REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

NATIONAL COMMUNICATION SECRETARIAT

FOR THE YEAR ENDED 30 JUNE, 2025

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REPORT OF THE AUDITOR-GENERAL ON NATIONAL COMMUNICATION SECRETARIAT FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose;

C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

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 National Communication Secretariat set out on pages 1 to 31, which comprise of the of statement of financial position as at 30 June, 2025, and the 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 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 the National Communication Secretariat as at 30 June, 2025, 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 Kenya Information and Communications Act, 1998 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 National Communication Secretariat Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual of Kshs.222,626,690 and Kshs.212,001,690 respectively, resulting in an under-funding of Kshs.10,625,000 or 5% of the budget. Similarly, the Secretariat spent the amount of Kshs.158,573,189 against actual receipts of Kshs.212,001,690 resulting in an under-utilization of Kshs.53,428,501 or 25% of actual receipts.

The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the prior year's audit report, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the Secretariat in 2024/2025 revealed that the matters listed in Appendix 1 remained unresolved as at 30 June, 2025.

Other Information

The Management is responsible for the Other Information set out on page vi to xli which comprise of Key Entity Information and Management, Management Team, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Management Team and the Statement of Accounting Officer Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Secretariat's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Expired Human Resource Manual and Unapproved Staff Establishment

The Secretariat's Human Resource Manual provided for audit was dated April, 2022 and had exceeded the three(3) year review period as required by Section 1.7 on Review of the Manual thus rendering it expired. Further, the manual and the staff establishment had not been approved by the Public Service Commission (PSC) as required by Section 4.3 of the Public Service Commission Guidelines for Development and Review of Human Resource Management Instruments in State Corporations (2023) on Staff Establishment which states that each State Corporation will have an approved optimal staff establishment that will form the basis for staffing during the planned period.

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

2. Failure to Migrate and Maintain Payroll Data to the Unified Human Resource Information System

During the year under review, the Secretariat had not migrated its payroll and human resource data to the Unified Human Resource System as directed by the Executive Office of the President Circular Ref. No. OP.CAB. 1/31A dated 4 August, 2022. The Secretariat continued to rely on a manual payroll system. This is contrary to the Government directive requiring state corporations to migrate to the new system by 1 January, 2023.

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

3. Non-Compliance with Circular on Mortgage Schemes

Review of records revealed that the Secretariat applied for a staff mortgage scheme in the year 2020 and an approval was granted by The National Treasury on 27 July, 2022 to operationalize the Mortgage Fund. Further, The National Treasury budgeted and disbursed funds to the Scheme in the 2023/2024 financial year amounting to Kshs.50,000,000. However, the Secretariat was yet to operationalize the mortgage scheme and funds disbursed of Kshs.50,000,000 were deposited in the same bank account used for normal operations. In addition, it was noted that the Secretariat employees are engaged on fixed-term contracts and, therefore, do not qualify for the mortgage benefits as stipulated in Paragraph 1 of the Salaries and Remuneration Commission Circular No. SRC/ADM/CIR/1/13 Vol. III (128) dated 17 December, 2014. The circular clearly states that the mortgage scheme includes public servants who are employed on permanent and pensionable basis.

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

4. Non-Compliance with Optimal Staffing Levels

Review of the human resource records revealed that the Secretariat had a total of seventeen (17) officers in post in the year under review where three (3) officers were technical staff and fourteen (14) were non-technical staff representing 18% and 82% respectively. This is contrary to Paragraph 4.3(i) of the Public Service Commission Guidelines for Development and Review of Human Resource Management Instruments for State Corporations and Public Universities, 2023 which requires organizations to observe 70:30 ratio of technical to administrative support staff.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters 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 governance were not effective.

Basis for Conclusion

1. Lack of Oversight Body for the Secretariat

As reported earlier, the Secretariat was officially formed through Legal Notice No.22 of February, 1999. During the year under review, the Secretariat operated without an oversight body to oversee the overall strategy direction and approve significant policies.

In the circumstances, the effectiveness of the Secretariat's governance system could not be confirmed.

2. Delayed Implementation of Mortgage Scheme

Note 8 to the financial statements reflects use of goods and services totalling Kshs.88,858,222. Included in this expenditure is a local travel amount of Kshs.23,893,336 out of which an amount of Kshs.1,449,000 was paid to officers on retreat in Naivasha held from 15 to 19 July, 2024 for technical support in the development of guidelines for the operationalization of the National Communication Secretariat House Mortgage Scheme. However, review of the status of the mortgage implementation revealed that there was no remarkable progress despite holding the retreat guided by The National Treasury approval letter Ref. TNT/Zü26/04/A/ (17) dated 27 July, 2022. No explanation was provided for the delay in the implementation of the mortgage scheme.

In the circumstances, the value for money amounting to Kshs.1,449,000 utilized during the retreat 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 controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Secretariat's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The Standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 November, 2025

Appendix 1: Unresolved Prior Year Audit Issues

No.	Observations
	Report on Lawfulness and Effectiveness in Use of Public Resources
1	Irregular Procurement of Branded and Non-Branded Items
	Report on Effectiveness of Internal Controls, Risk Management and Governance
1	Lack of Oversight Body for the Secretariat
2	Non-Disposal of Unserviceable Motor Vehicle
3	Use of a Manual Vote Book
4	Failure of Human Resource Management Advisory Committee (HRMAC) to hold Minimum Number of Meetings