

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
MEDIA COUNCIL OF KENYA**

**FOR THE YEAR ENDED
30 JUNE 2014**



**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2014**

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 30 JUNE 2014**

TABLE OF CONTENTS	Page
CORPORATE INFORMATION	I
COUNCIL MEMBERS	II
MANAGEMENT TEAM	VII
CHAIRMAN STATEMENT	X
REPORT OF THE CHIEF EXECUTIVE OFFICER	XI
REPORT OF THE COUNCIL	XIII
STATEMENT OF CORPORATE GOVERNANCE	XIV
STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY	XV
STATEMENT OF COUNCIL MEMBER'S RESPONSIBILITIES	XVI
REPORT OF THE AUDITOR-GENERAL	XVII
STATEMENT OF FINANCIAL PERFORMANCE	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN NET ASSETS	3
CASH FLOW STATEMENT	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
NOTES TO THE FINANCIAL STATEMENTS	6 TO 10
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	11

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

i

Corporate Information

The Media Council of Kenya was registered and operates as a corporate body under the Media Act (Cap 411B) on 1st October, 2007.

Principal Activity

To safeguard media freedom, enhance professionalism and arbitrate media disputes.

Council Members

Mr. Joseph Odindo	Former Chairman and representing the Editor's Guild of Kenya
Ms. Sarah Nkatha	Vice-Chairperson and representing the Kenya Union of Journalists
Mr. Linus Gitahi	Representing the Media Owners Association
Mr. Ezekiel Mutua	Representing the Ministry of Information Communication and Technology
Dr. Muiru Ngugi	Representing Public Universities
Dr Rosemary Nyaole-Kowuor	Representing Private Universities
Mr. Peter Wakoli	Current Chairman
Mrs. Nelly Matheka	Former Member - Representing the Media Owners Association
Mr. Eric Orina	Former Member -Representing the Kenya Union of Journalists
Mr. Kiprono Kittony	Former Member -Representing the Media Owners Association
Ms. Grace Munjuri	Representing the Public Relations Society of Kenya
Ms Mercy Ochieng Kodada	Representing the Kenya Correspondents Association

Management Team

Dr Haron Mwangi	Chief Executive Officer
Mr Victor Bwire	Programmes Manager
Mr Godfrey Mageto	Finance Manager
Mr Josphaat Kibaara	Human Resource and Administration Manager
Mr Gideon Mwanzia	Internal Auditor

Secretariat

Dr. Haron Mwangi- Chief Executive Officer

Registered Office and Principal Place of Business

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

Contacts

Tel: 020 2737058
Email: info@mediacouncil.or.ke
Website: www.mediacouncil.or.ke

Bankers

Standard Chartered Bank Kenya Limited
Kenyatta Avenue Branch
P.O. Box 30001 - 00100
Nairobi

Auditors





Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
Nairobi

Principal Legal Adviser

- 1 The Attorney General
Office State Law
Harambee Avenue
P.O. Box 40112
City Square
Nairobi Kenya
- 2 Gathii Irungu & Co Advocates
Miller & Co Advocates
Rachier & A. mollo Co Advocates

MEDIA COUNCIL OF KENYA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Council Members

 <p>Mr. Peter Wakoli Chairman Date of Birth: 10/10/1972</p> <p>Mr. Peter Wakoli is the Council Chairman and also a member of the Finance and Administration Committee of the Council.</p> <p>Education</p> <ul style="list-style-type: none"> • He holds a Bachelors Degree and a Masters in Business Administration. <p>Work Experience</p> <ul style="list-style-type: none"> • Mr Wakoli is the Academic Registrar at Kenya Institute of Mass Communication (KIMC) 	 <p>Ms. Sarah Nkatha Vice Chairperson Date of Birth: 13/04/1976</p> <p>Member of the Finance and Administration as well as the Ethics and Public Information Committees of the Council.</p> <p>Education</p> <ul style="list-style-type: none"> • Kenya Institute of Mass Communication- broadcast media • Danish School of Journalism - broadcast media. <p>Work Experience</p> <ul style="list-style-type: none"> • British Broadcasting Corporation (BBC) German public radio (ARD) as a producer. • Royal Media Services as a News Editor.
 <p>Ms. Mercy Ochieng Kodada Council Member Date of Birth 18/06/1972</p> <p>A member of the Finance and Administration,</p>	 <p>Ms. Grace Munjuri Council Member Date of Birth 11/04/1976</p>

<p>Audit as well as Ethics and Public Information Committees of the Council.</p> <p>Education</p> <ul style="list-style-type: none"> • Bachelor of Arts in Communication (Public Relations and Electronic Media) - Daystar University. <p>Work experience</p> <ul style="list-style-type: none"> • Consultant with Unbound Communications. • A freelance journalist with a bias for environmental issues. 	<p>Education</p> <ul style="list-style-type: none"> • Master of Arts degree in Corporate Communications from Daystar University, • Bachelor of Commerce (Marketing) degree from Kenyatta University. <p>Work Experience</p> <ul style="list-style-type: none"> • Current Vice Chair of the Public Relations Society of Kenya (PRSK) • Director of the Communications Authority of Kenya • Lead Consultant of the PR Firm Brand Magnets Limited.
 <p>Mr. Ezekiel Mutua</p> <p>Council Member</p> <p>Date of Birth: 06/06/1967</p> <p>He is a member of the Ethics and Public Information and Audit Committees of the Council and the Chairman of the Audit Committee. He holds a BA in Political Science and Administration and a masters in Communication studies. Mr Mutua has been the Director of Information and Public Communications as well as the Secretary-General, Kenya Union of Journalists (KUJ).</p>	 <p>Dr. Muiru Ngugi</p> <p>Council Member</p> <p>Date of Birth: 12/ 06/1964</p> <p>He is an Associate Director, School of Journalism and Mass Communication, University of Nairobi with 26 years of experience in communication and Journalism.</p> <p>He holds Dip, MA, MA, PhD - Carnahan Post- Doctoral Fellow.</p> <p>He is the chairman of the Training and Accreditation Committee of the Council</p>

and a member of the Audit and Ethics and Public Information Committees of the Council.



