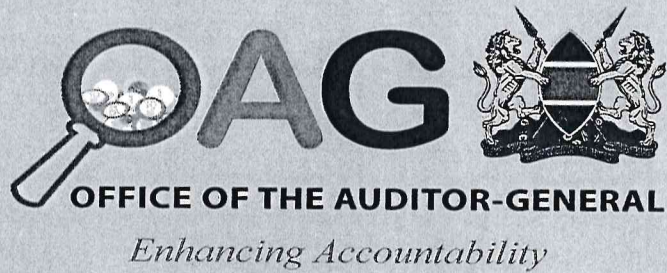


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

NATIONAL MUSEUMS OF KENYA

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

NATIONAL MUSEUMS OF KENYA



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30184 - 00100, NAIROBI
KENYA
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NATIONAL MUSEUMS OF KENYA

WHERE HERITAGE LIVES ON

NATIONAL MUSEUMS OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

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

NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2022

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The National Museums of Kenya is a State Corporation established by an Act of Parliament, National Museums and Heritage Act (CAP 216) domiciled and incorporated in Kenya. The establishment, functions and powers of the body corporate as stipulated in the Act.

(b) Principal Activities

The principal activities of National Museums of Kenya are:

- i. Identification and documentation of national and world heritage sites, national heritage monuments including collections therein, taxonomy of plants and animals of national importance, hotspots- ecosystems, historical and ethnographical materials of national importance, archaeological and paleontological objects, ethno-biology (indigenous and traditional knowledge) of national importance and intangible heritage of national importance
- ii. Repository of reference collections of plants and animals of national, regional and international importance including DNA reference library, living collections of plants and animals, collections within national monuments, historical and ethnographical reference collections and those of national importance, archaeological and paleontological things, ethno-biology (indigenous and traditional knowledge)-Intangible Heritage of national importance
- iii. Protect and conserve heritage sites of national and world importance, national monuments including collections therein, historical and ethnographical collections of national importance, archaeological and paleontological things, indigenous and traditional knowledge, plants and animals of national importance
- iv. Transmit knowledge on taxonomy of plants and animals of national importance, hotspots- ecosystems, heritage site national and world heritage, national monuments including collections therein, historical and ethnographical collections of national importance, archaeological and paleontological things, ethno-biology (indigenous and traditional knowledge) of national importance through publications, public programmes and national exhibitions
- v. Research on taxonomy of plants and animals of national importance, hotspots- ecosystems, heritage sites national and world heritage, national monuments including collections therein, historical and ethnographical of national importance, archaeological and paleontological things, ethno-biology (indigenous and traditional knowledge) of national importance,

behavioural sciences, Swahili language and connection to ancient and historical

- vi. International obligations: scientific authority and focal point for biological conventions (e.g. CITES, RAMSAR, Convention on Migratory species, CBD-specific thematic areas, IPBES). Management Authority – e.g. UNESCO World Heritage Convention, 1972 and heritage management development services

Our Mission

To promote conservation and sustainable utilization of national heritage through generation, documentation and dissemination of research and collection management knowledge, information and innovations.

Our Vision

To be a global leader in heritage research and management.

(c) Key Management

The entity's day-to-day management is under the following key organs:

- a. Director General's Office (Chief Executive Officer)
- b. Directorate of Museums, Sites and Monuments (DMSM)
- c. Directorate of National Repository and Research (DNRR)
- d. Directorate of Administration and Human Research (DAHR)
- e. Institute of Primate Research (IPR)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibilities were:

No.	Designation	Name
1.	Ag. Director General	Mr. Stanvas O. Ongalo (CEO)
2.	Director DASM	Dr. Fredrick Kyalo Manthi
3.	Director DNRR	Prof. Mary Gikungu
4.	Director IPR	Dr. Peter Gichuhi Mwethera
5.	Director Admin & HR	Mr. Stanvas O. Ongalo

(e) Fiduciary Oversight Arrangements

Board Committees

The Board has three standing committees, which meet regularly under the terms of reference set by the Board. In addition, there are two adhoc committees; one for conducting interviews of senior staff and the other is on Rules and Regulations of the Heritage Act.

i. Audit Committee

This committee reviews the integrity of financial statements and financial performance, compliance with accounting standards and maintaining of oversight on internal control systems. The Director General, Director Administration and Human Resources and Financial Controller may attend meetings of the committee on invitation.

ii. Finance and Establishment committee

This committee is responsible for Monitoring and appraising the performance of senior management, review of all human resources policies, finances, budget and institutional (physical and infrastructural development).

iii. Research Committee

This committee deliberates on all matters pertaining to Research policy and Management.

iv. Ad hoc Committees

There is an Adhoc committee, which is the interview panel. This committee deals with interviews for recruitment of the senior staff.

There is an Adhoc committee on the National Art Gallery of Kenya project,

(f) Entity Headquarters

National Museums of Kenya Headquarters
Museums Hill Road
P.O. Box 40658-00100
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 3742161/4
E-mail: info@museums.or.ke
Website: www.museums.or.ke

(h) Entity Bankers

- i. Kenya Commercial Bank
Sarit Centre, Westlands Branch
P.O. Box 14959
Nairobi, Kenya

- ii. Standard Chartered Bank of Kenya
Westlands Branch
P.O. Box 14438
Nairobi, Kenya.

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(i) Independent Auditors

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

(j) Principal Legal Adviser

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

2. THE BOARD OF DIRECTORS

	<p>Chairman Board of Directors Mr. Edwin Jacob Abonyo, Chairman of National Museums of Kenya Board of Directors, born on 1st November, 1959.</p> <p>He also served as a member in the State Cooperation Advisory Committee (SCAC), Managing Director Sender Services Company Limited, Fort Farm Limited, Senior Manager at Sasini Tea Company- Sotik, General Manager at Unitea Ltd, Unieximp Ltd, General Warehouse Mombasa and Field Manager – Alternating Africa Highlands Produce Company Ltd, Kericho.</p> <p>He also has community responsibility as Board of Governance for Archbishop Okoth Ochoria High School and St. Augustine’s R.C Secondary School in Koru and Kandege, Fort Ternan respectively.</p>
	<p>Board Member Mr. Anthony Peter Wainaina Kamau, born on 7th November 1964, holds a Bachelor of Science in Agricultural Economics and Masters in Business Administration. He is Managing Partner at Fanisi Capital. Former CEO of Centum Investment Company and Trans-Century.</p> <p>He also served as Resident Vice President, Corporate Finance at Citibank NA, and as a management consultant at Price Waterhouse.</p> <p>He has chaired several boards, founder of Origins Investment Group Advisors and author of the first ever-authoritative book on investment groups in Kenya.</p>

Board Member

Dr. Eric Thomas Ogwora PhD, born on 17th May, 1976. He holds PhD (Philosophy of Education), Catholic University of Eastern Africa (CUEA)-2012; MA (Epistemology) Catholic University of Eastern Africa (CUEA)-2006; BA (Philosophy and Religious Studies) Urbarnian University-2003.



He a senior lecturer in philosophy and political thought at the Faculty of Arts and Social Sciences in Kisii University. He was the founding Dean of the School of Arts and Social Sciences in Kisii University between 2013 -2017. He is an academic scholar with 16 years of teaching and research experience in universities and higher learning institutions across World. An author of two (2) books in the area of Epistemology, and one (1) in Philosophy of Education. He is well published in peer refereed journal in multidisciplinary areas such as epistemology, ethics, Philosophy of Education, Political Thought, Governance and Democracy. Has taught and supervised more than 30 students in PhD and Masters till completion. He has deep knowledge and skills in matters dealing with culture, leadership and political development. He is also highly skilled in board matters especially in strategic planning, procurement and finance risk management, handling of human resource matters and in monitoring and evaluation. In addition, he has training and certification as a professional mediator.

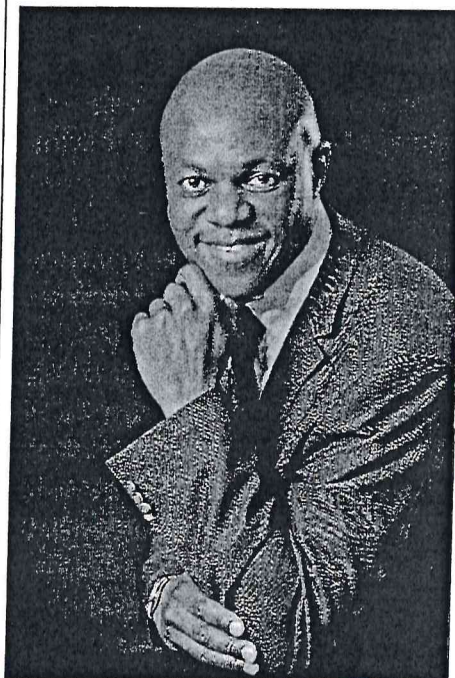


Board Member

Mr. John Nderitu Mwangi, born on 20th October 1965. PhD in Economics ongoing at the University of Nairobi. Holds an MSc in Entrepreneurship from JKUAT, Post Graduate Diploma in E.C. Competition Policy & Law, Kings College-University of London and BA (Economics and Business Studies from Kenyatta University.

He has attended various management courses including Strategic Leadership at the Kenya School of Government, Corporate Governance and Risk Management.

He is a Principal Economist in the Directorate of Budget, Fiscal and Economic Affairs of the National Treasury. He is also the Secretary to the Competition Tribunal of Kenya. He has served in several national and regional committees in Economics Policy & Competition Policy.



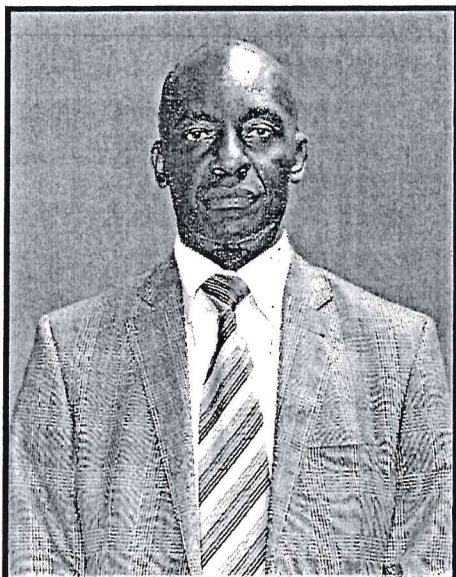
Board Member

Mr. Omar Osogo, born on 23 August 1968. He holds an Executive MBA and Advanced Dealer Management Certificate.

He is currently the General Manager, Hino Division July 2019 at CFAO Motors Kenya Limited.

He has attended various courses including: The Overseas Human Resources and Industry Development Association [HIDA] Training (March 2014 Japan); Tencho - General Manager Training (September 2011 UK); Advance Dealer Management Program (South Africa/ USA August 2010 to July 2011) ; Cornell University – Studies in Executive Leadership – includes Strategic Thinking, Scenario Planning, Executive Decision Making and Leading Through Creativity (Professional online courses MBA Level); Chartered Institute of Marketing- Customer Communication- 2000; Solution selling – Short Course World Space South Africa -1999; Computer/ IT Skills- ICDL Certificate.

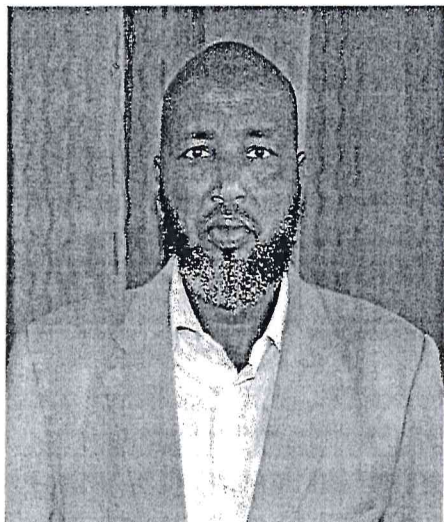
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**Board Member- Alternate to Principal Secretary
Ministry of Sports Culture and Heritage**

Mr. Charles Onyango Wambia was born on 30th March 1965, holds a Master's in Public Policy and Administration (Kenyatta University), Masters of Business Administration (MBA) Moi University, a Diploma in Finance (KCA University), and Bachelor of Arts (Hons) (UoN). Trained on Casino Finance and Regulations at Atlantic University Collage (USA). He's CPS finalist.

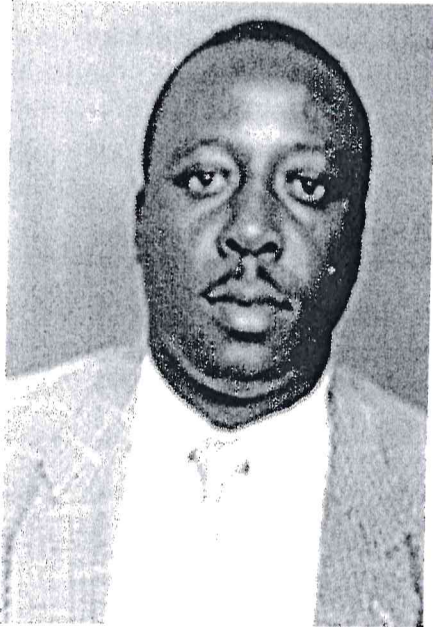
Currently the Director of Administration at the State Department of Culture and Heritage, Ministry of Sports, Culture and Heritage. Previously worked at the State Department for Correctional services as Ag. Director of Administration and Director of Gaming in Betting Control and Licensing Board. Has knowledge in management, Gaming Regulation, Governance and company secretariat.



