Chairman of the Media Council of Kenya and the Chief Executive Officer indicated that more than 5,000 journalists were accredited during the financial year 2019/2020 and therefore</p>	<p>During financial period under review, MCK implemented the approved MCK accreditation guidelines, which changed the accreditation validity period to calendar year as opposed to the recognition of twelve months from the date of accreditation. All press card renewals for the year 2020 were pro-rated to December 2020. Similarly, accreditation payments were based on the validity period and not full amounts, leading to the reported dip in revenues. Included in the reporting on number of accredited journalists are final year students undertaking training in journalism. The students pay an annual fee of KES 300 which is different from the charges for non-students, further explaining the difference in expected versus actual revenue collection. This also supports the numbers cited by the Chairman and the Chief Executive Officer in their addresses within the financial report.</p>	<p>RESOLVED</p>	<p>N/A</p>

Reference No. on the external audit Report 2019 / 2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>expected minimum income was Kshs 10,000,000 while the recorded was Kshs.8,036,14. No reconciliation or explanation have been provided for audit review.</p> <p>Further, the Council does not maintain an updated register or record of all media enterprises operating in Kenya and therefore it was not possible to establish how much was payable as levies in compliance with Gazette Notice No. 896 from the media enterprises. The reported annual subscription amount of Kshs.6,848,705 is also not based on known number of media enterprises to support the comprehensive billing and recording of revenues as per the Gazette notice. Further, the amount of annual levies billable by the Council since the effective date of the Gazette notice could not be determined with certainty. Under the circumstances, the accuracy and completeness of the reported the revenue from licenses and permits of Kshs.14,884,839 for the year ended 30 June 2020 could not be confirmed.</p>			
<p>2. Unsupported Property, Plant and Equipment Balance</p>	<p>As previously reported, the property, plant and equipment balance of Kshs.40,617,714 as at 30 June 2020 is not supported by an updated fixed asset register detailing out the asset description, asset code, locations, current user, cost, accumulated depreciation, net book values and acquisition dates.</p> <p>Consequently, the accuracy, existence and the fair statement of the reported Plant Property and Equipment balance of Kshs.40,617,714 as at 30 June could not be confirmed.</p>	<p>An updated Fixed Assets Register supporting the PPE balance has now been availed for audit review.</p>	<p>RESOLVED</p>	<p>N/A</p>

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>3. Unsupported Expenditures</p> <p>3.1 Use of Goods and Services</p> <p>3.1.1 Rental Expenses</p>	<p>As disclosed in Note 9 to the financial statements, the statement of financial performance reflects an expenditure of Kshs.296,388,148 under use of goods and services.</p> <p>However, the following observations were made: Included in the expenditure of Kshs.296,388,148 under use of goods and services is an amount of Kshs 16,064,591 in respect of rental expenses. However, supporting documents including no lease agreements were not availed for review.</p>	<p>The council noted that the current rate of KES 179/sq. being the rental charge offered by Britam holdings for the space currently occupied by MCK, is higher than the market rate, given the glut currently being experienced in the county that has resulted in a drop in commercial real estate prices.</p> <p>Britam Holdings has offered MCK additional office space at a consolidated rate of KES 129/sq. The Council would like to benefit from economies of scale at a lower rate by signing a single lease for its consolidated office space.</p> <p>The council had applied for funding for additional office space from the National Treasury.</p> <p>A delay in disbursement of supplementary funds that would have allowed the council to formally take up the offer led to deferment of the signing of the lease agreement.</p> <p>MCK has now received funding to enable it to take up the consolidated space and has contracted Public Works to undertake the partitioning works. The Council shall sign a consolidated lease agreement with the landlord by the end of the current financial period.</p>	<p>NOT RESOLVED</p>	<p>30TH JUNE, 2023</p>
<p>3.1.2 ICT, ERP and Office Equipment</p>	<p>The expenditure of Kshs.296,388,148 under use of goods and services also includes an amount of K.shs.12,850,569 incurred on ICT, ERP and Office Equipment. The latter</p>	<p>Media Council Act 3013 mandates MCK to promote its regulatory function through monitoring of media for purposes of fulfilling its</p>	<p>RESOLVED</p>	<p>N/A</p>