Mr. Linus Gitahi

Council Member

Date of Birth: 06/06/1967

Member of the Audit Committee of the Council and member of the Training and Accreditation Committee of the Council.

Work experience

- Group Chief Executive Officer of Nation Media Group. Managing Director of GlaxoSmithKline - West Africa
- General Manager for Consumer Healthcare - East Africa and the Indian Ocean Islands
- Head of African Consumer Marketing
- Board member of International Press Institute (IPI), Federation of Kenya Employers (FKE), Fellow of the Kenya Institute of Management (KIM), FKE,



Dr. Rosemary Nyaole-Kowuor

Council Member

Date of Birth: 05/03/1969

She is the Chairperson of Finance and Administration Committee and a member of the Ethics and Public Information.

Work experience

- Currently a freelance communication consultant,
- Senior Lecturer and Deputy head of Communication Department at Daystar University, Kenya.

Education

- PhD in Film Technology,
- MA and BA in Communication – Electronic Media.

USIU, AMI (Africa Media Initiative),

Education

- MBA from the United States International University Bachelor of Commerce (accounting major) from the University of Nairobi
- Diploma in management from the Kenya Institute of Management.



Dr. Haron Mwangi

Date of Birth 01/01/64

He is the Chief Executive Officer of the Media Council of Kenya. By virtue of his position, he is also the Secretary to the Council.

Experience

- 15 years' experience in media policy and regulation research and project management.
- Chief Executive Officer of the Media Council of Kenya
- Marketing and Corporate Communications Manager at Postbank and the Agricultural Finance Corporation. Farm Concern International - Technical Adviser, Business Models Development, Market Research and Documentation in Sub-Saharan Africa.

Education

- Doctorate in Media Management and

<p>Economics</p> <ul style="list-style-type: none">• Masters degree in Communication Studies• Postgraduate Diploma in Project Planning and Management.	
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MANAGEMENT TEAM



Dr. Haron Mwangi

He is the Chief Executive Officer of the Media Council of Kenya. By virtue of his position, he is also the Secretary to the Council.

Date of Birth: 01/01/64

Experience

- 15 years' experience in media policy and regulation research and project management.
- Chief Executive Officer of the Media Council of Kenya
- Marketing and Corporate Communications Manager at Postbank and the Agricultural Finance Corporation. Farm Concern International - Technical Adviser, Business Models Development, Market Research and Documentation in Sub-Saharan Africa.

Education

- Doctorate in Media Management and Economics
- Masters degree in Communication Studies
- Postgraduate Diploma in Project Planning and Management.



Mr. Victor Bwire

Deputy Chief Executive Officer and Programmes Manager at the Media Council of Kenya.

Date of Birth: 09/09/72

Work experience

- Communications Officer at the Kenya National Commission on Human Rights ARTICLE 19 covering 10 African countries on journalists safety and media freedoms
- Has worked as a writer for the Nation Media Group and The Standard.
- Has taught at the United States International University (USIU), Mt. Kenya University, Technical University of Kenya and the Great Lakes University in science communication and advocacy, news writing, media law and communication ethics and editing.

Education

- MA in Communication and Media Studies
- Post- Graduate Diploma in Mass Communication
- BA from the University of Nairobi.
- Post- Graduate Diploma in Environmental Journalism and Communication from Makerere University, Uganda.
- A certified physical safety, first aid and emotional self- care trainer for journalists.



Josphat Kibaara
Human Resource and Administration
Manager

Date of Birth: 29/07/73

Work experience

- Kenya Plant Health Inspectorate Service (Kephis)
- National Museums of Kenya
- Unga Limited.

Education

- Masters degree in Human Resource Management from Open University of Tanzania,
- Bachelor of Arts degree in Government and Public Administration from Moi University
- Higher Diploma in Human Resource Management from the Institute of Human Resource Management
- Diploma in Human Resource Management from Kenya Institute of Management.



Godfrey Mageto Ongeru

Finance Manager.

Date of Birth: 21/12/80

Work experience

Has worked at Blue Limited and Barclays Bank.

Education

- Master of Science (Finance) - University of Nairobi Bachelor of Commerce (Finance and Banking) degree from Egerton University.
- Certified Public Accountant (CPA-K) certificate
- Diploma in Project Management from the Kenya Institute of Management.



GIDEON Mwanzia Nzioki

Internal Auditor.

Date of Birth 08/06/78

Work experience

Internal auditor at New spread International, Ministry of Finance Department of Internal Audit and Tana Water Services Board.

Education

- Bachelor of Business Administration (Accounting and Finance) from Kenya Methodist University

- | | |
|--|--|
| <ul style="list-style-type: none">• (CPA, K). He is a registered Member of the Institute of Certified Public Accountants of Kenya (ICPAK) and a member of the Global Institute of Internal Auditors (IAA). | |
|--|--|

CHAIRMAN'S STATEMENT

The 2013/2014 Financial Year was marked by heightened activities by the Media Council of Kenya.