Board Member

Mr. Abdi Aden Korio was born in 1973 holds a Masters' degree in Epidemiology from Kenya Methodist University, a Bachelor of Science in Environmental Health from Mt. Kenya University. He is a seasoned and accomplished Environmental, Public Health, Nurse and Security Operations Professional with over 13 years of quality work experience acquired in diverse challenging roles with the Kenya Army.

Currently the Managing Director of Sangole Construction Company Limited.



Secretary to the Board

Mr. Stanvas Opijah Ongalo holds a Masters' degree in Business Administration from Moi university, Bachelor degree in Government Administration, a Higher National Diploma in Human Resource Management and a Senior Management Certificate in Human Resource and Management.

Currently acting Director General, Director Administration and Human Resource responsible for human capital, planning, recruitment, development, performance management, reward and wellness.

Also responsible for harmonious employee relations, management of all organizations' logistics, fleet and facilities.

The Director General chairs and supervises the Directors Executive Team (D.E.T)

3. MANAGEMENT TEAM



Mr. Stanvas Opija Ongalo holds a Masters' degree in Business Administration from Moi university, Bachelor degree in Government Administration, a Higher National Diploma in Human Resource Management and a Senior Management Certificate in Human Resource and Management.

Currently, Director Administration and Human Resource responsible for human capital, planning, recruitment, development, performance management, reward and wellness.

Also responsible for harmonious employee relations, management of all organizations' logistics, fleet and facilities.

The Director General chairs and supervises the Directors Executive Team (D.E.T)



Prof. Mary Gikungu holds a PhD in Natural Science and Mathematics (University of Bonn, Germany), M.Sc. in Conservation Biology (University of Nairobi) and Bsc in Botany and Zoology (University of Nairobi). She has published over 40 papers in peer-reviewed journals.

Currently, Director, National Repository and Research. She is a renowned Bee Specialist and a Conservation Biologist with wide experience in ecosystem services, climate change, environmental health and food security.

She is a Lead Author (LA) in Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES), member of Platform for Agricultural Research (PAR) –under FAO and a Mentor in African Women in Agricultural Research and Development (AWARD). In addition, she has been a Council Member of Kibabii University.



Dr. Fredrick Kyalo Manthi (EBS) obtained his PhD from the University of Cape Town, South Africa, in 2006. He is currently the Director, Antiquities Sites and Monuments thus oversees operations in all sites, monuments and museums across the country., and also a Senior Research Scientist in the Department of Earth Sciences at the National Museums of Kenya. His research centres on the study of Plio-Pleistocene mammalian faunas and their importance to understanding palaeoenvironments during the course of early hominin evolution. Since 2003, Dr. Manthi has directed extensive palaeontological research/field work in particularly the Lake Turkana Basin in northern Kenya.

Currently, Dr. Manthi is leading paleontological investigations at Lomekwi, a Pliocene site to the west of Lake Turkana in northern Kenya. Lomekwi is famous for the discovery of the Pliocene hominin, *Kenyanthropus platyops* which is dated at 3.4 million years old. The work at Lomekwi aims at collecting more remains of this hominin taxa with a view to contributing to the debate surrounding the evolution of the australopiths, and whether or not there is any affinity between *K. platyops* and members of the genus *Australopithecus*. Dr. Manthi is also leading paleontological investigations at Natodomeri, a Middle Pleistocene site located near the Kenya-Ethiopia-South Sudan border. Because of the dearth in sediments dated to this time period, the Natodomeri sites hold great potential for contributing to our understanding of the emergence of early *Homo sapiens*.

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Dr. Peter Gichuhi Mwethera, PhD, MBS holds a PhD (Bristol, UK); MPhil (Bristol, UK); Post Doc (North Carolina, USA); IVF (Leuven, Belgium); BSc (Hons, Kenya)

An accomplished Researcher with a successful career history spanning over 30 years with specific focus on Reproductive Health. Author of more than 40 publications including chapters in peer reviewed journals. Has been a member of several boards including Pumwani Maternity Hospital Management Board. Innovated and patented three medical products (UniPron, Smugel & Smuscan) to improve human sexual/reproductive health and improve child and maternal health. Recipient of several awards including, The Newton Fund/Royal Academy of Engineering (UK)/KENIA (2020), Kenya Presidential Award (Kenya, 2019), The Africa Union innovation award (Brazzaville-2013), Premier Tony Elumelu Entrepreneurship Award (TEEP, Nigeria, 2015,), Kenya Public Service Innovation Award (KICC, Kenya-2012) and National Commission for Science and Technology best Award (Kenya, 2012).

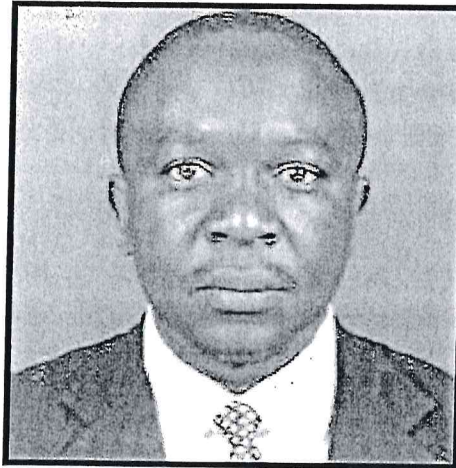
Director*at the Institute of Primate Research offering overall directions for the institution.



Ms. Metrine Wakhungu is an advocate of the High Court of Kenya and member of the Law Society of Kenya admitted to the Kenyan bar in 2004. She holds a Master of Laws Degree (LL.M), (specialty in Law Governance and Democracy) and Bachelor of Laws Degree (LL. B), both from the University of Nairobi.

She also holds a postgraduate diploma in Law from the Kenya School of Law and a Diploma in Human Resources Management from the Kenya Institute of Management. She is the legal advisor to the NMK Board of Directors and management and responsible for Board secretariat services.

She advises on legal and statutory compliance requirements as well as on good corporate governance practices.



Mr. Geoffrey Namachanja is a graduate of Business Management (Finance Option) and holds a Bachelor of Business Management (Accounting option) from Moi University, Certified Public Accountant of Kenya and a member of Institute of Certified Public Accountants of Kenya.

Certified Trainer of Trainers by Centre for Parliamentary Studies and Training (CPST).

The Financial Controller is responsible for the organizations' finances and financial reporting. In-charge of planning, sourcing and management of financial resources to achieve corporate objectives.

4. CHAIRMAN'S STATEMENT

I am extremely honoured to have been appointed to serve as the Chairman of the National Museums of Kenya (NMK) during this period 2021/2022. I would like to thank the entire NMK Board and Management team for the support given during this Financial Year. The National Museums of Kenya (NMK) being one of the leading tourist attractions in Kenya has been adversely affected by the Covid-19 pandemic and now on recovery path. As the Chairman of NMK Board, I will continue to guide the team to make NMK an excellent place where '*Heritage lives on*' for Kenyans and the world.

Through focused fundraising efforts, NMK has secured funding from the Sports, Arts and Social Development Fund and Tourism Promotion Fund to a tune of Kshs. 346,206,301 and Kshs. 124,789,414 for restoration works and operations as well as digitisation of collections as shown below:

- i. The Kshs. 35,147,800 to cater for operations and maintenance.
- ii. The Kshs. 6,574,254 for renovation of buildings, Nairobi County.
- iii. The Kshs. 85,807,273 for the back filling and landscaping of Fort Jesus Sea Wall, Mombasa County
- iv. The Kshs. 15,702,474 for the construction and rehabilitation of the Njuri Ncheke Shrine, Meru County.
- v. The Kshs. 202,974,500 for Capacity-building and Undertaking of Documentation, Digitalization, Preservation and Application of Indigenous Knowledge Systems as a Strategic Asset for National Development.
- vi. The Kshs. 68,400,000 for renovation and rehabilitation of Maktau in Taita Taveta County.
- vii. The Kshs. 56,389,414 for digitization of the collections, sites and monuments.

This funding will greatly enable us restore our monuments and mausoleums that are of great historical significance in Kenya and digitize the collections, sites and monuments for ease of knowledge dissemination and storage. I take this opportunity on behalf of my Board, to thank the Board and Management of the Sports Fund and Tourism Promotion

Fund for the support they gave us, without which we would not have been able to achieve much.

It is a fact that our collections, sites and monuments continue to tell the Kenya story to the world, serve as a source of civic pride, and act as a focal point for our communities.

Finally, on behalf of the NMK Board of Directors, I commend the NMK management and staff for their commitment and dedication that enabled the institution to continue carrying out its mandate, despite the huge challenges posed by the COVID19 pandemic. May the Lord continue to guide us as we serve our beloved country.



Mr. Edwin Jacob Abonyo

Chairman Board of Directors

5. DIRECTOR GENERAL'S STATEMENT

The National Museums of Kenya (NMK) is a public corporation that is composed of 28 museums and 340 monuments distributed in all the 47 Counties. Its Heritage resources are a major attraction in Kenya for both Domestic tourists and International travelers particularly those that are Heritage, Science and Art enthusiasts. The post covid-19 pandemic has been a period for reflection for the Management on how to manage the organizations operations amid financial cash inflow challenges. The Museums regional stations, sites and monuments are operational and numbers of visitors are gradually increasing.

Before the pandemic, the National Museums of Kenya over the years has been funding its internal operations and maintenance expenses through internally generated revenue. This amount has averaged between Kshs. 250 to 300 million annually.

During the outbreak of covid-19, NMK was affected by cessation of international travel, closing of the schools, closing of Museums galleries, sites and monuments, our revenues have drastically declined to Kshs. 101 million compared to the approved budget estimate of Kshs. 300 million in 2020/2021 Financial Years. However, upon reopening of schools and back to back school calendar, the number of visitors slowly picked up and managed to generate internal revenue of Kshs. 193million compared to our revised supplementary budget of Kshs. 160 million. It is for this reason that the National Museums of Kenya Board of Directors and Management are making a plea to The National Treasury for annual bailout budget of Kshs.200 million that include payment of Contracted services such as insurances, security, cleaning services, garbage collection among others; and to cater for conservation of the World Heritage collections held at the National Museums of Kenya, and restoration of sites and monuments. If this package is not provided for annually, the Collective Memory of the Nation will be lost which will not only be a tragedy for Kenya but the whole World.

In the next Financial Year, the National Museums of Kenya may not be able to realize its internal revenue targets due to the slow number of visitations as has been experienced in the last Financial Year.

I am delighted to report that we received some support from Sport, Arts and Social Development Fund for recurrent and development of Kshs. 244.6 and Kshs. 101.5 million. The amount of 244.6 Million, Kshs. 202.9million was for Capacity-building and Undertaking of Documentation, Digitalization, Preservation and Application of Indigenous Knowledge Systems as a Strategic Asset for National Development while the balance was for operations and maintenance. Further, development funds of Kshs. 101.5 million, Kshs.85.8 million was towards back filling and landscaping of the Fort Jesus Sea wall.

The Management also received support towards year end from Tourism Promotion Fund for recurrent and development of Kshs. 56.4 and Kshs. 68.8 million for digitization of the collections, sites and monuments and renovation and rehabilitation of Maktau in Taita Taveta County respectively. NMK is also exploring ways to digitize its collections to put all our Research and Heritage Assets on line to take advantage of the evolving frontier of virtual access tourism. It requires substantial investment and it is for that reason we are partnering with players such as Google, Amazon, Digital Divide and others to deliver this new service to all our audience and visitors.

In addition, in order to remain relevant and to continue to be an active player in government business, NMK has revised its Strategic Plan and aligned it to the Medium Term Plan and Vision 2030 National Agenda. The commitment of the NMK board, Management and Staff towards NMK achieving its mandate is highly appreciated.



Stanvas Ongalo

Ag. Director General

Date: 20th March 2023

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

National Museums of Kenya had three (3) key strategic pillars and seven (7) strategic objectives within its 2020-2022 Strategic Plan.

The strategic objectives include:

1. Coordinating innovative research, policy planning, formulation, implementation, monitoring, and evaluation for supporting sustainable heritage development for the benefit of the country and humanity.
2. Developing research based and competitive NPI by harnessing sustainable cultural, natural, and technological, entrepreneurial opportunities for the benefit of the country and humanity
3. Developing research based and sustainable biodiversity, botany, zoology, earth sciences and cultural anthropology and development of entrepreneurship opportunities for the benefit of the country and humanity.
4. Enhancing innovative and sustainable research, development, preservation, conservation, modernization and access to antiquities, sites, and monuments for the benefit of the country and humanity.
5. Improving human health and bio-diversity through advances in basic and preclinical innovative research and non-human primate conservation for the benefit of the country and humanity.
6. Enhancing institutional capacity (human, financial and infrastructure) for effective management of sustainable biomedical, natural and cultural heritage for the benefit of the country and humanity
7. Institutionalizing innovative mechanisms for enhancing NMKs revenue base for sustainable heritage management and development.