Reference No. on the external audit Report 2019 / 2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>includes a balance of Kshs 4,475,960 and Kshs.2,485,856 in respect of maintenance services of an unidentified media monitoring system and consultant for software maintenance respectively.</p> <p>However, the maintenance contract did not disclose details of maintenance intervals, related charges and the expected deliverables. Details of when the system was acquired, the supplier, the cost of installation of the system, latest operation logs and evidence of outputs from the system were also lacking. Further, the payment to the consultant was not supported with details of the procurement process, the purpose of the software, date of installation and commissioning, billing by the supplier and the expected outputs from the system operations.</p>	<p>advisory role to government and promoting professionalism in journalism.</p> <p>MCK is able to effectively advise and train journalists on matters pertaining to incorrect information (fake news) and hate speech from the media monitoring reports.</p> <p>The Media monitoring unit also supports the Complaints Commission through the provision of information and data for purposes of independently corroborating evidence presented during its meetings.</p> <p>In 2012, MCK received a donation of the Media Monitoring Machine – Volicon from a development partner from Germany (GIZ), which was to enable MCK monitor content from TV and Radio stations. Installation was done by a local company – Globetrack Ltd. Maintenance was to be undertaken by the same company over a five (5) year period, since this was deemed to be the useful life of the machine. Thereafter, MCK was to take over the servicing, repairs and maintenance costs for both the software and hardware of the Media Monitoring Machine.</p> <p>Rapid technological changes have rendered the machine obsolete. Communication with Globetrack Ltd. indicated that the Volicon model</p>		

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.1.3 Undisclosed Payables	The expenditure of Kshs.296,388,148 under use of goods and services further includes an amount of Kshs.296,388,148 incurred on office consumables and	<p>is no longer being manufactured, MCK needs to replace the current machine with a new model. MCK has periodically sought funding from the National Treasury to acquire a new monitoring machine and system but has not been successful. Since the Media Monitoring function is a core mandate, MCK continues to use this obsolete machine.</p> <p>As a result, the cost of servicing the hardware, repairs and maintenance and keeping the software running has continued to experience a significant increase.</p> <p>Since the machine is an essential working implement, MCK procured the services of a technical company for the purposes of servicing, repairing and maintaining it.</p> <p>Additionally, MCK also received from the same development partner a machine that monitors print media, which uses Newbase software. Like Volicon, GIZ undertook the installation of the machine and trained MCK personnel on its use. MCK is required to pay an annual license fee of KES 500,000 for use of the Newbase software. Supporting documents have now been availed for audit review.</p>	RESOLVED	N/A

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>cleaning expenses out of which an amount of Ksh. 580,600 relates to office partitioning. Available information indicates that on 26 February, 2013 the Council signed an agreement for the proposed office partitioning works at Briam Centre, at a contract sum of Kshs.4,992,394 completion date of 9 May, 2013.</p> <p>The contractor demanded for final settlement of an outstanding balance of Ksh. 1,206,011 on 13 September, 2019 but records supporting the amount demanded were not provided. On 10 June, 2020 the Council paid Ksh. 580,600 as an outstanding balance for the works and charged it under the office, consumables and cleaning expenses. However, the balance of Ksh. 625,411 from the amount of Ksh. 1,206,011 initially demanded by the contractor was not incorporated in the liabilities as at 30 June, 2020. The anomaly was not explained.</p>	<p>certificate of completion of works by the contractor.</p> <p>MCK received a letter of demand from the contractor's lawyer during the period under review and sought legal guidance from its internal legal team on the legality of the late payment and was advised to effect payment since the contract for works was binding on both parties.</p> <p>The balance was disclosed as a pending bill to the Council in its April 2020 meeting and settled in June 2020.</p> <p>Supporting documents have now been availed for audit review.</p>		
<p>3.1.4 Undelivered Books and Reference Materials</p>	<p>The expenditure of Ksh. 3,149,422 on office consumables and cleaning expenses includes an amount of Ksh. 345,656 incurred on purchase of books and reference materials. However, documents supporting the items delivery and receipt were not provided for audit review.</p> <p>Under the circumstances, the accuracy and validity of the use of goods and services expenditure of Kshs.296,388,148 for the year ended 30 June, 2020 could not be confirmed.</p>	<p>The Media Council Act 2013 mandates MCK to realize its regulatory function by conducting an annual study on media performance trends, consumption and audience characteristics and making the findings public. This Constitutional requirement has been hampered by a lack of adequate professional reference and reading materials. Efforts by the Council to acquire such literature from international online bookstores have been full of logistical challenges.</p> <p>MCK has identified Textbook Centre as a supplier who stocks books on journalism and</p>	<p>RESOLVED</p>	<p>N/A</p>