As the leading institution in the regulation of media and in the conduct and discipline of journalists, the Media Council of Kenya made tremendous strides in efforts to achieve its objectives. The Council has remained steadfast in ensuring that professionalism is upheld in the Kenyan media, resulting into significant achievement in protection of media freedom and independence in Kenya. The Council has remained in the frontline in ensuring the protection of the rights and privileges of journalists in the performance of their duties as guaranteed by the Constitution of Kenya that came into effect in 2010.

The period saw deep involvement of the Council in the review of laws governing media operations in Kenya. The two laws; the Media Council Act 2013 and the Kenya Information and Communication (Amendment) Act 2013 were passed by the Kenya National Assembly on December 5, 2013. The Kenya Information and Communication (Amendment) Act 2013 was assented to by the President of the Republic of Kenya H. E. Uhuru Kenyatta on December 11, 2013 while the Media Council Act was assented to by the President on December 27, 2013. The Media Act 2103 came into force on 27th of December 2013 following the repeal of the Media Act 2007 which established the Media Council of Kenya. This created a more independent and robust Media Council of Kenya. The passing of the new laws meant the re-alignment of the mandate of the Council and a new approach in the Council's activities. It gave the Council enhanced powers in executing its mandate aimed at ensuring a freer and more professional media.

To this end, Kenya's media has remained one of the most vibrant not only in Africa but globally. The media has continued to play its role as the public watchdog as well as an opinion shaper in a number of socio-economic and political issues. The year saw the Council upscale operations in arbitration on media-related disputes, media monitoring, training and accreditation. Notably, the Council's Complaints Commission prudently mediated in disputes between the government and the media, between the public and the media as well as intra-media.

In our effort to identify, acknowledge, inspire, support and promote media excellence in Kenya, the Council organised the inaugural Annual Journalists' Awards as one of the major events around the 2014 World Press Freedom Day celebrations held in May in Nairobi, Kenya.

Our collaborations with stakeholders recorded a major boost with several governmental and non-governmental bodies getting interested in our work.

Dr. Rosemary Nyaole
Member of the Council
Media Council of Kenya

REPORT OF THE CHIEF EXECUTIVE OFFICER

The 2013/2014 Financial Year marked an impressive leap towards the attainment of the Media Council of Kenya's mandate following the enactment of the Media Council Act 2013. The passing of the Media Council Act 2013 marked the starting point towards media reforms in Kenya. The Act strengthened the self-regulation approach where the media is accountable to itself in promoting journalism profession. Through this law, the Media Council's mandate and functions were tightened to enable the Council facilitate major reforms to address some key concerns about media performance in Kenya.

The Media Council of Kenya also attained powers to standardise the training of journalism in Kenya through a national curriculum for middle level colleges, accreditation and inspection of the colleges that offer journalism to ensure adherence to quality training standards and competencies.

Secondly, the Council is now the sole self-regulating body for journalists in the country and keeps registers of all practising journalists, journalism training colleges and all media enterprises operating in the country. This has facilitated the professionalisation of the industry, weeding out quacks and ensuring strict adherence to the Code of Conduct for the Practice of Journalism in Kenya as enshrined in the Second Schedule of the Media Council Act 2013.

In the year under review, the Complaints Commission was also strengthened to deal with any professional misconduct and breaches to the code of ethics. The Council continued to file complaints at the Commission on any issues of public interest and national concern.

Additionally, and as per our 2011-2013 Strategic Plan, the Council continued to undertake key activities as set out in the objectives. The media arbitration role being undertaken by the Complaints Commission, for instance, received acknowledgement from not only the public but also the government and high-ranking state officials. The Council also continued engaging the media fraternity through the Media Observer magazine, a quarterly publication of the Council which analyses media performance and trends with regards to adherence to the Code of Conduct for the Practice of Journalism.

In our efforts to enhance professionalism, the Council continued organising trainings for journalists at various levels. Our Accreditation function was actively involved in maintaining a roll of journalists practicing in Kenya, hence checking the proliferation of our profession by quacks.


The Council also intervened where the media compromised journalistic standards through an effective media monitoring function, whose feedback informed our work.

In our efforts to promote media excellence in Kenya, the Council organised the third Annual Journalism Excellence Awards (AJEA) as one of the major events around the 2014 World Press Freedom Day celebrations.

It was also around this time that the Council hosted media practitioners from Eastern Africa for a convention which was officially opened by His Excellency the President of the Republic of Kenya Uhuru Kenyatta.

The Council continued to undertake training of journalists in different fields, with special emphasis on the constitution, conflict-sensitive reporting and development journalism. This was out of the recognition that quality training is key to professionalism and development of the media. In the reporting period, the Council took the lead in developing a curriculum for middle level colleges offering journalism training. This is part of a wider mandate that will see the forming of an accreditation and joint examining body for media colleges in Kenya.

We are grateful for the support we have continued to receive from the government, government agencies and our development partners in pursuit of our mandate of promoting press freedom and responsible journalism in Kenya.



Haron Mwangi
Chief Executive Officer & Secretary to the Council
Media Council of Kenya

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

REPORT OF THE COUNCIL

The Council members have the pleasure in presenting their report together with the audited financial statements of the Council for the year ended 30 June 2014.

PRINCIPAL ACTIVITY

The Council is a non profit and non political media organization that provides 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.

RESULTS

The results for the year ended 30th June 2014 are shown on page 6.