The strategic pillars are as follows:

- i. Pillar 1: Sustainable Heritage Development and Management
- ii. Pillar 2: Innovative Research

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iii. Pillar 3: Sharing of Knowledge

NMK develops its annual work plans based on the above pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. NMK achieved its performance targets set for the FY 2021/2022 period for its 3 strategic pillars as indicated in the table below:

NMK's Strategic Pillars and Objectives

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 1: Sustainable Heritage Development and Management	Enhancing innovative and sustainable research, development, preservation, conservation, modernization and access to antiquities, sites and monuments for the benefit of the country humanity.	100% digitization of museums, sites and monuments	Develop a digital programme for digitization of museums, sites and monuments	The plans to digitize Slave Trade and Slave Routes were put in place; Reconnaissance visits conducted. Implementation ongoing.
		3 underutilized sites and monument developed and open for economic potential	Mapping out the economic potential of 3 underutilized sites & monuments	3 potential underutilized sites were enhanced i.e., Lokitaung, Maralal and Thimlich Ohinga
		Complete identification of institutions and individuals holding Kenya's artefact unlawfully	Identify international institutions and individuals holding Kenya's artefact unlawfully as well as identify the artefacts/collections	Institutions holding Kenya's artefacts unlawfully in Europe were identified

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		<p>100% completion of backfilling and restoration of phase II of Fort Jesus Sea wall</p> <p>1 coffee table book published, and 47 sites integrated into tourism circuits</p> <p>25 temporary exhibitions, 2 permanent exhibitions, 30 educational and public programmes and 2 cultural festivals</p> <p>100% development of STEM Curriculum, Lab and 3 festivals</p>	<p>Develop designs, BQs and undertake backfilling and restoration of Phase II of Fort Jesus Sea Wall</p> <p>Develop a coffee table book and tourism circuits for 101 Sites and monuments</p> <p>Conceptualize and actualize 25 temporary exhibitions, 2 permanent exhibitions, 30 educational and public programmes and 2 cultural festivals</p> <p>Develop STEM curriculum as well as establish 1 STEM laboratory and 3 STEM Festivals at NNMK for promotion of innovation in STEM</p> <p>Conceptualize, prepare design and engage stakeholders to develop a National Art Gallery of Kenya (NAGOK) to empower and promote the creative industry</p> <p>Undertake feasibility and business studies for NAGOK</p>	<p>Backfilling works were completed</p> <p>A proposal to the Sports, Arts and Social Development Fund was made and accepted</p> <p>31 Exhibitions and 62 public programs were done</p> <p>STEM Lab was not developed due to lack of funds</p> <p>The concept paper was prepared and submitted to the Ministry and NNMK is awaiting feedback</p> <p>Feasibility and business plans for NAGOK rely on feedback for submitted concept paper</p>

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		<p>1 Mashujaa travelling exhibition and 1 outreach programme</p> <p>KHTI actualized and training initiated</p> <p>KHTI and Swahili Pot enhanced with 3 digital programmes in heritage management for youth</p> <p>Preparation of enlisting Gede historical site on a World heritage list. Borana Conservancy extended onto Kenya World Heritage list</p> <p>100% of identified museums and assets devolved and staff transferred</p>	<p>Develop 2 Mashujaa travelling exhibition and 1 outreach programme to celebrate Kenya's heroes and target new audiences</p> <p>Actualize KHTI through registration, development of curriculum and agreements with relevant stakeholders</p> <p>Develop 3 digital programmes with the youth at KHTI and Swahili Pot for heritage management and promotion</p> <p>Undertake research and prepare nomination dossiers for Gede and Borana Conservancy for listing and extension onto the World heritage list</p> <p>Unbundle the museum functions, identify the museums and assets to be devolved and hold meetings and workshops with relevant Counties and IGRTC to agree on unbundled museum function, museums and assets to be devolved.</p>	<p>The project was handed over to Heroes Council based at MOSCH for implementation</p> <p>TVETA curriculum training took place</p> <p>The program awaits the disbursement of funds to be implemented</p> <p>Held stakeholder's workshop for proposed Mt. Kenya World Heritage extension to include Borana conservancy. Development of management plans with Borana conservancy ongoing</p> <p>3 meetings have been held between IGRTC, NMK, Council of Governors, and Kenya Law Reforms towards drafting a Legal Notice for Devolved museums. NMK is awaiting communication from IGRTC.</p>

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		National monument and antiquities management policy completed	Develop a register of sites, monument and antiquities of national importance, develop modalities and procedure including activities and budgets to develop a National Monument & Antiquities Management Policy, develop criterion for identifying monuments and antiquities of national importance and hold stakeholder meetings and workshops to develop the National Monument and Antiquities Policy	Register of sites, monuments and antiquities of national importance developed.
		3 workshops and seminars and participation in 5 national exhibitions and festivals	Participate in realization of Ministerial activities	3 workshops and seminars were held
		10 youths trained and 1 community enhanced in the production of products to be used in affordable housing	Train youth and enhance communities in the production of products to be used in affordable housing such as Lamu doors	3 youths were trained on the production of Lamu doors
		3 traditional/ historical products developed and promoted. 50 youth and 3	Research, develop and promote traditional/historical products such as wood	20 traditional Lamu chairs were developed and promoted, and 10 youths

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		<p>communities trained in production of traditional/historical products in manufacturing sector.</p> <p>3 harmonized NMK's Policies and programmes on bio-medical, natural, and cultural heritage</p>	<p>carvings, basketry etc. to enhance the economy, train youth and communities in production of traditional/historical products in enhancing the manufacturing sector</p> <p>Reviewing and aligning NMK's policies and programmes with national, regional and international policies for enhancing economic and social development</p>	<p>trained in the production of traditional Lamu chairs</p> <p>Finance policy and Procedure manual and Intellectual property Policies were developed</p>
		<p>3 Product specific policies and programmes on bio-medical, natural, and cultural heritage approved by the Board</p>	<p>Reviewing and preparing sectoral and product specific policies and programmes on bio-medical, natural and cultural heritage developed</p>	<p>This activity was not done (Awaiting staff establishment to enhance capacity in line with expanded mandate as stipulated in the New Strategic Plan)</p>
		<p>Annual NMK MTEF</p>	<p>Reviewing and harmonizing NMK's MTEF with National MTEF</p>	<p>This was done in conjunction with The State Department of Culture's Planning Unit and other Sub-Sectoral and Sectoral stakeholders</p>
		<p>Annual risk management assessment</p>	<p>Undertaking risk assessment and preparing a risk management framework</p>	<p>The institution is a few steps to achieving full migratory to ISO 9001:2015 status and it is</p>

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		<p>Annual progress reports on the implementation status of the strategic plan</p> <p>Digitized repository on national regional and international statistics on bio-medical, natural and cultural heritage</p> <p>Annual performance contracting evaluation</p> <p>1 contract research projects contracted</p> <p>10 commercial diagnostic services provided</p> <p>2,000 veterinary services processed and charged</p> <p>40,000 visitors on nature trail</p>	<p>Facilitating the implementation of NMK strategic plan in collaboration with directorates</p> <p>9.1 Assist in centralizing national, regional and international statistics on bio-medical, natural and cultural heritage</p> <p>Coordinating the process of performance contracting</p> <p>Market IPR as AAALAC accredited facility offering commercial contracted research services</p> <p>Provide commercial diagnostic and pathology services to researchers and the public</p> <p>Process and charge requests for specialized veterinary services</p> <p>Identify, develop, and market nature trail recreational activities</p>	<p>subject to financial availability</p> <p>Annual progress reports on implementation status of strategic plan were prepared</p> <p>This activity was not done (Awaiting staff establishment to enhance capacity in line with expanded mandate as stipulated in the New Strategic Plan)</p> <p>The PC for FY 2021/2022 was developed, negotiated, vetted, and implemented</p> <p>The process of entering 2 contracts is ongoing. 40% of the processes involved are complete</p> <p>15 commercial diagnostic services provided</p> <p>300 veterinary services processed and charged</p> <p>Nature trail was marketed on social media. The trail was marked.</p>

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		<p>80 beehives installed</p> <p>Operational knowledge management centre</p> <p>36 education visits to IPR research facilities</p> <p>1 primatology field schools in 3 years</p> <p>2 training programmes completed</p> <p>3 Harmony breeding cages constructed for breeding monkeys</p> <p>Production of venom from at least 5 groups of poisonous Kenyan snakes</p>	<p>Install beehives in Oloolua forest for production and sale of honey</p> <p>Develop a knowledge management centre, to provide services to researchers, staff and public</p> <p>Market research programmes to education institutions and charge education tours</p> <p>Conduct primatology field school in partnership with American Universities</p> <p>Mount short-term practical courses and joint post-graduate training programmes for research students, staff and provide attachments/internships</p> <p>Construct harmony cages for colony breeding of monkeys, acquire a monkey breeding stock and commercialize breeding of research laboratory animals</p> <p>Develop and optimize animal models for snake venom research and produce anti-venom</p>	<p>10 beehives installed</p> <p>Installed 30 shelves</p> <p>20 education visits were held in IPR research facilities</p> <p>1 primatology field school was conducted</p> <p>4 training programmes were finalized.</p> <p>10 breeding cages were constructed</p> <p>2 animal models were developed.</p>

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 1: Sustainable Heritage Development and Management	Enhancing institutional capacity (human, financial and infrastructure) for effective management of sustainable biomedical, natural and cultural heritage for the benefit of the country and humanity	<ul style="list-style-type: none"> 3 scientists trained in new programme areas i) NMK Act of 2006 reviewed and enacted. ii) 5 international obligations ratified. iii) 22 volumes of Kenya Law report volumes updated. 	<ul style="list-style-type: none"> Train scientists in cancer research, stem cell research and synthetic biology Institutionalizing policy and legal governance for enhancing decision making and accountability 	<ul style="list-style-type: none"> 10 scientists were trained 22 laws of Kenya volumes were updated.
		<ul style="list-style-type: none"> i) Monthly internal audits undertaken, and 100% implementation of recommendations implemented by Directorates and offices. ii) 20% reduction of financial management information risks 	Ensuring compliance with government and international standards for enhancing FMI's accountability and transparency	The target was achieved
		30 casts produced	Producing heritage objects for exhibition, sale and information dissemination	60 casts were produced

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		<ul style="list-style-type: none"> i) 20% increase in infrastructure and facilities development. ii) Maintenance of infrastructure and facilities retained at 80%. iii) Perimeter wall around NMK completed. 	<p>Developing and maintaining infrastructure development and facilities</p>	<p>The perimeter wall around NMK was completed.</p>
		<ul style="list-style-type: none"> i) Security communication control system acquired and installed. ii) CCTV surveillance system installed at NMK headquarters and Karen Blixen. 	<p>Improving security and safety of NMK staff and property improved</p>	<p>CCTV surveillance system was not installed due to lack of funds.</p>
		<ul style="list-style-type: none"> i) 100% adherence to Public Procurement and Disposal Act of 2016 for procuring goods and services. ii) Adherence to 100% time repayments for procuring goods and services. iii) Optimal value from disposal of obsolete and unserviceable items 	<p>Procuring goods in compliance with Public Procurement and Disposal Act of 2016</p>	<p>There was adherence to the public procurement and disposal Act of 2016 during the procurement of goods and services</p>

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		<p>i) Marketing policy approved by the board.</p> <p>ii) Digital heritage multi-media products developed and commercialized.</p> <p>iii) Digital online marketing of collections, products and services</p> <p>iv) 20% increase in sales for NMK products and services.</p>	<p>Undertaking marketing of NMK products and services in collaboration with Directorates and stakeholders</p>	<p>Submitted 3 phase digitization proposal to Tourism Promotion Fund to cover the development of a Museum Mobile Application, the Development of a Learning Management System, and the Development of Augmented and Virtual Reality Tours. Increased the Digital Media engagement in collaboration with DASM, and DNRR officers on their projects.</p> <ul style="list-style-type: none"> • Internet band width was upgraded to 100 MB. • System and network uptime of 99% was fully optimized.
		<p>i) ERP implemented and networked.</p> <p>ii) Internet band width upgraded to 100 MB for optimal system research.</p> <p>iii) System and network uptime of 99%.</p> <p>iv) 100% E-ticketing in all museums and sites.</p> <p>i) 5% of NMK's activities financed through CSR annually.</p> <p>ii) Annual customer satisfaction survey.</p> <p>iii) 10% increase in sales of NMK products and</p>	<p>Automating and upgrading NMK operations, systems and processes</p>	<p>Questionnaire for customer satisfaction survey was developed</p>
		<p>Establishing corporate communications, corporate responsibilities and enhancing NMK's service delivery</p>		

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 1: Sustainable Heritage Development and Management	Attracting and retaining talented productive work force through merit-based system and ensuring proper career development and progression.	services through luncheons, exhibitions and trade fairs.		
		Operational directorates/departments for Natural products industry. Policy research, planning, monitoring and evaluation. Research and innovation centre. Museum enterprise development and marketing centre.	Developing organizational structures functions and staffing requirements and job descriptions for the new directorates, programmes and Centres.	Natural products industry career progression was developed.
		NMK revised and developed policies and procedures approved by the Board and implemented, and all staff trained	Review existing and develop new policies and procedures in HRMD and coordinate review and development of policies for technical operations in line with government requirements and international standards and staff trained	Development of Intellectual Property Policy was initiated, and the process is in progress.
	Optimal establishment	HR	succession plan developed based on human resource audit	Succession plan was not developed

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 1: Sustainable Heritage Development and Management	Institutionalizing innovative mechanisms for enhancing NMMs revenue base sustainable heritage management and development	Staff to be trained identified	Training needs assessment conducted	Staff training needs assessment was done and staff to be trained were identified
		Approved work plans and performance contracts	Develop work plans and performance contracts	Work plan and performance contract were developed and approved
		Staff productivity and performance enhanced by 20%	Implementation of work plans and performance contracts	Work plan and performance contract were implemented
		Compliance to 30% government affirmative action	Carry out gender mainstreaming audit and implement	Target achieved
		25% and 32% annual increase on internal and external revenues respectively	Establishing mechanisms for ensuring that directorates generate Seventy percent (70%) of their total income from internal and external sources	Measures to enhance increase in revenue are being undertaken.
		Accounting system, reviewed, approved, and implemented	Institutionalize the Sun-System within NMMK	The System was reviewed, and the implementation is in progress
		Operationalized system that complies with international standards.	Ensuring that all financial operations and reporting comply with the Sun-System requirements	The financial operations and reporting were done in line with PFMA.
		Staff of NMMK directorates trained	Train staff on the harmonized consultancy and administration overhead policies	Development of policies is ongoing and training will be done upon approval.