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>3.2 Unsupported Expenditure – Repairs and Maintenance</p>	<p>As disclosed in Note 13 of the financial statements, the statement of financial performance reflects an expenditure of Kshs.1,458,098 in respect of repairs and maintenance which includes an amount of Kshs.402,204 to paid to a service provider for motor vehicle repairs. However, the contract between the Council and the service provider indicating the terms of engagement was not provided for audit review. It is not clear how the service provider was identified. Further, an amount of Kshs. 661,113 incurred on motor vehicles insurance was not supported by policy agreements indicating details of the vehicles covered and the applicable rates. Under the circumstances, the accuracy and validity of the repairs and maintenance expenditure of K.shs. 1,458,098 for the year ended 30 June 2020 could not be confirmed.</p>	<p>reference material that are not readily available from other stockists. Because of reasons cited above, direct procurement method was applied as per section 103 (2) a of the PPAD 2015. MCK provided specification of the books and highly specialized reference material required, which included current books on media and communication to be used in the annual study. Textbook Centre issued a Proforma invoice which was approved by the user department before an order for the same was placed.</p>	<p>RESOLVED</p>	<p>N/A</p>

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>4. Media Support and Monitoring</p> <p>4.1 Unsupported Grants</p>	<p>The Council incurred an amount of Kshs.47,963,890 on grants to journalists, media associations and support groups and media enterprises for editorial and technical assistance and financial support, under Media Council of Kenya (MCK) Health Reporting Grant Project. The Council invited grants applications from journalists, media practitioners and media associations interested in receiving the health reporting grants which were vetted and awarded.</p> <p>However, grants awarding evaluation and vetting reports were not availed for audit review. Further, no evidence was provided to confirm receipt of the grants and whether the grants were utilized for the intended purposes.</p> <p>Under the circumstances, the accuracy, validity and propriety of the expenditure of Kshs. 47,963,890 incurred on grants could not be confirmed.</p>	<p><u>Motor Vehicle Insurance fees:</u></p> <p>The Council had increased its fleet and has chosen to procure the services of an alternative service provider, so as to engage an insurance broker who has the capacity and capability of offering an insurance package that adequately meets its current insurance needs.</p> <p>The council shall call for pre-qualifications for motor vehicle insurance within the current financial year.</p> <p><u>Grants awarding, evaluation and vetting:</u></p> <p>A team from the Council (Media Training & Development Directorate) and experts within the media fraternity were invited to vet the applications.</p> <p>The report from this exercise was the basis for the grants awarding, evaluation and vetting.</p> <p><u>Journalists:</u></p> <p>MCK is mandated by the Media Council Act 2013 to keep a list of all accredited journalists in Kenya. The database of all accredited journalists and who attend MCK sponsored training programs and other related instructions was the main source for identification for intervention under this category.</p> <p>Qualification for grants for journalists under this category was informed by the accreditation lists. <u>Media Associations:</u></p>	<p>RESOLVED</p>	<p>N/A</p>

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>MCK is required to identify and offer assistance to Media Support Groups so as to foster professionalism and growth within the Media Industry.</p> <p>MCK in conjunction with other Media stakeholders spearheaded the process of identifying and vetting duly registered Media Support Groups, with an aim to fostering and promoting a mutually beneficial working relationship. At completion of the vetting exercise, MCK published a report detailing a list of duly registered Media Associations. Inclusion in the MCK report was the pre-requisite qualification for receipt of grants for this category.</p> <p><u>Media Enterprises:</u></p> <p>Media Enterprises are entities registered by the Communication Authority of Kenya (CA) through allocation of frequencies and have in their employment, journalists who have been accredited by MCK. MCK engages them on a regular basis for purposes of promoting professional media practices in Kenya. Media Enterprises who form part of the Media Sector Working Group, are registered by CA and have accredited journalists were considered for receipt of interventions through grants.</p> <p><u>Other considerations:</u></p>		

Reference No. on the external audit Report 2019 / 2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Online presence and visibility on other media platforms.</p> <p>Consideration on the strength of the stations in terms of reach, audience and audience segmentation.</p> <p>County-based stations were considered on the basis of equity and urban/rural outlay for population density and influence.</p> <p>Community stations were considered based on their local presence and whether or not they were broadcasting in languages spoken in those communities.</p> <p>The report of the vetting team also included proposals for allocation of the grants. Other considerations were as follows: -</p> <p><u>Spread:</u></p> <p>Disbursements were pegged on the country spread and presence of the organization and media enterprise within the country.</p> <p>Media entities with a large spread were required to file more stories on health reporting vis a vis the government directives and therefore required more grants to actualize the program.</p> <p><u>Reach:</u></p> <p>Organizations that had a wider reach in terms of audiences were required keep continued communication on Covid 19 interventions.</p> <p><u>Requests:</u></p>		