COUNCIL MEMBERS

The Council members who held office during the year and to the date of this report are shown on page 1.

AUDITORS

The Auditor-General is responsible for the statutory audit of the Council in accordance with Section 38 and 39 of the Public Finance Management Act 2012 which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf

BY ORDER OF THE COUNCIL

SECRETARY



DATE27th February..... 2015.

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
STATEMENT OF CORPORATE GOVERNANCE**

The Council members have committed themselves to the service of the Council and to uphold the tenets of good corporate governance by being responsible, transparent, accountable, efficient, effective, persons of integrity and exercise fairness in all their dealings.

The Council

The Council consists of seven non-executive Council members and a Chief Executive Officer.

The seven members are appointed by the Media Owners Association, Kenya Union of Journalists, Law Society of Kenya, Editor's Guild of Kenya, and Schools of Journalism of recognized universities, Kenya Correspondents Association, Public Relations Society of Kenya, Kenya Institute of Mass Communication and the Kenya News Agency.

The Council members possess a broad range of skills, qualifications and experiences required to direct the affairs of the Council.

Council Responsibilities

The independence of the Council's board from its corporate management is ensured by the separation of the functions of the Chairman and the Chief Executive Officer and a clear definition of their responsibilities. This helps in achieving an appropriate balance of power, increased accountability and improved capacity for decision making, independent of the management.

The Council is accountable to the stakeholders and retains ultimate responsibility for the Council's performance.

It takes on the primary responsibility of determining the Council's vision, mission, and values; deciding its strategic objectives and key elements of the governance processes underpinning the operation of the Council. The Council members retain full and effective control over the Council by monitoring the management in its implementation of Council plans and strategies, review of management accounts, and major capital expenditure.

The Council exercises diligence in carrying out its role, with emphasis on strategic issues and policy matters. On a quarterly basis, Council evaluates an operational report from the Chief Executive Officer which includes management accounts for the past quarter, reports from each Council committee; specific proposals for capital expenditure and acquisitions; as well as strategic opportunities for the Council.

Council Committees

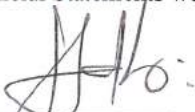
The Council committees facilitate decision-making to assist the Council in the execution of its duties, powers and authority. However, delegation of authority to the committees does not in any way mitigate the discharge by the Council of its duties and responsibilities.

The Council has set up four Committees which draw its membership from the Council members. The four

- Finance and Administration Committee
- Training and Accreditation Committee
- Ethics and Public Information Committee
- Audit Committee

APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved on27th.....February.....2015



SECRETARY



CHAIRPERSON

CORPORATE SOCIAL RESPONSIBILITY

The Media Council of Kenya's (MCK) was registered and operates as a corporate body under the Media Council Act 2013.

The Media Council of Kenya donated and served food to journalists covering the Westgate Shopping Mall terrorist attack in Nairobi on 23 September 2013.

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

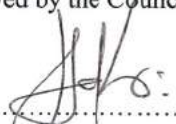
Section 8(1) of the Public Finance Management Act, 2012 and the Media Act 2007 requires the Council to prepare financial statement, which give a true and fair view of the state of affairs of the Council at the end of the financial year and the operating results of the Council for that year. The Council Members are also required to ensure that the Council keeps proper accounting records which disclose with reasonable accuracy the financial position of the Council. The Council Members are also responsible for safeguarding the assets of the Council.

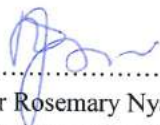
The Council Members are responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the entity'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 and the State Corporations Act. The Directors are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2014, and of the Council's financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

Approved by the Council members on..... 27/02/2015 and signed on its behalf by:


.....
Dr Haron Mwangi
Chief Executive Officer and Secretary to the Council


.....
Dr Rosemary Nyaole
Member of the Council

REPUBLIC OF KENYA

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NAIROBI HUB
P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON MEDIA COUNCIL OF KENYA FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Media Council of Kenya as set out on pages 1 to 10, which comprise the statement of financial position as at 30 June 2014, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

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 such 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.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

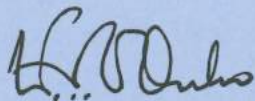
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council as at 30 June 2014, 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 Act, 2007.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

NAIROBI

24 February 2015

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
STATEMENT OF FINANCIAL PERFORMANCE**

1

	Notes	2014 Kshs	2013 Kshs
Revenue from Non- exchange Transactions			
Public Contributions and Donations	2	101,974,494	68,376,731
Licences and Permits	3	8,694,900	11,000,800
Transfer from other governments	4	42,909,950	43,544,042
Total Revenue		153,579,344	122,921,573
Expenses			
Employee Cost	5	38,666,746	27,416,562
Council Allowances	6	16,164,855	22,733,886
Depreciation and ammortiation expenses	7	9,821,759	11,378,886
Repair and Maintainance	8	2,781,229	1,101,009
General Expenses	9	79,654,813	97,249,953
Total Operating Expenses		147,089,401	159,880,296
(Deficit) /surplus of income over expenditure		6,489,943	(36,958,723)

MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
AS AT 30 JUNE 2014
STATEMENT OF FINANCIAL POSITION

Assets	Notes	2014 Kshs	2013 Kshs
CURRENT ASSETS			
Cash and Cash Equivalents	10	15,558,634	25,021,236
Receivables from Non-exchange transactions	11	12,338,383	5,029,847
		27,897,017	30,051,084
NON-CURRENT ASSETS			
Property, Plant and Equipment	12	<u>44,183,914</u>	<u>50,314,096</u>
TOTAL ASSETS		<u>72,080,931</u>	<u>80,365,180</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables from exchange transactions	13	1,959,098	10,733,287
NON-CURRENT LIABILITIES			
Deferred income	14	18,000,000	24,000,000
Reserves	15	52,121,833	42,631,890
TOTAL FUND AND LIABILITIES		<u>72,080,931</u>	<u>80,365,177</u>

Approved by the Council members on.....27/02/2015..... and signed on its behalf

.....