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		<p>Monthly revenues from consultancies remitted to NMK Finance.</p> <p>Revised policies and procedures on operations of the cost centres for the directorates approved and implemented and staff trained</p> <p>Directorates cost centres approved and implemented</p> <p>Mechanisms developed, approved and implemented</p> <p>Training needs assessment undertaken, and staff trained on I-tax</p> <p>Tax returns approved and filed</p>	<p>Ensure that revenues collected by the directorates in consultancies are remitted to finance department in line with the guidelines.</p> <p>Develop a policy and procedures on operations of the cost centres for the directorates.</p> <p>Train and institutionalize the policy and procedures for cost centres within the directorates</p> <p>Develop a mechanism for ensuring that NMK's policies, procedures and systems are reviewed in line with the changing government systems.</p> <p>Carry out periodic capacity building exercises on tax compliance.</p> <p>Facilitate tax returns and payments for institutional tax obligations</p>	<p>This activity was not implemented due to lack of guidelines</p> <p>The policy is not yet developed</p> <p>The directorates cost centres are not yet implemented</p> <p>Development of procedures is ongoing.</p> <p>Periodic capacity-building exercises on tax compliance were undertaken</p> <p>Tax returns filed as per statutory timelines. PAYE, VAT, and other tax overheads were paid</p>

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 2: Innovative Research	Enhancing innovative and sustainable research, development, preservation, conservation, modernization and access to antiquities, sites and monuments for the benefit of the country humanity	20% increase in commercialization, patenting and marketing of NMIKs products	Establishing the Museum Entrepreneurship Development and Marketing Centre in collaboration with Directorates	Marketing Department is in place.
		50 field studies and excursions	Conduct field studies on both cultural and natural heritage	64 field trips were conducted
		1,500,000 Collections	Curate, update and maintain collections	9,154,073 collections were updated, cleaned, and curated
		20 datasets developed and maintained	Curate and maintain reference data bases/data sets	1,873 records were published online
		1 Fumigation exercise and active pest control exercise carried out	Implement routine and integrated pest control	One fumigation exercise was conducted
		80 publications, 1 science conferences, 1 Science expos, and 2 exhibitions	Dissemination of research findings	74 publications were done
		50,000 records Digitized	Standardize and digitize heritage data/collections	36,871 records were digitized
		Operational National Collection Centre (NCC)	Establish a National Collection Centre including EIA, bills of quantities and procuring a developer	Collection centre was not established
		100% implementation of required international obligations on heritage management	Identify target treaties, conventions, and MOU relevant to heritage management, evaluate the status of heritage resources covered by these treaties,	International obligations on heritage management were implemented

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 3: Sharing of Knowledge	Developing research based and competitive NPI by harnessing sustainable cultural, natural, and technological, entrepreneurial opportunities for the benefit of the country and humanity.	1 survey reports on adaptation to climate change completed 150 SMEs assisted to venture into value addition business	Establish the effects of climate change on tangible and intangible cultural heritage Assist potential and existing SMEs to venture into value addition business and link them with financial institutions, BDS providers and markets	Two reports on paleoecology and climate change published 3 SMEs were supported into value addition skills through trainings
		3 lists of prioritized natural products for nutritional, personal care, and medicinal categories, 5 feasibility study reports and commercialization framework	Identify, document, and prioritize through feasibility studies on natural products for commercialization	1. 30 herbal products prioritized for scientific validation as potential immune boosters for respiratory infections including COVID-19 2. 1 herbal product (<i>Abrus precatorius</i> Mturi turi seed) prioritized for scientific validation as a natural contraceptive, 3. 6 species of African indigenous vegetables (AIV) prioritized for

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		50 personnel trained in IK documentation, preservation, and utilization	Build capacity through training in indigenous knowledge (IK) documentation, preservation, and utilization in 12 selected Counties (Marsabit, Kitui, Busia, Kwale, Kirinyaga, Kajiado, Siaya, Kiambu, Makeni, Samburu, Meru, Kericho)	commercialization in four counties 149 county government technical officers from Isiolo, Samburu, Meru, Laikipia, Turkana, West Pokot, Elgeyo Markwet, Uasin Gishu, Kisumu, Homa Bay, Siaya and Migori were trained
		50 SMEs assisted to venture into value addition into NPI products	Prepare and deploy product-specific go-to-market plans	6000 farmers from three counties were identified, recruited, trained, and supplied with certified AIV seeds to enable them venture in production and marketing of African indigenous vegetables

NMK monitors the progress towards achievement of the Strategic Plan (2020-2022) through:

- i. Preparation of annual implementation plans for the period 2021-2022 by all offices and directorates
- ii. Translation of the annual implementation plans into annual performance contracts and annual monitoring plan
- iii. Development and issuance of progress reports at all levels

In addition, NMK will undertake a rigorous and independent evaluation of completed and/or on-going activities to determine the relevance and fulfilment of strategic objectives, development efficiency, effectiveness, impact and sustainability. The evaluation of the strategic plan shall be undertaken at the end of the month of June in each financial year.

7. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process by which institutions are directed, controlled and held to account.

BOARD OF DIRECTORS

National Museums of Kenya Board of Directors is responsible for overall management and is accountable to the Minister in charge of the Ministry of Sports, Culture and the Arts for ensuring that the institution complies with the law and the highest standards of best practice in corporate governance and ethics. The Directors are committed to the need to conduct the operations of the institution with integrity, in accordance with generally accepted corporate practice, and endorse the internationally developed principles of corporate governance. All the Board members are non-executive including the Chairman of the Board except the Director General who is the chief executive officer. The Cabinet Secretary in charge of Sports, Culture and the Arts appoints the Directors for a period of three years in accordance with the constitution.

BOARD MEETINGS

The Board meets at least four times a year. The Directors are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. The Board has delegated the day-to-day operations to the Director General who is the Chief executive officer. The Board nonetheless retains responsibility for establishing and maintaining the institutions internal controls in financial, operational and compliance issues as well as implementing strategies for the long-term success of the institution.

BOARD COMMITTEES

The Board has three standing committees, which meet regularly under the terms of reference set by the Board. In addition, there are two ad hoc committees; one for

conducting interviews of senior staff and the other on Rules and Regulations of the Heritage Act. These committees are as follows:

The Audit Committee

The Audit & Risk Management Committee forms a key element in the governance process by providing an independent expert assessment of the activities of top management, the quality of risk management, financial reporting, financial management and internal audit, to the board of directors.

The Finance and Establishment committee

The Committee is the prime mechanism through which the Board of Directors of National Museums of Kenya (NMK) ensures that the institution's decisions, policies and practice in relation to Finance, HR, procurement, infrastructural development and all processes are in full compliance with relevant policies, and statutory requirements, regulations, Mwongozo Code of Governance as well as the Board Charter.

Research Committee

The Research Committee of the Board generally deliberates all matters pertaining to research policy and management.

Ad hoc committee (as and when formed)

Ad hoc committees may be formed for different tasks as determined by the Board for example conducting of interviews for senior staff.

All board committees make recommendations to the full Board of Directors for consideration.

INTERNAL CONTROLS

These are processes for assuring achievement of the organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. This involves everything that controls the risks of the organization and relates to authorization and approval of transactions, segregation of

duties, supervision and monitoring of the activities, proper record keeping, ICT controls, valuation, custody and physical safeguards of the assets of the organization. It is the means by which the organization's resources are directed, monitored, and measured. It plays an important role in detecting and preventing fraud and protecting the organization's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or intellectual property such as trademarks).

At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, compliance with laws and regulations. At the specific transaction level, internal control refers to the actions taken to achieve a specific objective (e.g. how to ensure the organization's payments to third parties are for valid services rendered). Internal control procedures reduce process variation, leading to more outcomes that are predictable. The effectiveness of the internal controls depends on:

The Management

The responsibility of ensuring that the internal controls are in place and are duly adhered to rests with the management. The Chief Executive Officer (the top manager) has the overall responsibility of designing and implementing an effective internal control system and setting the "tone at the top" that affects integrity and ethics and other factors of a positive control environment. He fulfills this duty by providing leadership and direction to senior managers and reviews the way they are controlling the resources of the organization. Senior managers, in turn, assign responsibilities for establishment of more specific internal control policies and procedures to personnel responsible for the various departmental functions.

Board of Directors

Management is accountable to the Board of Directors, who provides governance, guidance and oversight. Effective Board members are objective, capable and inquisitive. They also have knowledge of the entity's activities and environment and commit the time necessary

to fulfil their Board responsibilities. Management cannot at any one point in time override controls and ignore or stifle communications from subordinates, enabling a dishonest management, which intentionally misrepresents results to cover its tracks. Existence of a strong active Board particularly when coupled with effective upward communications channels and capable financial, legal and internal audit functions is often best able to identify and correct such a problem.

CUSTOMER SERVICE CHARTER

The Service Charter puts in place service standards that guide the National Museums of Kenya management and staff in provision of high services to its clients. This is keeping in line with existing laws, rules, regulations, norms, professional ethics and most important-customer expectations. The service Charter thus identifies areas in which the NMK operates, defines the responsibilities of the management and staff, describes the rights of clients and identifies key quality control indicators that will enable delivery of high quality services by NMK to all stakeholders/clients and the general public at large.

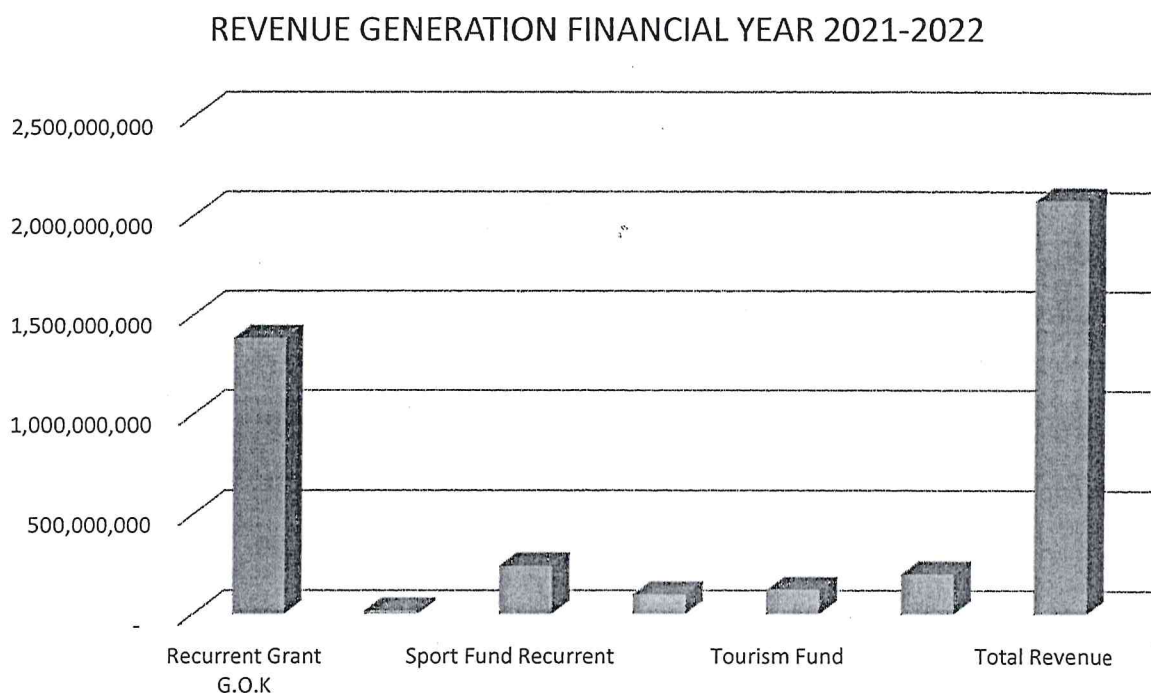
DIRECTORS' ALLOWANCES AND LOANS

The aggregate amount paid to Directors allowances for services rendered during 2021/2022 financial year are disclosed in the notes to the financial statements. There were no Directors loans at any time during the year.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The Entity's Operational and Financial Performance

The National Museums of Kenya internally generated revenue for twelve months stood at Kshs. 202,198,890 Government of Kenya recurrent and development grants at Kshs 1,384,010,000 and Kshs 19,100,000 respectively. In addition, the National Museums of Kenya secured funding from the Sports, Arts and Social Development Fund of Kshs. 244,696,554 and Kshs. 101,509,746 for recurrent and development respectively while Kshs. 124,789,414 for recurrent from Tourism Promotion Fund. The Management noted that the organization heavily relies on revenue from non-exchange transactions, which caters for its personnel emoluments as indicated in the chart below.