Reference No. on the external audit Report 2019 / 2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>MCK had received requests for interventions from journalists and other media associations that were unable to effectively discharge their obligations of keeping the public informed due to limitations in funding occasioned by the pandemic. Some disbursements were based on these requests.</p> <p><u>Other considerations:</u></p> <ul style="list-style-type: none"> - Community based stations were given grants to enable the reach of health messages in local languages. - County based stations were given grants based on the number of accredited journalists working at the stations. <p>The reports of the vetting committee have now been availed for audit review.</p> <p><u>Acknowledgment of the received grants:</u></p> <p>MCK received acknowledgment of receipt of grants from some of the beneficiaries. Supporting documents relating to the evidence of acknowledgment of the received grants have now been availed for audit review.</p> <p><u>Accountability of the grants for the intended purposes:</u></p> <p>The grants were fully accounted for through field reports, audio & video clips and pictorials filed by the beneficiaries.</p>		

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Some of the recordings included hours of interviews, audio & videos recordings of the findings within the communities and counties, studio recordings of messages and pictures taken for purposes of evidence of delivery of PPE's and other support.</p> <p>The grants were meant to enable journalists' further government messages on interventions for the Covid 19 pandemic through programs featuring health experts' interviews, elected leaders, opinion leaders, trusted public figures and community leaders putting across Covid 19 prevention messages.</p> <p>The media stations were also required to promote MCK's messages on core mandate activities such as the new accreditation guidelines, MCK Code of Conduct for the promotion of professionalism and promotion of safety of journalists.</p> <p>Method of delivery included audience participation, audience call-ins and advertorials of Government (MoH) messages which were localized in local dialects.</p> <p>Since the recordings are long and numerous in number (more than 400 recordings) and in keeping with the government directive of limiting use of paper in printing, they have been availed for audit review in soft copy.</p>		

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.2 Journalists Training and Mentorship	<p>The Council engaged sixteen (16) independent consultants and paid them a total of Kshs.1,296,000 to provide training and mentorship services to the grant awardees of the MCK Health Reporting Grant. On 20 June, 2020 the consultants signed a seven-days(7) contracts with the Council to evaluate grant applications, conduct online training for the selected grantees and support the grant awardees develop newsworthy stories, features and productions.</p> <p>The activities under these contracts were to be coordinated by coordinators appointed by the Council for the acceptance of the reports and other deliverables and for receiving and approving invoices for payment. However, no documentary evidence was provided to demonstrate that the Council appointed the respective coordinators for the contracts.</p> <p>Under the circumstances, the accuracy, validity and the regularity of the expenditure of Kshs.1,296,000 could not be confirmed.</p>	<p>MCK appointed a team of project coordinators from the core mandate and essential services staff to ensure harmonization of activities within the Terms of Reference and to enable effective execution of the contracts.</p> <p>The letter of appointment of the project coordinators and the respective counties for delivery has now been availed for audit review.</p>	RESOLVED	N/A
5. Cash and cash equivalents	<p>As disclosed in Note 14 of the financial statements, the statement of financial position reflects a cash and cash equivalents balance of Kshs 58, 381,285. Available information indicates that through the Donor Account No. 01020961497001, which had an operating balance of Ksh. 15,233,717, the Council received donor funding totaling to Kshs.10,808,195 as reflected as other income in the statement of financial performance, bringing the total donor funds available during the year to Ksh.</p>	<p>The inter – bank transfers relates to payments made towards complimenting development partner related activities in order to actualize the strategic plan and work plans.</p> <p>Budgetary allocations for all MCK annual signature events are appropriated through the donor account for ease of accountability and reporting.</p>	RESOLVED	N/A