Dr Haron Mwangi
 Chief Executive Officer and Secretary to the Council

.....


Dr Rosemary Nyaole
 Member of the Council

MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
STATEMENT OF CHANGES IN NET ASSETS

3

	Fund Balance	Deferred	
	Kshs	Income	Total
	Kshs	Kshs	Kshs
Balance as at 30 June 2012	82,590,614	30,000,000	112,590,614
Deficit for the period	(36,958,724)	-	(36,958,724)
Transfers from accumulated surplus	-	(6,000,000)	(6,000,000)
Balance as at 30 June 2013	45,631,890	24,000,000	69,631,890
Surplus for the period	6,489,943	-	6,489,943
Transfers from accumulated surplus	-	(6,000,000)	(6,000,000)
Balance as at 30 June 2014	52,121,833	18,000,000	70,121,833

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
STATEMENT OF CASH FLOW**

	Note	2013-2014 Kshs	2012-2013 Kshs
Cash flows from operating activities			
Receipts			
Public Contributions and Donations	2	101,974,494	68,376,731
Licences and Permits	3	8,694,900	11,000,800
Transfer from other governments	4	42,909,950	43,544,042
		<u>153,579,344</u>	<u>122,921,573</u>
Payments			
Employee Cost	5	38,666,746	62,519,807
Council Allowances	6	16,164,855	-
Depreciation and amortisation expenses	7	9,821,758	75,853,140
Repair and Maintenance	8	2,781,229	21,507,350
General Expenses	9	79,654,813	-
		<u>147,089,401</u>	<u>159,880,296</u>
Net cash flow from operating activities		<u>6,489,943</u>	<u>(36,958,724)</u>
Cash flows from investing activities			
Increase in receivables and prepayments		-	(1,608,628)
Purchase of property, plant and equipment	12	(3,691,577)	(39,862,192)
Net cash flow from investing activities		<u>(3,691,577)</u>	<u>(41,470,820)</u>
Cashflow from financing activities			
Deffered Income		(6,000,000)	(6,000,000)
Net cash flow from financing activities		<u>(6,000,000)</u>	<u>(45,862,192)</u>
Net increase in cash and cash equivalents		<u>(3,201,634)</u>	<u>(124,291,736)</u>
Movement in cash and cash equivalents			
At the start of the year	11	25,021,236	96,303,847
Increase		(9,462,602)	(71,282,611)
At the end of the year	11	<u>15,558,634</u>	<u>25,021,236</u>
Represented by:			
Bank balance	11	15,463,655	25,012,996
Cash balance	11	94,979	8,240
		<u>15,558,634</u>	<u>25,021,236</u>

MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	<u>2013/14</u> <u>BUDGETED</u>	<u>2013/14</u> <u>ACTUALS</u>	<u>2013/14</u> <u>VARIANCES</u>
Revenue	Kshs		
Public Contributions and Donations	69,500,000.00	101,974,494.00	32,474,494.00
Licences and Permits(Subscriptions)	2,000,000.00	4,484,000.00	2,484,000.00
Licences and Permits(Accreditation fees)	2,000,000.00	4,210,900.00	2,210,900.00
Conditional Grants			
Ford Foundation	25,000,000.00	23,625,245	1,374,755.00
UNDP	500,000.00	-	500,000.00
UNESCO	1,000,000.00	708,308	291,691.90
Friedrick Ebert Foundation	84,000.00	-	84,000.00
Canadian High Commission	300,000.00	-	300,000.00
Plan International	2,000,000.00	1,164,000	836,000.00
GIZ	1,000,000.00	624,000	376,000.00
Kenya Media Program	9,000,000.00	7,924,000	1,076,000.45
International Media Support	3,500,000.00	2,606,580	893,420.10
Article '19	400,000.00	115,000	285,000.00
Internews	100,000.00	80,000	20,000.00
Other income*	7,000,000.00	6,062,817	937,183.00
Conditional Grants	49,884,985.00	42,909,050.00	- 6,975,935.00
Total Income	<u>123,384,985.00</u>	<u>153,894,419.00</u>	<u>30,509,434.00</u>
Expenses			
Operating costs			
Travel and entertainment	2,494,985.00	8,876,968.00	6,381,983.00
Postage and courier	800,000.00	357,912.00	- 442,088.00
Communication telephone/ email	200,000.00	1,206,481.00	1,006,481.00
Office expenses	2,530,000.00	1,855,031.53	- 674,968.47
Bank charges	200,000.00	144,071.75	- 55,928.25
Printing and stationery	1,200,000.00	5,903,570.00	4,703,570.00
Accommodation and conferencing	4,000,000.00	9,541,517.00	5,541,517.00
Media Awards, Publicity and advertisements	13,000,000.00	21,255,710.00	8,255,710.00
Motor vehicles expenses	580,000.00	1,254,950.55	674,950.55
	<u>25,004,985.00</u>	<u>50,396,211.83</u>	<u>25,391,226.83</u>
Administrative costs			
Audit fees (inclusive of VAT)	600,000.00	684,500.00	84,500.00
Compensation to employee	37,000,000.00	38,666,746.00	1,666,746.00
Staff medical cover	5,000,000.00	5,997,149.24	997,149.24
Staff Gratuity	2,480,000.00	3,451,300.00	971,300.00
Staff training	15,300,000.00	1,643,600.00	- 13,656,400.00
Board / Council expenses	9,000,000.00	16,164,855.00	7,164,855.00
Legal Fees	500,000.00	746,300.00	246,300.00
Subscriptions	300,000.00	-	- 300,000.00
Consultancy(projects)	6,000,000.00	7,943,354.00	1,943,354.00
	<u>76,180,000.00</u>	<u>75,297,804.24</u>	<u>- 882,195.76</u>
Establishment Cost			
Repairs and maintenance	1,000,000.00	2,781,229.00	1,781,229.00
Insurance	800,000.00	838,480.42	38,480.42
Rent	9,900,000.00	7,953,916.67	- 1,946,083.33
Depreciation	-	9,821,758.86	9,821,758.86
Purchase of office ICT equipment	1,500,000.00	-	- 1,500,000.00
Resource centre	5,000,000.00	-	- 5,000,000.00
Purchase of boardroom and executive furniture	1,000,000.00	-	- 1,000,000.00
Upgrading of ERP	3,000,000.00	-	- 3,000,000.00
	<u>22,200,000.00</u>	<u>21,395,385.00</u>	<u>- 804,614.05</u>
Total Expenditure	123,384,985.00	147,089,401.07	23,704,416.07
Surplus of income over expenditure	-	<u>6,805,017.93</u>	<u>6,805,017.93</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies are set out below:

(a) Statement of compliance and basis of preparation – IPSAS 1

The Council's 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 and all values are rounded to the nearest thousand Kshs. The accounting policies have been consistently applied to all the years presented.

(b) Revenue Recognition

Subscriptions and donations

Subscriptions and donations are recognized when received.

Government grants

Grants are recognised when they are received. Grants for the recurrent expenditures are recognised as income through the statement of comprehensive income over the period so as to be matched against related costs incurred during the year.

Grants for capital expenditure (development grant) are recognised as deferred income under capital approach through statement of financial position per IPSA 23.

(c) Property, plant and equipment – IPSAS 17

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 recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in 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%

NOTES TO THE FINANCIAL STATEMENTS

(d) Contingent liabilities

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

(e) Contingent assets

The Council does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council 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.

(f) Changes in accounting policies and estimates – IPSAS 3

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

(g) Related party Disclosure (IPSAS 20)

IPSAS 20 requires the disclosure of the existence of related parties and information about the transactions between related parties. These disclosures are required for accountability purposes and to allow a better understanding of the financial performance and position of the entity. The standard provides guidance on the identification of related parties and what information should be disclosed.

(h) Leases

Rentals payable under operating leases are charged to income as they accrue over the term of lease.

(i) Financial Instruments Disclosure (IPSAS 30)

IPSAS 30 describes the disclosure requirements that enable users of the financial statements to evaluate [IPSAS 30.1]:

- the significance of financial instruments for the entity's financial position and performance

(j) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into the functional currency, Kenya Shillings, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation are recognized in the statement of comprehensive income.

(k) Receivables

Subscriptions receivable are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

(l) 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 Standard Chartered Bank 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.

(k) Comparative figures

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

7

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTES TO THE FINANCIAL STATEMENTS Contd.

	2014 Kshs	2013 Kshs
2 Public Contributions and Donations		
Government recurrent grant	72,330,150	62,376,731
Government Development Grant	20,544,344	6,000,000
Government recurrent grant (Accrued)	9,100,000	-
	<u>101,974,494</u>	<u>68,376,731</u>

During the year the Government grant the council at total of Kshs 86,874,494 (2013: Kshs 62,376,731) for recurrent expenditures. The grant has been recognised as income in the statement of comprehensive income per IPSAS 23.

3 Licences and Permits

	2014 Kshs	2013 Kshs
Licences and Permits		
Licences and Permits (Subscriptions)	4,484,000	6,338,100
Licences and Permits (Accreditation)	4,210,900	4,662,700
	<u>8,694,900</u>	<u>11,000,800</u>

Subscriptions

The Media Act 2007 empowers the Council by notice in the Kenya Gazette to impose a levy in respect of all media enterprises operating in Kenya. The Council was able to collect Kshs 4,484,000

Accreditation Fees

The Media Act 2007 empowers the Council by notice in the Kenya Gazette to impose an annual registration fee in respect of all journalists whose names appear in the Council. The Council collected Kshs 4,210,900

4 Transfer from other Governments - Gifts and Services in Kind

	Kshs	Kshs
(a) Conditional Grants		
Ford Foundation	23,625,245	10,874,396
UNDP	-	3,789,940
UNESCO	708,308	1,589,225
Friedrick Ebert Foundation	-	46,750
Canadian High Commission	-	230,000
Plan International	1,164,000	3,040,000
GIZ	624,000	3,018,099
Kenya Media Program	7,924,000	12,525,000
International Media Support	2,606,580	6,696,132
Article '19	115,000	-
Internews	80,000	-
	<u>36,847,133</u>	<u>41,809,542</u>
(b) Other income*		
Sale of Tender	787,417	234,500
Donations	5,275,400	1,500,000
	<u>6,062,817</u>	<u>1,734,500</u>
Total	42,909,950	43,544,042

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTES TO THE FINANCIAL STATEMENTS Contd.