Sources of Revenue for the Year 2021/2022

TRENDS IN REVENUE GENERATION

Demand for efficient revenue collection

NMK has witnessed an increase in all revenue collection points during the financial year as a result of resumption of visitations and activities in its revenue streams after the global pandemic situation. However, NMK has put in place a few mechanisms which improved efficient revenue collection and still explores on how to install and operationalize the Enterprise Resource Planning System.

Electronic Fund Transfer

As the world has become a small village with ICT and our country Kenya embracing it, NMK has no choice but to cope up. NMK has also embraced EFT's and mobile money as a mode of settlement of payment.

CHALLENGES AND OPPORTUNITIES

Physical infrastructure and Equipment

The physical infrastructure is old and dilapidated and available resources by the organization are not sufficient for repair and maintenance. The availability and functionality of laboratory equipment and infrastructure is critical in research. It is important that funds be allocated to replace the equipment and improve the infrastructure to avoid disruptions in service delivery.

Title Deeds

NMK is responsible of Heritage management in the country. In the process, the various governments have continued to allocate NMK parcel of land for preservation of historic sites. The acquisition of title deed for these allotments has been a great challenge to the organisation. Hence, the ownership and value of its assets in the financial statements does not reflect true state of affairs.

Automation of an Enterprise Resource Planning System

The National Museums of Kenya having several revenue stations across the country still operates manually. This makes it difficult to ascertain the total receipts and expenditure at

any given period. This may lead to loss of revenues through pilferages at the various collection points hence posing a challenge for management to put or improve on their internal controls timely.

Marketing

The year 2021/2022 has seen the National Museums of Kenya develop online digital content, produce brochures and form partnerships in the execution of our mandate.

Partnerships

GA&C: Google set up an Arts and Culture platform where Museums around the world are showcasing their galleries as well as their collections. The various museums are telling different stories on Heritage. In 2020, NMK in partnership with Google launched the Shujaa stories; tales of cultural heroes. This series was immediately embraced by the public with visitor hits on the platform reaching 1million views in 6 months during the initial lockdown which saw the closure of the museums. In continuing with this relationship, NMK has begun the process of documenting the story of the slave trade that happened in Kenya. These projects are fully funded by Google LLC.

Kenya Export Promotion and Branding Agency: NMK through this partnership supported Kenya's participation in Dubai 2020. The NMK is benefiting through creation of awareness and promotion of Kenya Heritage both within and outside the country.

KeNHA: Worked with KeNHA in putting up information on our sites on the general signs i.e. Road Signage at Kariandusi Prehistoric site. This is evidenced by the revenue growth through increased visitor numbers to the site.

Wonderlust Diaries Limited: A group that was formed online for the purpose of sharing travel stories that has now turned into a business venture encouraging domestic tourism. The company's Chief Visionary Officer took up the mantle of being Kariandusi Prehistoric Site's Patron and has passionately championed the cause of fundraising for the site. It is through these fundraising efforts that NMK has erected signage for Kariandusi and is looking to build visitor-centric facilities like a canteen, student centre and ablution block.

Social Media Influencers: NMK collaborated with Churchill (Daniel Ndambuki), and the Sol Generation to film shows at the Nairobi National Museum. This was during the second Covid-19 wave. It led to increased visitor numbers to the museum and the snake park.

Ministry of Tourism: Worked with the Ministry of Tourism and their strategy consultants, McKinsey, in developing new heritage tourism products. NMK proposed Avi-tourism and Pre-historic tourism circuits to showcase Kenya's rich birdlife and wealth in fossil discoveries.

Branding

Through the marketing team, we have improved NMK brand image through social media presence. With this, it has made it easy for customers/visitors to conduct repeat visits, customer loyalty and improved customer satisfaction levels.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability strategy and profile

The National Museums of Kenya will require a projected total budget of about Kshs 17.55 billion over the next three years to implement the planned development programmes and activities in this Strategic Plan (2020-2022). These resources are anticipated that 50%, (Kshs 8.8 billion), 30% (Kshs.5.3billion) and 20% (Kshs.3.5 billion) will come from external sources, internally generated and the exchequer respectively. Mobilizing external resources will require appropriate collaboration and linkages with industry players. The resource mobilization will be enhanced through the following key strategies:

- a) Ensuring that seventy percent (70%) of the total income is generated from internal and external sources, with exchequer providing 30%.
- b) Operationalizing Cost Centres within the directorates of NMK
- c) Establish a Museum Entrepreneurship Development and Marketing Centre for coordinating product development, commercialization and marketing in collaboration with industry players.
- d) Develop a legal framework for establishing and operationalising the Endowment Fund for enhancing resource mobilization.
- e) Bid for ring fencing of resource for its conservation and heritage management with The National Treasury.

Globally, natural and cultural heritage are increasingly threatened with destruction not only by the traditional causes of decay, but also by changing social and economic conditions which aggravate the situation with even more formidable phenomena of damage or destruction. African nations face the challenge to develop and implement strategies that effectively address the need for balancing heritage conservation and other development needs. Convention parties to UNESCO therefore seek to effectively manage existing properties by recognising, documenting and formalising traditional management systems and fully incorporating them into existing management mechanisms. The challenges for Sub-Saharan Africa to build on its limited archaeological heritage and realize

economic benefit from sustainable development of these important assets is largely due to lack of expertise and available experience.

ii) Environmental performance

The NMK is committed to protection and enhancement of the local and global environment, health and safety in natural and cultural heritage research and collection management. NMK as an institution, its institutes, centers, staff and stakeholders are expected to consciously think about their role in managing Environmental health and safety (EHS) issues and act in ways consistent with:

- i. Reduction of negative social and environmental risks
- ii. Conservation and prudent utilization of resources
- iii. Respect for biodiversity and natural systems.

Here is an outline of some of the many successes achieved:

- i. **EHS committee:** NMK has established EHS committee, which has promoted environment, health and safety inspections and undertaken awareness and education. Such as raising awareness about benefits of using protective materials in the laboratories where chemicals and reagents are used in research, collections and exhibitions.
- ii. **Energy efficiency:** Ensuring energy efficiency and conservation throughout our operations is important, as it impacts both our greenhouse gas (GHG) footprint and our cost structure. NMK has appropriately replaced incandescent bulbs with energy saving bulbs.
- iii. **Water conservation:** Our operations are not relatively water intensive but as national/ global water consumption has increased at a fast pace we work to use water carefully and responsibly in our operations. Primary water uses include mainly sanitation and employee consumption. NMK is constantly investing in water conservation by having timed taps, checking water leakages as routine measures to minimize water wastage.
- iv. **Tree planting:** NMK has endeavored to invest to support seedling production at the Nairobi Botanic Garden and through funded projects at community sites.

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Additionally, NMK has participated in tree planting exercises involving staff and management.

- v. **Biodiversity conservation:** NMK has a long track record of supporting biodiversity research projects. Additionally, NMK has been a key and relevant led agency in multi-agency committees for Environmental matters in accordance with the Environmental management and coordination Act, EMCA 1999 championing for biodiversity conservation.
- vi. **Climate strategy:** NMK incorporate climate change considerations into all aspects of our business strategy. Among the climate change considerations are events can threaten business continuity. We are continually refining our disaster response plans and we recently constructed the sea wall to protect the Fort Jesus Museum.
- vii. **Environmental audits:** Environmental audits are undertaken as per the regulatory standards and sound environmental practice.
- viii. **Stakeholder engagement:** NMK has a systematic approach to stakeholder engagement. Every two years, NMK runs open days/scientific conferences to share the research activities and findings with key stakeholders which range from research partners, NGOs, community groups, government agencies, research institutions and scientific academies. This engagement has been essential in aiding NMK stay abreast of current trends, perspectives and policy matters that affect our service, customers and collaborators.
- ix. **Physical structures:** NMK has provided for adequate signage and visitor information within the Museum compound.
- x. **Dust management:** NMK has provided for well paved roads and car parks limiting dust emission from vehicles within the compound.

Outline shortcomings:

Financial constraints to meet some of the targets such as production of seedlings and to carry out environmental audit in the regional museums.

Efforts to manage biodiversity:

NMK takes cognizance of biodiversity and environmental impacts when making decisions relating to planning, landscaping, facilities management and construction. NMK is running diverse projects on biodiversity conservation and monitoring as part of its mandate. Additionally, NMK partners with diverse institutions in monitoring species and their habitats for enhancing their survival.

Waste management policy:

Solid waste management policy at NMK focuses on adoption of waste separation, investing in waste disposal infrastructure and investing in sensitization of cleaning service providers. Electronic waste material (e-waste) such as old or broken computers, printers, copiers, and other hazardous waste is an area of significant environmental concern to us that is a fast-growing waste segment. To prevent these hazardous waste from entering the country's dump sites or landfills. NMK's e-waste policy was developed and is keenly implemented.

iii) Employee welfare

The policies guiding the hiring process are borrowed from the Public Service Commission- Human Resource Policies and Procedures Manual for the Public Service, May, 2016 and the NMK Terms and Conditions of Service and Procedures Manual.

Recruitment is undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

All vacant positions are filled in competitively through advertisements, followed by interviews conducted by relevant committees.

Policies are reviewed after every five (5) years.

Efforts made in:

- a) Improving skills and managing careers; mentoring, training and development of staff, job rotation, staff attend seminars and workshops relevant to their areas of specialization.
- b) Appraisal- done annually
- c) Reward systems-award of salary bonus

It is the policy of the National Museums of Kenya to enforce appropriate measures to control and monitor health and safety procedures to ensure a safe and healthy working environment for all employees, and those who may be affected by our undertakings. The Health Safety and Environment (HSE) Committee has the ultimate responsibility for health and safety in the organization, and the protection of its environment.

The National Museums of Kenya is committed to protection and enhancement of the local and global environment, health and safety in in natural and cultural heritage research and collection management, National Museums of Kenya as an organization, its institutes and centres, staff and stakeholders are expected to consciously THINK about their role in managing EHS issues and ACT in ways consistent with the following fundamental principles:

- a) (Reduction) Commitment to reduction of negative social and environmental risks,
- b) Conservation and prudent utilization of resources and
- c) Respect for biodiversity and natural systems.

iv) Market place practices: -

a) Responsible competition practice:

The National Museums of Kenya is believing in inclusivity and stakeholder engagement. For this reason, the National Museums of Kenya engages regularly with stakeholders in Education as well as those in the Tourism sector as they represent the largest client groups visiting the Museums.

All Museum gate fees are gazette, and are very competitive in the market. They ensure that majority of Kenyans can afford to visit a Museum that is near them. Other prices, like

Venue hire, are currently being revisited because of the Covid-19 restrictions on permissible numbers, and spacing at the select venues.

In a bid to embrace safety during the pandemic, we are now accepting mobile money and card payment only at our sites. This has greatly increased accountability at our various ticketing offices around the country.

b) Responsible Supply Chain and Supplier relations:

The National Museums of Kenya ensures that the Finance Team, the Procurement Team and the Accounting Officer are working together. All procurement must be approved by the Accounting Officer who is the Director General. The Director General will only approve procurement of items he is sure NMK can afford to pay for.

c) Responsible marketing and advertisement:

One of the largest consumer groups at the National Museums of Kenya are schools. NMK therefore has to be extremely careful in the language used in the adverts, and the placement of the adverts. We are also careful on the type of sponsors we seek for events targeting children. We are careful to not to target the children directly, but to go through their guardians; teachers and parents. Our advertising is sensitive to the diverse nature of Kenya's population.

d) Product stewardship:

NMK is in constant communication with target group leads like Schools, and Tour Operators who bring feedback from their clients; the student, teachers and tourists. This has allowed us to ensure that all visitor feedback is taken seriously and addressed with urgency. There are also Visitor Books whose content is analyzed by the Public Relations Department, and an internal committee assesses the feedback.

10. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Organizations affairs.

Results

The results of the Organizations for the year ended June 30, 2022 are set out on page 1 to 4.

Board of Directors

The members of the Board of Directors who served during the year are as shown on page vi to ix.

Surplus remission

In accordance with Regulation 219(2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into consolidated fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each Financial Year. The entity did not make any surplus during the year (FY 2022 Kshs. Nil) and hence no remittance to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of the organization in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board

Name: Stanvas Opijah Ongalo

Signature:



Date:

20/03/2023

Corporate Secretary /Secretary to the Board

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 23 of the National Museums and Heritage Act of 2006, requires the Directors to prepare financial statements. The financial statements should give a true and fair view of the state of affairs of the National Museums of Kenya at the end of the financial year/period and the operating results of the Organization for that year/period. The Directors are also required to ensure that the Organization keeps proper accounting records, which disclose with reasonable accuracy the financial position of the organization. The Directors are also responsible for safeguarding the assets of the National Museums of Kenya.