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>26,041,912. However, the total available amount of Ksh. 26,041,912 differs from the reported closing bank balance of 26,148,944, resulting to an unexplained variance of Kshs.107,032.</p> <p>Further during the year under review, the Council banked an amount of 107,138,781 in form of imprests refunds and inter-bank transfers from the recurrent account No. 0102096149700 to the donor fund bank account. The Council also made payments amounting to Kshs.207,031,149 from the account, which reported a closing balance of Kshs. 26,148,944 as at 30 June 2020. The following anomalies were noted;</p> <p>(i) The Management did not provide an explanation for the banking of imprests refunds and inter-bank transfers totalling Kshs.107,138,781 to the donor account and the subsequent payments of Kshs.207,031,149 from the account.</p> <p>(ii) The Management did not provide a reconciliation of the donor account opening balance of Ksh. 15,233,717, receipts into the account during the year and the payments made out of the account to yield the closing balance of Kshs. 26,148,944 as at 30 June 2020</p> <p>Under the circumstances, the accuracy, propriety and validity of the cash and cash equivalents balance of Ksh. 58,381,285 as at 30 June 2020 could not be confirmed.</p>	<p>Additionally, all donations meant for MCK activities and partnership engagements are channeled to this account to monitor expenditure and ensure accurate reporting of all revenue received by the Council.</p>		

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>6. Unexplained Budget Variance</p>	<p>The Finance and Administration Committee tabled the financial year 2019/2020 revised annual budget to the full Council on 24 April 2020. The Council approved the budget totaling to Kshs.448,600,000 which included payment of pending bills amounting to Kshs.101,000,000. However, the statement of financial position reflects a comparative balance in respect of trade payables of Kshs.22,636,915 while the balance submitted and approved by the Council was Kshs.101,000,000 . No explanation was provided for the resultant variance of Kshs.78,363,085.</p> <p>Under the circumstances, the accuracy of the financial statements for the year ended 30 June 2020 could not be confirmed.</p>	<p>The pending bills balance of KES 78,363,085 related to liabilities which were brought to the attention of MCK after the reporting period. The late reporting was occasioned by the crystallization of unforeseen liabilities, delayed submission of invoices from a contractor and unforeseen demand for penalties for delayed payments.</p> <p>These matters necessitated the need for perusal and authentication of the documentation by the MCK Budget Implementation Committee, for accuracy and completeness, before tabling before the Council for adoption.</p> <p>Further, an allocation of KES 50 million that had been granted to MCK within the FY 2018/2019 through supplementary II was never disbursed as anticipated.</p> <p>During the FY 2017/2018 MCK made a request to the National Treasury for additional funding for expansion of new office to enable it carry out its expanded mandate of media monitoring following the growth of the media industry and increased complains on hate speech and misinformation to public. This request was granted, and the Council allocated KES 50 million under supplementary II of the FY 2018/2019. The allocation was confirmed</p>	RESOLVED	N/A

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>through the FY 2018/2019 budget printed estimated.</p> <p>MCK initiated the procurement process for office partitioning and commenced engagements with public works and related contractors. Britam Centre (landlord) was also informed of the intention to occupy extra space within the establishment, so as to capitalize on the benefits of economies of scale on the lower rental rates as negotiated by both parties.</p> <p>Despite reflecting in the system, the funds were neither released to MCK by the exchequer nor was there an official communication regarding the same.</p> <p>Although engagements with contractor and public works had been done before the year end, invoices for works were brought to the Council after end of the reporting period.</p> <p>The reconciled pending bills schedule and supporting documents has now been availed for audit review.</p>	RESOLVED	N/A
<p>Unresolved Prior Year Audit Matters:</p> <p>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF</p>	<p>The Cabinet Secretary for Information, Communications and Technology through the Gazette Notice No. 9506 dated 3 October 2019, appointed the seven members of the Media Council of Kenya for a period of three (3) years. However, one of them was in fulltime gainful employment at the Independent Electoral and Boundaries</p>	<p>The Media Council of Kenya Act 2013 provides the procedure for appointment of a member to the Council. Section 7(1) of the Media Council Act 2013 provides that the Council shall consist of:-</p> <p>a. A chairperson in accordance with this section.</p>	RESOLVED	N/A