	2014	2013
	Kshs	Kshs
5 Employee Cost		
Salaries and wages	38,589,243	27,240,612
Casual wages	77,503	175,950
	<u><u>38,666,746</u></u>	<u><u>27,416,562</u></u>
6 Council Allowances		
Board / Council expenses	<u>16,164,855</u>	<u>22,733,886</u>
	<u><u>16,164,855</u></u>	<u><u>22,733,886</u></u>
7 Depreciation and Ammortisation Expenses		
Depreciation expense	<u>9,821,759</u>	<u>11,378,886</u>
	<u><u>9,821,759</u></u>	<u><u>11,378,886</u></u>
8 Repair and maintainance		
Repairs and maintenance	<u>2,781,229</u>	<u>1,101,009</u>
	<u><u>2,781,229</u></u>	<u><u>1,101,009</u></u>
9 General Expenses		
Audit fees	473,600	422,400
Accountancy fees	210,900	120,000
Consulting fees	7,943,354	17,985,652
Consumables(Office expenses)	1,855,032	1,434,694
Fuel and Oil(Motor vehicles expenses)	1,254,951	996,759
Insurance(GPA & GLA)	838,480	190,989
Insurance (Staff medical cover)	5,997,149	4,211,547
Legal Expenses	746,300	536,347
Postage and courier	357,912	297,592.00
Printing and stationery	5,903,570	4,053,590
Travel and entertainment	8,876,968	7,350,053
Bank charges	144,072	205,102
Accomodation and conferencing	9,541,517	23,827,558
Staff Gratuity	3,451,300	-
Staff welfare	306,000	648,443
Rental	7,953,917	8,836,466
Telecommunication	1,206,481	1,155,004
Training(Staff)	1,337,600	1,527,262
Subscriptions	-	251,040
Others(Media Awards, Publicity and advertisements)	<u>21,255,710</u>	<u>23,199,455</u>
	<u><u>79,654,813</u></u>	<u><u>97,249,952</u></u>

MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS Contd.

12 Property, Plant and Equipment

Year ended 30 June 2014:	Motor Vehicle Kshs	Computers Kshs	Office furniture & equipment Kshs	Office Partitioning Kshs	Media Monitoring System Kshs	Total Kshs
Cost						
As 1 July 2013	7,563,055	6,149,583	9,877,842	14,096,495	31,324,976	69,011,950
Acquisitions	-	1,361,727	560,506	1,769,344	-	3,691,577
At 30 June 2014	<u>7,563,055</u>	<u>7,511,310</u>	<u>10,438,348</u>	<u>15,865,839</u>	<u>31,324,976</u>	<u>72,703,527</u>
Depreciation						
As 1 July 2013	3,875,963	3,336,083	2,553,378	2,667,436	6,264,995	18,697,855
Charge for the year	921,773	1,252,568	985,621	1,649,800	5,011,996	9,821,759
At 30 June 2014	<u>4,797,736</u>	<u>4,588,651</u>	<u>3,538,999</u>	<u>4,317,236</u>	<u>11,276,991</u>	<u>28,519,614</u>
Net Book Value						
At 30 June 2014	<u><u>2,765,319</u></u>	<u><u>2,922,659</u></u>	<u><u>6,899,348</u></u>	<u><u>11,548,603</u></u>	<u><u>20,047,985</u></u>	<u><u>44,183,914</u></u>
Year ended 30 June 2013:						
Cost						
As 1 July 2012	7,563,055	4,201,442	9,107,556	8,277,706	-	29,149,759
Acquisitions	-	1,948,141	770,286	5,818,788	31,324,976	39,862,191
At 30 June 2013	<u>7,563,055</u>	<u>6,149,583</u>	<u>9,877,842</u>	<u>14,096,494</u>	<u>31,324,976</u>	<u>69,011,950</u>
Depreciation						
As 1 July 2012	2,646,932	2,130,297	1,507,025	1,034,714	-	7,318,968
Charge for the year	1,229,031	1,205,786	1,046,352	1,632,722	6,264,995	11,378,886
At 30 June 2013	<u>3,875,963</u>	<u>3,336,083</u>	<u>2,553,378</u>	<u>2,667,436</u>	<u>6,264,995</u>	<u>18,697,854</u>
Net Book Value						
At 30 June 2013	<u><u>3,687,092</u></u>	<u><u>2,813,500</u></u>	<u><u>7,324,464</u></u>	<u><u>11,429,058</u></u>	<u><u>25,059,981</u></u>	<u><u>50,314,096</u></u>

MEDIA COUNCIL OF KENYA
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS Contd.

10

	2014 Kshs	2013 Kshs
10 Cash and cash equivalents		
Standard Chartered Bank Kenya Limited	2,118,902	25,012,996
Standard Chartered Bank Kenya Limited (Donor a/c)	13,344,753	-
Petty cash	94,979	8,240
	<u>15,558,634</u>	<u>25,021,236</u>
11 Receivables from Non-exchange transactions		
Staff debtors	988,543	253,919
Prepayments	6,182,267	981,148
Deposits	5,167,573	3,794,780
	<u>12,338,383</u>	<u>5,029,847</u>
13 Trade and other payables from exchange transactions		
Payroll payable	147,480	1,020,530
Accrued audit and Accountancy fees	422,400	371,200
Sundry creditors	1,389,218	9,341,557
	<u>1,959,098</u>	<u>10,733,287</u>
<i>NB:Sundry Creditors</i>		
Accrued expense	1,284,818	9,237,157
Withholding Tax 2009	38,525	38,525
Withholding Tax 2010	28,875	28,875
Withholding Tax 2013	37,000	37,000
	<u>1,389,218</u>	<u>9,341,557</u>
14 Deferred income on Government development grant		
Brought forward	24,000,000	30,000,000
Amortised through income statement during the year (not	(6,000,000)	(6,000,000)
Carried down	<u>18,000,000</u>	<u>24,000,000</u>
15 Fund balance		
Reserves	45,631,890	82,590,614
Accumulated Surplus	6,489,943	(36,958,724)
	<u>52,121,833</u>	<u>45,631,890</u>

During the year the council acquired a media monitoring system expected to have a useful life of 5 years. The Government granted the Council Kshs 30,000,000 for the acquisition of the Media Monitoring System.