The Directors are responsible for the preparation and presentation of the organization's financial statements, which give a true and fair view of the state of affairs of the organization 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 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 organization;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the organizations 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

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Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the organization's financial statements give a true and fair view of the state of organization's transactions during the financial year ended June 30, 2022 and of the organization's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the organization, that have been relied upon in the preparation of the organization financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the organization 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 Organization's financial statements approved by the Board on 20th March 2023 and signed on its behalf by:



Mr Edwin Abonyo
Chairman of the Board



Mr. Stanvas Ongalo
Ag. Director General

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL MUSEUMS 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 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 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

Qualified Opinion

I have audited the accompanying financial statements of the National Museums of Kenya set out on pages 1 to 45, 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 statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Museums 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 National Museums and Heritage Act, 2006 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported and Undisclosed Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.3,800,925,071 which, as disclosed in Note 14 to the financial statements, includes an amount of Kshs.1,575,127,445 in respect of land which has however, not been valued since 1990. As previously reported, the National Museums of Kenya has one hundred and fifty (150) parcels of land spread across the Country, out of which only forty-three (43) parcels had title deeds and the remaining 107 parcels had no ownership documents. Further, the property, plant and equipment net book value of Kshs.3,800,925,071 includes heritage assets whose value could not be verified due to lack of a fixed assets register.

Management has not disclosed the heritage assets that have future economic benefits or service potential other than their current heritage value and those heritage assets whose future economic benefit or service potential is limited to their heritage characteristics. In addition, no disclosures have been made on other heritage assets such as the measurements basis, method used, gross carrying amount and accumulated depreciation at the end of the year.

In the circumstances, the accuracy and fair statement of property, plant and equipment balance of Kshs.3,800,925,071 as at 30 June, 2022 could not be confirmed.

2. Unsupported Employee Costs Balance

The statement of financial performance reflects employee cost of Kshs.1,325,411,277 which, as disclosed in Note 6 to the financial statements, includes salaries totalling Kshs.1,050,678,625. However, supporting documents by way of payroll summaries and corresponding payment vouchers were not provided for audit.

In the circumstances, the accuracy and validity of the employee costs of Kshs.1,325,411,277 could not be confirmed.

3. Unsupported Bank Overdraft Balance

The statement of financial position and as disclosed in Note 16 to the financial statements, reflects a bank overdraft balance of Kshs.114,846,330 which was however, not supported by way of Board minutes approving the overdraft, bank confirmation certificates, bank reconciliation statements and cash book extracts.

In the circumstances, the completeness, accuracy, validity and the fair statement of the bank overdraft balance of Kshs.114,846,330 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Museums 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 qualified 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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.1,687,110,000 and Kshs.2,551,363,059 respectively resulting to an overperformance by Kshs.864,253,059 or 51% of the approved budget. Similarly, Management expended an amount of Kshs1,898,607,728 against an approved budget of Kshs.1,506,787,225, resulting to an over-expenditure of Kshs.391,820,503 or 26% of the budget.

The over-collection indicates that Management may have under-budgeted for revenue and did not take into account all variables likely to affect it. Further, no approval for the over-expenditure was provided for review.

2. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.394,526,698 which, as disclosed in Note 15 to the financial statements, includes an amount of Kshs.163,062,003 in respect of trade payables. However, a review of the documents supporting the trade payables balance revealed outstanding bills amounting to Kshs.19,604,940 which has been outstanding for more than one year with some balances dating as far back as the financial year 2014/2015. No explanation was given as to why the bills were not cleared during the year in which they

fell due despite the Corporation reporting a positive cash and cash equivalent balance of Kshs.543,842,736 as at the end of the financial year.

Management is at risk of being sued for breach of contractual terms.

3. Unresolved Prior Year Matters

In the audit report of the previous year, a number of paragraphs were raised. However, Management has not resolved and disclosed all the prior year matters as provided by the Public Sector Accounting Standards Board's financial reporting templates. Management has not provided satisfactory explanation for the delay in resolving the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delay in Completion of Ablution Blocks at Fort Jesus Museum

Review of documents revealed that Management awarded a contract for the construction of a sea wall at Fort Jesus at a contract sum of Kshs.226,022,710 which included an amount of Kshs.11,514,020 for construction of two (2) ablution blocks. The project commenced on 03 September, 2020 with expected completion date of 03 March, 2021 which was revised to 15 March, 2022. However, physical verification of the project in the month of February, 2023 revealed that only the construction of one of the ablution blocks was underway, while the construction of the other block was yet to start despite the lapse of the extended completion date.

In the circumstances, value for money may not be realized from the expenditure already incurred on the construction of the ablution blocks.

2. Delay in Completion of Njuri Ncheke Shrine

Review of documents revealed that Management awarded a contract for the construction of Njuri Ncheke Shrine at a contract sum of Kshs.58,976,000 on 05 June, 2020 for 48 weeks ending on 04 June, 2021. By the end of the year under review, an amount of Kshs.39,560,475 or 67% of the contract sum had been paid to the Contractor. However, physical verification in the month of February, 2023 revealed that the Project had stalled at lintel level and the contractor had abandoned the site. No explanation was given for the delay in the completion of the Project.

In the circumstances, value for money may not be realized from the expenditure of Kshs.39,560,475 incurred on the Project.

3. Poor Workmanship at Tom Mboya Mausoleum

Review of documents revealed that Management awarded a contract for the construction of Tom Mboya Mausoleum at a contract sum of Kshs.45,457,740 on 28 May, 2018 for a duration of 16 weeks ending on 27 September, 2018. By the end of the period under review, an amount of Kshs.28,962,227 had been paid. However, physical verification of the project in the month of February, 2023 revealed that the ablution block was not functional, manhole covers had sunk while the ceiling had collapsed. Further, water and electricity had not been connected to the building, while the pit latrine was of poor workmanship. In addition, the solar powered lights installed were not functioning and as a result, no revenue was being generated from the project.

In the circumstances, value for money may not be realized from the expenditure of Kshs.28,962,227 already incurred on the Project.

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 audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Entity'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 Entity or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Entity'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 Entity 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 Entity 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 control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 April, 2023

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**13. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED JUNE 2022**

	Note	2021 – 2022 Kshs	2020 – 2021 Kshs
Revenue from non-exchange transactions			
Transfers from governments-			
Recurrent	3(a)	1,384,010,000	996,210,000
Sport Fund	3(a)	244,696,554	54,037,592
Tourism Promotion Fund	3(a)	124,789,414	-
Development	17(b)	5,986,112	24,422,408
Project income	4	351,058,455	272,561,616
Total revenue from non-exchange transactions		2,110,540,535	1,347,231,616
Revenue from exchange transactions			
Other incomes	5	202,198,890	102,277,855
Total revenue from exchange transactions		202,198,890	102,277,855
Total revenue		2,312,739,425	1,449,509,471
EXPENSES			
Employee costs	6	1,325,411,277	1,141,153,354
Depreciation	7	43,820,508	46,306,572
Repairs and maintenance	8	31,843,103	52,805,798
Board of Directors	9	9,367,579	13,072,228
General expenses	10	488,165,261	630,835,864
Total expenses		1,898,607,728	1,884,173,816
Surplus/ (Deficit)for the year		414,131,697	(434,664,345)

The notes set out on pages 6 to 30 form an integral part of these Financial Statements



Stanvas Ongalo

Ag. Director General


Namachanja Geoffrey

Financial Controller

ICPAK MNO. 7763


Edwin Abonyo

Chairman

Board of Directors

Date: 20th March, 2023

Date: 20th March, 2023


Date: 20th March, 2023

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**14. STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2022**


Assets	Note	2021 – 2022 Ksh	2020 - 2021 Ksh
Current assets			
Cash and cash equivalents	11	543,842,736	88,507,231
Receivables from exchange transactions	12 (a)	16,336,843	16,679,395
Receivables from non - exchange transactions	12 (b)	301,132,796	31,610,060
Inventories	13	884,000	878,882
		862,196,375	137,675,568
Non-current assets			
Property, plant and equipment	14	3,800,925,071	3,685,937,571
Total Assets		4,663,121,446	3,823,613,139
Liabilities			
Current liabilities			
Trade and other payables from exchange Transactions	15	394,526,698	276,849,681
Bank Overdraft	16	114,846,330	-
Total Current liabilities		509,373,028	276,849,681
Non-current liabilities			
Deferred Development Grant	17	283,366,480	300,128,396
Project Deposits	18	203,711,241	123,231,613
Total non-current liabilities		487,077,721	423,360,009
Total liabilities		996,450,749	700,209,690
Net assets		3,666,670,697	3,123,403,449
Reserves		3,252,539,000	3,558,067,794
Accumulated surplus		414,131,697	(434,664,345)
Total assets and liabilities		3,666,670,697	3,123,403,449

The Financial Statements set out on pages 1 and 2 were signed on behalf of the Board of Directors by


Stanvas Ongalo
Ag. Director General

Date: 20th March, 2023


Namachanja Geoffrey
Financial Controller
ICPAK MNO. 7763
Date: 20th March, 2023


Edwin Abonyo
Chairman
Board of Directors
Date: 20th March, 2023

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**15. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

	Capital Reserve	Revenue Reserves	Revaluation Reserve	Total Kshs.
Balance as at 1st July 2020	3,344,611,023	12,940,522	14,635,150	3,372,186,695
Capitalized government grant (17b)	185,881,099	-	-	185,881,099
Total comprehensive income for the year		(434,664,345)	-	(434,664,345)
Balance as at 30th June 2021	3,530,492,122	(421,723,823)	14,635,150	3,123,403,449
Balance as at 1st July 2021	3,530,492,122	(421,723,823)	14,635,150	3,123,403,449
Capitalized government grant (17b)	131,385,551	-	-	131,385,551
Total comprehensive income for the year		414,131,697	-	414,131,697
Prior Year adjustments	(2,250,000)	-	-	(2,250,000)
Balance as at 30th June 2022	3,659,627,673	(7,592,126)	14,635,150	3,666,670,697

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16. STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

Notes

		2021-2022	2020-2021
		Kshs	Kshs
Cash flow from operating activities			
Net income from Museum operations		414,131,697	(434,664,345)
Adjustments for the year			
Depreciation	7	43,820,508	46,306,572
Operating Income before working capital changes		457,952,205	(388,357,773)
Increase/decrease in receivables		(269,180,184)	12,822,983
Increase/decrease in inventories		(5,118)	310,084
increase/decrease in payables		117,677,017	146,367,678
Development expenditure	17(b)	(5,986,112)	(24,422,408)
Net cash from operating activities		300,457,808	(253,279,436)
Cash flow from investing activities			
Interest received		-	-
Purchase of property, plant & equipment	14	(161,058,008)	(209,962,373)
Net cash from investing activities		(161,058,008)	(209,962,373)
Cash flow from financing activities			
Development grant from GOK	17(a)	120,609,747	169,327,100
Project deposits		80,479,628	(48,984,606)
Net cash generated from financing activities		201,089,375	120,342,494
Net (decrease)/increase in cash and cash equivalents		340,489,175	(342,899,315)
Cash and cash equivalent as at 30th June 2021		88,507,231	431,406,546
Cash and cash equivalent as at 30th June 2022		428,996,406	88,507,231

Stanvas Ongalo
Ag. Director General

Date: 20th March, 2023

Namachanja Geoffrey
Financial Controller
ICPAK MNO. 7763

Date: 20th March, 2023

Edwin Abonyo
Chairman
Board of Directors
Date: 20th March, 2023

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**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 2022**

	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	Performance Difference	Percent
	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	
Revenue						
Government Grants and Subsidies						
Recurrent Grant	996,210,000	387,800,000	1,384,010,000	1,384,010,000	-	0%
Development Grant	25,000,000	(5,900,000)	19,100,000	19,100,000	-	0%
Sports Fund – Recurrent	-	-	-	244,696,554	244,696,554	100%
Sports Fund- Development	-	-	-	101,509,746	101,509,746	100%
Tourism Promotion Fund	-	-	-	124,789,414	124,789,414	100%
Other Recurrent	84,000,000	40,000,000	124,000,000	124,000,000	-	0%
Other incomes:						
Internally Revenue	300,000,000	(140,000,000)	160,000,000	202,198,890	42,198,890	26%
Project Revenue				351,058,455	351,058,455	100%
Total income	1,405,210,000		1,687,110,000	2,551,363,059		
Expenses						
Employees Costs	1,060,845,487	66,364,513	1,127,210,000	1,325,411,277	(198,201,277)	(18%)
Depreciation	35,164,566	8,655,946	43,820,512	43,820,508	-	0%
Repairs & Maintenance	35,094,517	(3,341,897)	31,752,620	31,843,103	(90,483)	(0.3%)
Remuneration to Board of Directors	17,469,148	-	17,469,148	9,367,579	8,101,569	46%
General Expenses	231,636,282	54,898,663	286,534,945	488,165,261	(201,630,316)	(70%)
Total expenditure	1,380,210,000		1,506,787,225	1,898,607,728		
Surplus/ (Deficit) for the period	25,000,000		180,322,775	652,755,331		

NB: Notes to variance explanations as set out on page 31.

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

National Museums of Kenya is established by and derives its authority and accountability from National Museums and Heritage Act. The entity wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is establishment of National Museums and the identification, protection, conservation and transmission of the cultural and natural heritage of Kenya

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, financial instruments at fair value and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Organization's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the National Museums of Kenya . The cash flow statement is prepared using indirect method.