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p><u>PUBLIC RESOURCES.</u></p> <p>1. Council Expenses</p> <p>1.1 Irregular Appointment and Payment of Allowances to Council Member.</p>	<p>Commission (IEBC) as the Head of Communications and Corporate Affairs.</p> <p>The Attorney-General gave a legal advisory on 18 August, 2020 that the above mentioned person being an employee of IEBC should not hold the position of an independent Council Member of the MCK while still in gainful employment under IEBC.</p> <p>Subsequently, the Council member was given the option of either continuing to serve as a Council Member of the MCK or as an employee of IEBC, but no response from the Council member was availed for audit review.</p> <p>Further, the Council member was paid allowances totaling to Kshs.565,500 during the year under review even though his appointment as a Council member was irregular.</p>	<p>b. One person nominated by the Cabinet Secretary.</p> <p>c. Seven other members appointed in accordance with this section.</p> <p>Such appointments are made by the Cabinet Secretary in charge of ICT.</p> <p>The member was appointed to the Council through a Gazette Notice of the 19th October, 2019 to serve for period of three years with effect from the 03rd of October, 2019.</p> <p>Payments of allowances to Council members are guided by various government circulars and executive orders, which MCK fully complies with.</p> <p>Allowances paid to the Council member were in line with the emoluments allowed for such office holders.</p> <p>MCK has no authority, control or jurisdiction on this governance matter.</p>		
<p>1.2 Allowances Paid to Staff members</p>	<p>During the year under review, an amount of Kshs 2,478,611 were incurred when attending conferences, trainings, meetings and retreats but whose propriety could be paid to various members of staff as meeting allowances despite being in fulltime service employment and deemed to be discharging duties in their ordinary course of work at the Council. The payments are therefore</p>	<p>These payments relate to DSA's that were paid to secretariat and management staff who were officially invited to attend various board retreats and workshops outside their stations of duty.</p> <p>All expenses relating to these activities were budget for under Council expenses.</p> <p>All DSA's relating to secretariate were fully accounted for upon return from duty.</p>	RESOLVED	N/A


Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	irregular and do not constitute proper charge to public funds. Under the circumstances, the propriety and regularity of the expenditure of the expenditure of Ksh, 2,992,135 incurred on Council expenses and allowances to staff members could not be confirmed.	Expenses were therefore correctly charged to board expenses as budgeted.		
2. Unrecovered Salary Advances	The statement of the financial position reflects a balance of Ksh.7,390,471 under receivables from non-exchange transactions , which as disclosed in Note 15 to the financial statements includes an amount of Kshs.2,394,925 in respect of staff salary advances. The latter balance includes an amount of Kshs 1,080,000 issued to two officers in 2018/2019 financial year whose recovery had not been effected. This is contrary to Section C.6 of the Human Resource Policies and Procedures Manual for Public Service, 2016 and the Council's HR Policies that require salary advances to be recovered in a period of not exceeding twelve (12) months. The Council Management was in breach of the law.	<ul style="list-style-type: none"> These amounts had been advanced to two members of staff for medical emergencies. The delay in recovery was occasioned by the need to wait for the outcome of a request that they had made to the Council for a waiver under ex – gratia payments. The salary advances have now been recovered and fully paid back to the Council. 	RESOLVED	N/A
3. Non-Adherence to the Stipulated Local Purchase Order (LPO) Validity Period	During the year under review, an amount of Kshs 93,708 was incurred on printing of Code of Conduct Booklets under order No. 0582 issued on 12 February, 2019. However, the booklets were received on 8 November, 2019, ten (10) months later from order date. This is contrary to Section 53 of the Public Finance Management Act, 2015 which provides that a purchase order shall be	(i) MCK conducted the procurement process through the RFQ method and prepared an LPO for approval and submission to the winning bidder. However, before the approval was done, MCK received a donation of 2,000 copies of the Code of Conduct from GIZ, a development partner.	RESOLVED	N/A

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>valid for a period of thirty days from the date of issue and that any public officer who receives goods or services beyond the stipulated period specified commits an offence under the Act.</p> <p>Further, the goods were inspected by only one member of the inspection and acceptance committee. This is contrary to the Section 48 of the Public Procurement and Asset Disposal Act, 2015, which requires the inspection to be carried out by the chairman and at least two other members.</p> <p>In addition, an amount of Kshs. 67,645 was incurred on designing and printing of media monitoring booklets under order No.0636 issued to the supplier on 29 April, 2019. The goods were delivered on 7 October 2019, invoiced of the same date and inspected on 8 October, 2019. From the foregoing, the supply and delivery of the goods was done beyond the order validity period of 30 days contrary to Section 53 of the Public Finance Management Act, 2015.</p> <p>The Council Management was in breach of the law.</p>	<p>A decision was made to put the procurement process on hold so as to fully utilize and exhaust the donated copies.</p> <p>When the donated copies ran out, aware of the importance of having ready copies of the Code of Conduct for Media Literacy Forums and other engagements and in the interest of saving time, MCK opted to activate the prior prepared LPO to facilitate timely delivery.</p> <p>This was presented for approval and later issued on the 13th of September 2019.</p> <p>The duly signed inspection and acceptance committee report as per the requirements of the PPAD 2015 has now been availed for audit review.</p> <p>(ii) MCK sought to award this supply under AGPO and conducted the procurement process through the RFQ method.</p> <p>Upon receipt of the initial delivery as per the LPO timeline (29th of April, 2019), the inspection committee discovered material anomalies in some of the booklets that required rectification before disbursement to the users. This led to a delay in complete delivery.</p> <p>The supplier brought documentation for processing of payment in October 2019, leading to funds being disbursement in October 2019.</p>		