16 Reporting currency

The Financial Statements are reported in Kenya Shillings (Kshs).

17 Registration

The Media Council of Kenya was registered as a corporate body under The Media Act (Cap 411B) on 1 October 2007. The Act was repealed in 2013.

11 MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATION

Reference No. on the external Audit Report	Issue/Observations from Auditor	Management Comments	Focal point person to resolve the issue (Name and Designation)	Status:(Resolved/Not Resolved)	Timeframe: Put a date when you expect the
MCK/376/2012/2013/2	TRADE AND OTHER PAYABLES KSHS 10,733,287. Included in this are sundry creditors amounting to Kshs 9,341,557 whose supporting schedule was not availed for audit verification.	The listing of sundry creditors totalling to Kshs 9,341,557 is attached for audit verification.	Finance Manager	Resolved: The adjustment done in the financial statements as per the auditors recommendation.	N/A
	GOVERNMENT GRANT. Included in the recurrent grant of Kshs 68,376,731 is an amount of Kshs 100,000 that was received in cash. These receipt was unsupported.	All grants are usually remitted to the Council by the Ministry through electronic cash transfer. However for case the Council was undergoing some financial difficulties and could not access its money in the bank due to the expiry of the terms for the council members who were signatories to the account and hence the only way the ministry could come to the aid of the council was by giving it money in cash form. However since then the council addressed the issue of signing the cheques and conferred it to the management.	Finance Manager	Resolved: All the funds have been remitted to the council through electronic cash transfer.	N/A
	GRANT FROM FORD FOUNDATION KSHS 10,874,396. Included in the grants figure of Kshs 43,544,042 is an amount of Kshs 10,874,396 from the Ford foundation. The council did not receive the correct amount of money granted by the Ford Foundation owing to the bank's conversion rate used.	The Council had a contract with Ford Foundation and when the money was wired into our account, the bank exchanged it at their own rate. The CEO raised the issue of the exchange rates with the bank which we are also making further follow ups. In future the council will ensure that it informs the bank of any expected funds in advance so as to negotiate on the rates.	Finance Manager	Resolved: The council always informs the bank of any expected funds in advance so as to negotiate the rates.	N/A
	SALARIES AND WAGES. Included in the administrative costs figure of Kshs 75,853,140 is a figure of Kshs 27,240,612 being salaries and wages. Computation of the Council payroll however totaled Kshs 27,118,602.25 resulting to unexplained difference of Kshs 122,009.75.	The unexplained difference of Kshs 122,009.75: Kshs 48,200 being pension allowable for council staff for the period July 2012 to June 2013 and Kshs 12,400 for Media Monitoring Inters for the period December 2012 to May 2013, Kshs 30,684 being Afya Sacco balance written off, Kshs 23,200 being insurance relief refund to the Human Resource Manager paid using a cheque, Kshs 7,425 being insurance relief given included in the salaries and wages figure but not included in the council payroll.	Finance Manager	Resolved: The adjustment had been done in the financial statements.	N/A
	CONSULTANCY PROJECTS. Included in the administrative costs figure of Kshs 75,853,140 is a figure of Kshs 17,985,652 being expenses incurred on project consultancies. It was however noted that the figure was not analysed. Further service level agreements	The listing and contracts of the consultancy projects totalling to Kshs 17,985,652 is attached for audit verification.	Finance Manager	Resolved: The Council provided an analysis/schedule for all the consultancy projects	N/A
	ACCOUNTS OVER/UNDERSTATED. It was noted that the figure of Board expenses and staff debtors included in the draft financial statements was overstated by Kshs 8,636,005 and Kshs 3001 respectively. It was also noted that salary advance was understated by Kshs 75,000.	The figure of Kshs 22,733,886.41 includes all the board related expenses and expenses incurred by the council staff. A ledger was attached to support the expenditure for audit verification. This had not been provided earlier due to lack of an ERP system which forces management to generate a manual analysis. Kshs 8,000 was recovered from staff (Erick Ngaira) as unaccounted imprest during the month of September 2012 and treated as salary advance. For the figure of Kshs 75,000 being airtime that was loaded for the CEO when he is out of the office and is usually recovered at the end of the month and treated as salary expense.	Finance Manager	Resolved: The financial statements were adjusted as per the auditors recommendations.	N/A
	HUMAN RESOURCE AND FINANCE MANUAL. It was noted that the council does not have a Human Resource and Finance Manuals to guide in its day to day operations.	Management has developed both the HR and Finance manuals of the Council with the assistance of a consultant which are awaiting the approval of the Board. The draft manuals were attached.	Human Resource Manager	Resolved: The Human Resource Policy manual was approved by the council and is currently operational. The draft Finance Manual was presented to the Council whereby they	2014/2015 Financial Year