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

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Adoption of New and Revised Standards

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

Standard	Impact
Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

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ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> (a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. (b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. (c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p>

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

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

Summary of significant accounting policies

- a) Revenue Recognition
- b) Revenue from non-exchange transactions

Transfers from 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.

Government Grants

- i. Recurrent government grant credited to the Statement of Financial Performance based on the payment made by the government of Kenya.
- ii. Development grant is credited to the Statement of Financial Performance based on the amount spent. The unspent amount is deferred until spent.

Project income

These are funds earmarked for specific projects mostly dealing with Research in particular areas. The projects funds are credited to a deposit Account when received and only transfer the amount spent each month to income. In this case, income and expenditure are always the same. The balance remains in the respective deposit account.

c) Taxation

The National Museums of Kenya adheres to taxation laws through timely filing of its tax obligations. VAT and excise duty are exempted on case by case-on application to the National Treasury and Kenya Revenue Authority.

d) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services to the public through gate admissions.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably.

Interest income

Interest income is accrued using the negotiated rate.

Rental income

Rental income arising from operating leases on investment properties is accounted for upon realization.

e) Property, Plant and Equipment

Property, Plant and Equipment is stated at historical cost less accumulated depreciation. The assets are not depreciated in the year of purchase. Depreciation is calculated on the reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life using the following rates:

- Motor Vehicles 25%
- Equipment and furniture 12.5%
- Computers 25%
- Buildings 1%

f) Exhibits and Collections

As a policy, no value has been placed on exhibits, study collection and fixtures. Museum Exhibits have no commercial value, and the study collection is priceless.

g) Purchase of Animals

Purchase of primates is expensed in the financial performance statement at the time of purchase.

h) Financial Instruments

(i) Financial Assets

Initial recognition and measurement

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the organization commits to purchase or sell the asset.

The National Museums of Kenya financial assets include cash and short-term deposits; trade and other receivables.

Derecognition

The organization derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when; The rights to receive cash flows from the asset have expired or is waived, the organization has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the organization has transferred substantially all the risks and rewards of the asset; or (b) the organization has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit as appropriate. The National Museums of Kenya determines the classification of its financial liabilities at initial recognition.

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

The organization's financial liabilities include trade and other payables, bank overdrafts, financial guarantee contracts.

i) Employee Benefits

(i) Short Term

NMK has employees who carries out day-to-day operations and are entitled to salaries and allowance. The organization recognises these salaries and allowances as expenses, which are charged to financial performance statement.

(ii) Retirement Benefits

NMK operates a defined contribution staff Retirement Benefit Scheme for its employees. The Scheme is administered by Insurance Company of East Africa and is funded by contribution from both NMK and the employees. It also pays gratuity to staff on contract. NMK's contribution is charged to the financial performance statement in the year to which they relate. NMK also contributes to a statutory defined scheme; the National Social Security Fund (NSSF) contributions are determined by local statute and are currently vary according to basic salary per employee per month.

j) Nature and Purpose of Reserves

(a) Capital Reserve

The organization creates and maintains reserves in terms of specific requirements. National Museums of Kenya has capital reserves and revaluation reserves. Reserves are monies budgeted, collected and set aside for replacement or deferred maintenance to the capital improvements. Boards establish reserve accounts for the future replacement or deferred maintenance of the common areas.

Reserve funds enable the organization to maintain the common areas with a reduced risk of special assessments and minimize the impact of financial challenges. The fund establishes

and preserves reserves for a strong financial position to meet future expenditures and reduce the potential for reduction in property values.

(b) Revenue Reserve

A reserve, which is created out of the revenue profit, is called revenue reserve. Revenue profit is earned in the normal course of the business. Revenue reserve refers to the undistributed revenue profit. It is created for strengthening the financial position, replacing depreciable assets, redeeming liabilities and conducting research and development functions.

(c) Revaluation Reserve

A revaluation reserve is an increase in the value of fixed assets. Asset revaluation reserve is an accounting concept and represents a reassessment of the value of a capital asset as at a particular date. The reserve is considered a category of the equity of the entity. An asset is originally recorded in the accounts at its cost and depreciated periodically over its estimated useful life as a measure of the amount of the assets value consumed in that period. In practice, the actual useful life of an asset can be miscalculated or an event can cause a change to the useful life. Consequently, assets occasionally need to be revalued in order to reflect a closer approximation to their "worth" in the accounts. When the asset is revalued, the offsetting entry (in a double entry accounting system) would be made either to the profit or loss accounts or to the equity of the entity.

k) Branches

The regional stations reports are incorporated in these financial statements.

l) Translation of Foreign Currency

Translations in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities, which are expressed in foreign currency, are translated into "Kenya Shillings" at rates ruling at the date in the financial position statement. The resulting difference from the conversion and translation are dealt with in the financial performance statement in year, which they arise.

m) Research and Development

Research and Development expenses are expensed through Financial Performance statement in the year are incurred.

n) Budget Information

The annual budget for the period 2021/2022 was prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity 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.

o) Related Parties

The National Museums 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 organization, or vice versa. Members of key Management are regarded as related parties and comprise the Directors Executive Team.

p) Comparative Figures

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

q) Provisions

Provisions are recognized when the organization 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.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

r) 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 various commercial banks 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 officers, which were not surrendered or accounted for at the end of the financial year.

s) Inventories

Inventory is measured at the lower of cost and net realizable value.

t) Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

Useful Lives and Residual Values

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

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

u) 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.

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3(a) Transfers from Government Entities

Description	2021-2022	2020-2021
	KShs	KShs
Unconditional grants		
Operational Grant -Recurrent	1,384,010,000	996,210,000
-Development	19,100,000	15,300,000
Sport Fund – Recurrent	244,696,554	54,037,592
- Development	101,509,747	154,027,100
Tourism Fund	124,789,414	
Total	1,874,105,715	1,219,574,692

3(b) Transfers from Ministries, Departments and Agencies

Name of the Entity Sending the Grant	Amount Recognized to Statement of Comprehensive Income Kshs	Amount Deferred Under Deferred Income Kshs	Amount Recognised in Capital Fund. Kshs	Total Grant Income During the Year Kshs	2020-2021 Kshs
Ministry of Sports	1,384,010,000	-	-	1,384,010,000	996,210,000
Ministry of Sports	393,000	16,428,856	2,278,144	19,100,000	210,303,507
Sport Fund	244,696,554	-	101,509,747	346,206,301	54,037,592
Tourism Promotion Fund	124,789,414	-	-	124,789,414	-
Total	1,753,888,968	16,428,856	103,787,891	1,874,105,715	1,260,551,099

4. PROJECT INCOME

	2021-2022	2020-2021
	Kshs.	Kshs.
Project Income HQ	243,687,114	143,683,999
Project Admin Income	6,381,540	3,243,797
Project income IPR	100,989,801	125,633,820
Total	351,058,455	272,561,616

5. OTHER INCOMES

Admission fee	142,890,334	46,010,998
Rental income	16,982,207	13,676,785
Sale of publications and artifacts	6,594,053	1,537,756
Sale of soft drinks	402,310	283,864
Sale of casts	5,662,404	4,158,260
Sundry income	29,667,582	36,610,192
Total	202,198,890	102,277,855

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6. EMPLOYEE COSTS	2021-2022	2020-2021
	Kshs.	Kshs.
Salaries	1,050,678,625	944,816,715
Gratuity and pensions	186,619,990	112,286,291
Medical	54,593,057	54,373,858
Training	30,445,323	27,127,279
Staff welfare and uniforms	3,074,282	2,549,211
Total	1,325,411,277	1,141,153,354
7. DEPRECIATION EXPENSE		
Property , plant and equipment(note 14)	43,820,508	46,306,572
Total	43,820,508	46,306,572
8. REPAIRS AND MAINTENANCE		
Vehicle expenses- Maintenance/spares	7,168,926	10,229,453
Equipment repairs and maintenance	3,135,546	13,225,641
Maintenance of buildings	15,711,203	15,695,145
Maintenance of monuments	5,683,828	13,557,727
Cage maintenance	143,600	97,832
Total	31,843,103	52,805,798
9. BOARD OF DIRECTORS EXPENSES		
Lunch	230,000	262,000
Phone Expenses	35,000	60,000
Insurance	3,368,381	2,662,817
Sitting allowance	3,040,000	5,600,000
Accommodation/per diem	1,001,000	1,874,600
Air fare	131,005	109,680
Car Hire	-	-
Board meeting Expenses	306,694	857,755
Mileage	695,499	685,376
Honoraria for Chairman	560,000	960,000
Total	9,367,579	13,072,228

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	2021-2022	2020-2021
	Kshs.	Kshs.
10. GENERAL EXPENSES		
Administrative costs	23,885,649	33,312,728
Transport and travel expenses	163,569,648	157,739,593
Contracted professional services	35,666,256	15,075,263
Office and other expenses	139,783,601	193,690,430
Advertising and publicity	5,261,510	18,488,900
Telephone and postage	19,613,881	11,316,779
Electricity and water	19,130,119	23,207,259
Purchases and other direct inputs	81,254,597	178,004,912
Total	488,165,261	630,835,864
11. CASH AND CASH EQUIVALENTS		
Description		
Current accounts	543,829,736	88,497,181
Others(cash at hand)	13,000	10,050
Total	543,842,736	88,507,231
Bank overdraft (note 16)	(114,846,330)	-
Cash and Cash Equivalent	428,996,406	88,507,231

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11(a). Detail Analysis of the cash and cash equivalents

Financial Institution	Account Number	2021-2022	2020-2021
		Kshs.	Kshs.
a) Current Account			
Nairobi Museum, SCB Westland	0108035107801	172,882	246,675
Recurrent HQs, SCB	0108035107900	-	3,894,172
Development HQs, KCB	1106829379	3,449,819	2,774,598
Salaries, SCB Westland	0108033746400	4,791,436	10,596,096
Commercial , SCB Westland	0108035436500	4,726,775	654,052
Fund A/C, SCB Westland	0108034593700	1,774,755	1,788,195
Project HQs, SCB Westland	0108035107800	15,225,317	2,971,798
Lodwar, KCB Lodwar	1107592267	139,971	41,162
Karen Blixen Savings, SCB Karen	0152092944700	477,639	21,970
Dollar HQs, SCB Westland	8708035107900	3,730,158	208,230
Karen Blixen Recurrent, SCB Karen	0102044888600	372,682	462,979
Natural Products Industry HQs, SCB Chiromo	0108035107901	2,137,575	5,737,039
Sports Fund , KCB Lamu	1104778343	201,091,313	2,561,276
Recurrent IPR, SCB Karen	0102044700001	27,579,491	639,917
National Museum of Kenya HQs-Coop U/Way	1141174387800	10,000	-
Dollar IPR, SCB Karen	8702044700000	21,117,998	5,745,926
IPR Project, SCB Karen	0102044700000	-	8,289,338
CNHR Project A/C, SCB Karen	0102044700002	5,723,513	1,684,790
IPR MMUST, SCB Karen	0108044700000	664,555	2,876,532
IPR Predict, SCB Karen	0102044700004	44,500,001	29,322,466
IPR GCC ,SCB Karen	0102044700003	4,085,468	170,221
IPR Snake bit, SCB Westland	0108035107802	53,300,285	1,009,806
Fort Jesus, KCB Treasury SQ. Mombasa	1106548876	66,733	91,767
Fort Jesus Project, KCB	1106548809	19,939,617	3,606,741
Gede Ruins- KCB Malindi	1108000584	102,750	9,349
Lamu ,KCB Lamu	1104778173	19,139	120,845
Lamu Projects, KCB Lamu	1104778505	2,787,705	1,336,628
Meru, SCB Meru	0102063108500	-	12,940
Kapenguria, KCB Kapenguria	1106216474	71,813	72,694
Baringo, KCB Kabarnet	1103642324	5,369	1,616
Kisumu, SCB Kisumu	0102055059500	9,062	461,079
Narok, KCB Narok	1107720796	124,789,135	126,497
Nakuru Hyrax, SCB Nakuru	0152054858500	958,158	958,158
Kitale, SCB Kitale	0102036056900	8,622	1,629
TOTAL		543,829,736	88,497,181

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11 (b) Others (Cash at Hand)

STATION	30 JUNE 2022	30 JUNE 2021
	Kshs.	Kshs.
Headquarters	-	-
Nairobi Museum	-	-
IPR	200	5,650
Lamu Museum	-	-
Fort Jesus Museum	-	-
Mombasa Butterfly House	-	-
Gede museum	-	-
Jumba La Mtwana	-	-
CFCU	-	-
RISSEA	-	-
Karen Blixen Museum	-	-
Kisumu Museum	-	-
Meru Museum	-	-
Kitale Museum	-	-
Nairobi Gallery	-	-
Jumba La Mtwana	-	-
Uhuru Gardens	-	-
Maralal	-	-
Narok	-	-
Kabarnet	-	-
Koobi For a	-	-
Kapenguria	-	-
Ologesaille	12,800	4,400
TOTAL	13,000	10,050

12. (a) CURRENT RECEIVABLES

Description	2021-2022 Kshs.	2020-2021 Kshs.
Trade Receivables	11,131,971	11,474,523
Prepayments	3,697,504	3,697,504
Deposits	1,507,368	1,507,368
Total	16,336,843	16,679,395