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>4. Irregular Expenditure on Staff Mobile Phone Handsets</p>	<p>The statement of the financial position reflects a balance of Ksh.40,617,714 under Property, Plant and Equipment balance, which as disclosed in Note 16 to the financial statements includes an amount of Kshs.5,437,201 in respect of computer equipment. The computer equipment includes 23 mobile telephone handsets for staff worth Kshs 1,733,665. Although the purchase of the handsets was in the annual procurement plan approved by the Council, the procurement was contrary to the Office of the President Circular Ref OP/CAB/15 of 5 March 2010 on economic utilization and efficient delivery of telephone Services in public service. The handsets procured by the Council were in the range of Ksh. 39,000 and Ksh.120,000, contrary to the approved ceiling of Ksh. 30,000 set b the Office of the President circular. Further, some of the Officers issued with handsets did not qualify, being in the job groups lower than those set out. Under the circumstances, the propriety of expenditure amounting to Ksh. 1,733,665 for the year ended 30 June, 2020 could not be confirmed.</p>	<p>MCK has made the decision not to engage this supplier any further due to inability to deliver quality on time. Communication with the supplier has now been availed for audit review. At the onset of the Covid – 19 pandemic in March 2020, one of the containment measures instituted by the government was the presidential directive of working from home. MCK sought to comply with this directive through the provision of essential working tools to its staff to enable continued furtherance of its mandate and smooth flow of operations, key among them being provision of official phones in May 2020. Phones issued to the members of staff were working implements which had capabilities for delivery of efficient and effective delivery of services. Quotations received from the pre-qualified suppliers indicated that phones within the spectrum provided by MCK for could not fit into the ceiling due the requirement of cost-effective performance and large storage capacity, hence the decision to procure at the listed costs. The phones served the following purposes: - - Communication tool between the Council, various stakeholders and its staff, to ensure continuous, smooth workflow. Official</p>	<p>RESOLVED</p>	<p>N/A</p>

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p><u>REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE.</u></p>	<p>The previous Complaints Commission was appointed on 6 October 2016 for a period of three (3) years ending 5 October, 2019. Upon expiry of the Complaints Commission term, the Council operated without a Commission of Complaints and Dispute Resolution upto 14 October 2020 casting doubt on the effectiveness of the Council's governance systems.</p>	<p>phone calls relating to functional areas were channeled to these phones to enable staff members continue responding to the public's needs while working from home.</p> <ul style="list-style-type: none"> - Tool for continuous media monitoring and reporting on all matters relating to threats to journalists during the pandemic period. Staff members used these phones to record and report to the Council incidences of journalists being denied access of movement using the MCK Special Pass. - Working devices for media intervention programs. These phones served as instruments used to remit video and audio recordings of various media intervention programs that the Council was undertaking during this period. <p>These recordings formed part of the reports and deliverables for MCK under the Media Intervention program.</p>	<p>RESOLVED</p>	<p>N/A</p>

Reference No. on the external audit Report 2019/2020	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Lack of Complaints Commission				



Chief Executive Officer

Date

APPENDIX I (c): PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS (FY 2020/2021)

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

Reference No. on the external audit Report 2020/2021	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>Unsupported Property Plant and Equipment</p>	<p>The statement of financial position reflects property, plant and equipment balance of Ksh. 171,404,099 as disclosed in Note 16 (a) to the financial statements. However, the asset register presented for audit reflected assets totaling to Ksh. 108,591,644 resulting in unexplained and unreconciled difference of Ksh. 62,812,455.</p> <p>Further, the fixed assets register did not have information detailing the asset description, asset code, locations, cost, accumulated depreciation, net book values and acquisition dates.</p> <p>In addition, Note 16 to the financial statements reflects additions of assets amounting to Ksh. 139,355,741. The additions include assets valued at Ksh. 113,445,304 which were not supported by delivery notes, invoices, local purchase orders, inspection and acceptance committee reports or completion certificates.</p> <p>In the circumstances, the accuracy and completeness of the reported property, plant</p>	<ul style="list-style-type: none"> • IPSAS 17 section 14 (a) (Recognition) requires that assets are only recognized within the financial statements if it is probable that future economic benefits or service potential associated with the item will flow to the entity upon actual receipts. • The difference noted within the fixed asset register presented for audit review and the Statement of Financial Position is as a result of the cancellation of LPO's issued by the Supply Chain Management Department towards acquisitions of office equipment and furniture, but which had not been delivered by close of the financial year. <ul style="list-style-type: none"> - LPO's issued to Perisak Enterprises and Glacier East African were cancelled due to non-delivery of items after the stipulated LPO period. - Deliveries from Dignity Traders Ltd and Amillion café Ltd were partially done, with a bulk of items being delivered after the closure of the financial period. <p>The Statement of Financial Position has now been revised to reflect actual assets received.</p> <ul style="list-style-type: none"> • Additionally, the Council has now commenced the process of updating its fixed assets register, to reflect information detailing out the asset description, asset code, locations, current user, cost, accumulated depreciation, net book values and acquisition dates. 	<p>RESOLVED</p>	<p>N/A</p>

Reference No. on the external audit Report 2020/2021	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	and equipment balance of Ksh. 171,404,099 as at 30 June, 2021 could not be confirmed.	<ul style="list-style-type: none"> Distribution lists for items received within the financial period which includes delivery notes, invoices, local purchase orders, inspection and acceptance committee report or completion certificate for works done have now been availed for audit review 		
KEY AUDIT MATTER OTHER MATTERS Unresolved Prior Year Audit Matters	<p>In the audit report of the previous year, several issues were raised under the report on financial statements and report on lawfulness and effectiveness in the use of public resources. However, the management has not resolved some of the issues nor provided explanations for failure to resolve the issues.</p>	<p>The management has now fully resolved most of the matters that were raised within the report on financial statements and report on lawfulness and effectiveness in the use of public resources in the audit report of the previous year. Explanations on matters outstanding as at the time of audit review and timelines for resolution of those matter have now been provided.</p>	NOT RESOLVED	BY 30TH JUNE 2023
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES Failure to Comply with the Executive order on E-Procurement	<p>During the period under review, the Council procured goods and services outside the approved E-procurement platform. This is contrary to Executive Order No. 6/2015 which directed all State Corporations to arrange to migrate their procurement systems to the e-procurement platform developed by the National Treasury.</p> <p>The management did not provide satisfactory explanations for the non-compliance with a government directive.</p>	<ul style="list-style-type: none"> The Council maintains and continuously updates and publicizes its tenders through the Public Procurement Information Portal (PPP) and on its website in compliance with Section 1(A) of the Executive Order number 2 of 2018. The Council is also in full compliance with Part I - III of the order. Compliance with section IV (B) has commenced through the procurement of an ERP system that shall have a dedicated Procurement Module to enable e-procurements. 	RESOLVED	N/A

Reference No. on the external audit Report 2020/2021	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p><u>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</u></p> <p>Corporate Governance Structure</p>	<p>During the year under review, the Audit Committee of the Council met only twice contrary to section 179(1) of the Public Finance Management (National Government) regulations 2015, which requires an Audit committee to meet at least four times a year.</p> <p>Further, the Audit Committee chairman resigned during the year but had not been replaced as at the time of Audit in February 2022. As a result, internal audit reports have not been deliberated by the Committee.</p> <p>Further, the Gazette notice and appointment letters for the Council members were not provided for audit review.</p> <p>In the circumstances, the effectiveness of internal controls, risk management and governance of the Media Council could not be confirmed.</p>	<ul style="list-style-type: none"> The Council in its sitting of the 14th February, 2022 appointed an audit committee in accordance with the requirements of various Corporate governance instruments. The Audit committee was inducted in line with the requirements of Gazette Notice number 2691 and held its inaugural sitting on the 14th April 2022 The appointing authority for the Council members is the Cabinet Secretary, Ministry of ICT, Innovation and Youth Affairs (MIYYA). The Council in its communication dated 05th November, 2019 wrote to the parent Ministry requesting for letters of appointment for Council members. The Council awaits their response. 	RESOLVED	N/A



Chief Executive Officer

Date