12 (b) CURRENT RECEIVABLES

Description	2021-2022 Kshs.	2020-2021 Kshs.
Staff Debtors	214,131,956	21,610,060
GOK Grant	87,000,840	10,000,000
Total	301,132,796	31,610,060

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13. INVENTORIES

Description	2021 – 2022	2020 – 2021
	Kshs.	Kshs.
Publications	511,738	558,984
Crafts	338,709	309,095
Soft drinks	33,553	10,803
Total	884,000	878,882

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14 WORK IN PROGRESS, PROPERTY, PLANT AND EQUIPMENT

	PROPERTY		PLANT AND EQUIPMENT				TOTAL
	LAND	BUILDINGS	WORK IN PROGRESS	FURNITURE	COMPUTERS	VEHICLES	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
COST/ VALUATION							
As at 1st July, 2020	1,575,127,445	1,183,085,581	709,465,851	336,951,516	92,820,290	156,448,035	4,053,898,718
Additions during the year	-	-	185,881,099	13,349,803	4,911,471	5,820,000	209,962,373
Completed works during the year	-	-	-	-	-	-	-
As at 30th June 2021	1,575,127,445	1,183,085,581	895,346,950	350,301,319	97,731,761	162,268,035	4,263,861,091
DEPRECIATION							
As at 1st July 2020	-	163,141,495	-	190,319,783	72,572,937	105,582,733	531,616,948
Charge for the Year	-	10,199,441	-	18,328,967	5,061,838	12,716,326	46,306,572
As at 30th June, 2021	-	173,340,936	-	208,648,750	77,634,775	118,299,059	577,923,520
COST/ VALUATION							
As at 1st July, 2021	1,575,127,445	1,183,085,581	895,346,950	350,301,319	97,731,761	162,268,035	4,263,861,091
Additions during the year	-	-	131,385,552	16,338,483	6,441,185	6,892,788	161,058,008
Adjustment during the year	-	-	(2,250,000)	-	-	-	(2,250,000)
As at 30th June 2022	1,575,127,445	1,183,085,581	1,024,482,502	366,639,802	104,172,946	169,160,823	4,422,669,099
DEPRECIATION							
As at 1st July 2021	-	173,340,936	-	208,648,750	77,634,775	118,299,059	577,923,520
Charge for the Year	-	10,097,446	-	17,706,571	5,024,247	10,992,244	43,820,508
As at 30th June 2022	-	183,438,382	-	226,355,321	82,659,022	129,291,303	621,744,028
NET BOOK VALUES							
As at 30th June, 2022	1,575,127,445	999,647,199	1,024,482,502	140,284,481	21,513,924	39,869,520	3,800,925,071
NET BOOK VALUES							
As at 30th June, 2021	1,575,127,445	1,009,744,645	895,346,950	141,652,569	20,096,986	43,968,976	3,685,937,571

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15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2021-2022	2020-2021
	Kshs.	Kshs.
Trade payables	163,062,003	180,232,501
Payments received in advance	1,338,000	1,338,000
Other payables	172,750,433	76,054,264
Third party payments	57,376,262	19,224,916
Total	394,526,698	276,849,681

Third party payments relate to staff deductions made and have not yet been submitted to respective Sacco's and welfares as at 30th June 2022.

16. BANK OVERDRAFT

Financial Institution	Account Number	2021-2022	2020-2021
		Kshs.	Kshs.
Current Account			
Recurrent HQs, SCB	0108035107900	3,599,899	-
IPR Project, SCB Karen	0102044700000	111,245,626	-
Meru, SCB Meru	0102063108500	805	-
TOTAL		114,846,330	

17. (a) DEFERRED GOVERNMENT GRANT

	2021-2022	2020-2021
Balance b/fwd.	300,128,396	341,104,803
G.o.K Development Grant received	120,609,747	169,327,100
Less amount spent 17(b)	(137,371,663)	(210,303,507)
Total	283,366,480	300,128,396

17. (b) Capital expenditure	131,385,551	185,881,099
Revenue expenditure	5,986,112	24,422,408
Total	137,371,663	210,303,507

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18. PROJECT DEPOSITS

Opening balance	123,231,613	172,216,219
Add receipts during the year	431,538,083	223,577,010
Total Deposits	554,769,696	395,793,229
Less expenditure (4)	351,058,455	272,561,616
Balance c/f	203,711,241	123,231,613

The project revenue is funds from various donors used for research activities carried out by NMK Scientists

19. RELATED PARTY DISCLOSURES

These financial statements include the financial statements of the organization

(a) Related Party Transactions		2021-2022	2020-2021
Transfers from Ministry of Sports, Culture and the Arts	Recurrent Development	1,384,010,000	996,210,000
Transfers from Sports, Arts & Social Development Fund	Recurrent Development	19,100,000	15,300,000
Tourism Promotion Fund	Development	244,696,554	54,037,592
		101,509,747	154,027,100
Total		124,789,414	-
		1,874,105,715	1,219,574,692

(b) Key Management Personnel

The key management personnel, as defined by IPSAS 20 Related Party Disclosures, are the members of Director's Executive Team. The total remuneration of members of Director's Executive Team, on a full-time basis, receiving remuneration from the Organization is:

	2021-2022	2020-2021
	Kshs.	Kshs.
Key Management Remuneration	38,932,075	32,912,466
Total	38,932,075	32,912,466

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19. COMMITMENTS AND CONTINGENCIES

Capital Commitments

The organization in this financial year has no capital commitments. At the year end, the organization had the following contingent liabilities. National Social Security Fund (N.S.S.F) arrears amounting to Kshs. 169,758,078 which relates to unpaid contributions of Kshs, 14,543,360 being principal amount that was paid before Financial Year end and accrued interest penalty of Kshs. 155,214,718 as tabulated by NSSF remains unsettled. Also pension arrears accrued previous interest amounting to Kshs. 352,138,375 which relates to previous accumulated interest of Kshs. 296,282,613 and accrued interest penalty during the year of Kshs. 55,855,762

The organization was not able to settle all historical pending bills for recurrent and development as directed by The National Treasury due to the covid-19 pandemic, which at year-end stood at Kshs. 105,498,158 and Kshs. 57,563,845 respectively and are likely to attract penalties and litigations.

Operating Lease Rentals

The National Museums of Kenya has no operating lease rentals for the financial year 2021/2022.

20. FINANCIAL RISK MANAGEMENT POLICIES

The National Museums of Kenya's financial risk management objectives and policies are as detailed below:

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2 to the financial statements.

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Financial Risk Management Objectives

The organizations activities expose it to a variety of financial risks including credit risk, liquidity risks, interest rate and the effects of changes in foreign currency rates. The National Museums of Kenya's overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

Interest Rate Risk

The interest rate risk exposure arises mainly from interest rate movements on the company's cash balances.

At 30 June 2022, if the interest rates on the bank balances had decreased/increased by 5 percentage points with all other variables held constant, the impact on surplus for the year would have been Kshs. 21,449,820 (2021: Sh. 4,425,362) higher/lower.

There has been no change to the company's exposure to interest rate or the manner in which it manages and measures the risk.

Credit Risk Management

The organization's credit risk is primarily attributable to its other receivables and bank balances.

The amounts of receivables presented in the statement of financial position, estimated by the organization's management based on prior experience and their assessment of the current economic environment.

The credit risk on receivables is limited because the organization does not rely on them.

The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit ratings.

The amount that best represents the organization's maximum exposure to credit risk as at 30 June 2022 is as follows:

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	Fully Performing Kshs.	Past Due Kshs.	Total Kshs.
Bank Balances	428,996,406	-	428,996,406
Trade Receivables	16,336,843	-	16,336,843
Staff Debtors	214,131,956		214,131,956
Total	659,465,205		659,465,205

The amount that best represents the Centre's maximum exposure to credit risk as at 30 June 2021 is as follows:

	Fully Performing Kshs.	Past Due Kshs.	Total Kshs.
Bank Balances	88,507,231	-	88,507,231
Trade Receivables	11,458,195	-	11,458,195
Staff Debtors	21,610,060		21,610,060
Total	121,575,486		121,575,486

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Management, who have built an appropriate framework. The organization manages liquidity risk by maintaining enough required funds for its operations through continuous monitoring of forecast and actual cash flows. The table below shows the maturity analysis of the financial liabilities that affect liquidity:

As at 30 June 2022

	Less than 1 Year Kshs.	Over 1 Year Kshs.	Impaired Kshs.	Total Kshs.
Payables	64,111,635	-	-	64,111,635
Payables	-	98,950,368	-	98,950,368
Total	64,111,635	98,950,368		163,062,003

As at 30 June 2021

	Less than 1 Year Kshs.	Over 1 Year Kshs.	Impaired Kshs.	Total Kshs.
Payables	95,279,180	-	-	95,279,180
Payables	-	181,570,501	-	181,570,501
Total	95,279,180	181,570,501	-	276,849,681

Exchange risk

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The National Museums of Kenya holds some of its bank balances in foreign currency. The fluctuations in currency exchange rates result in changes in the value of the monetary assets denominated in foreign currency hence expose the Centre to the risk of incurring exchange losses. The monetary assets held in foreign currency are closely monitored to ensure that they are not materially affected by adverse foreign currency fluctuations. There are no other foreign currencies denominated financial assets or liabilities.

At year end, the foreign currency bank account had the following balance:

	AMOUNT	AMOUNT
	In foreign Currency \$	Kshs.
At 30 June 2022		
US dollar bank account HQs	12,862.76	3,730,157
Us dollar bank account IPR	221,661.16	21,117,998
At 30 June 2021		
US dollar bank account HQs	2,021.65	208,230
US dollar bank account IPR	54,497.04	5,745,926

As at 30 June 2022, an increase/decrease of 10% in the Dollar exchange rates to the Kenya Shilling would have resulted in an increase/decrease in the deficit for the year of Kshs. 2,484,816 (2021 Kshs. 595,416).

Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2021 – 2022	2020 – 2021
	Kshs.	Kshs.
Revaluation Reserve	14,635,150	14,635,150
Retained earnings	(7,592,127)	(421,723,823)
Capital Reserve	3,659,627,673	3,530,492,122
Total funds	3,666,670,696	3,123,403,449
Total borrowings	-	-
Less: Cash and bank balances	428,996,406	88,507,231
Net debt (Excess cash and cash equivalents)	428,996,406	88,507,231

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1. The financial statements reflect material difference between the budget and actual amounts. The internal revenue target as approved in the revised budget estimates was surpassed due numbers of visitors that gradually increased during the year.

Depreciation, repair and maintenance were within the approved budgetary allocation as well as repairs and maintenance while employee costs exceeded approved estimates as a result of increased salaries, pensions, National Social Security and research allowances. repairs on equipment, buildings and motor vehicles as well as rehabilitation of sites and monuments activities due to funding by the Sports, Arts and Social Development Fund.

The general expenses exceeded ceilings due to increase in rehabilitation of sites and monuments activities due to funding by the Sports, Arts and Social Development Fund.

In relation to Board Expenses, overall, they were within budgetary allocation. The savings on budgetary allocation was as a result of fewer meetings held during the year.

2. Changes from original budget are a consequence of government variations through normal budgetary process for both recurrent and development grants. Subsequently, a number of other factors that affect our internal revenue generation also results to alterations in budget to enable the organization to continue with its operations with minimal interruptions.

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21. 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 for 2018/2019 Financial Year. The nominated focal persons resolved the various issues as shown below with the associated period within which we expect the issues to be resolved.

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 issue to be resolved)
2019/2020 1	<p>Fraudulent Payment – Non-Recognition of Revenue</p> <p>As disclosed in Notes 3(a) and 5 to the financial statements, the statement of financial performance reflects revenue from non-exchange transactions amounting to Kshs. 1,890,979,358 which constitutes development grants from the State Department for Sports, Culture and Heritage amounting to Kshs. 41,000,000. However, examination of records revealed that the National Museums received an amount of Kshs. 10,000,000 through its bank account held at Standard Chartered Bank but the money was not received or reported in the financial statements. The State Department had disbursed the amount and requested the National Museums to pay on their behalf for media communication. The amount was paid to a local company but no records were availed to show how the company was procured and the services offered. It has not been explained</p>	<p>The Management would like to state that it carried out the exercise and filed returns to the State Department of Culture and Heritage to capture in their Financial Statement. Hence</p>	<p>Director General and Directors of NMK directorates.</p>	<p>i)The issue has been resolved.</p>	<p>Financial Year 2021/2022.</p>

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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 issue to be resolved)
2	<p>why the State Department for Sports, Culture and Heritage could not pay its creditors directly instead of seeking to pay through the National Museums and why Management made the payment without any supporting documents.</p> <p>In the circumstances, the validity of the payment amounting to Kshs. 10,000,000 could not be ascertained.</p> <p>REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</p> <p>As disclosed in Note 14 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs. 3,522,281,770 which includes land with a book value of Kshs. 1,575,127,445 which has not been valued since 1990s. However, as previously reported, the National Museum of Kenya has one hundred and fifty (150) parcels of land spread across the country, out of which only forty-three (43) parcels had title deeds. The remaining 107 parcels have no ownership documents.</p> <p>Further, the property plant and equipment net book value of Kshs. 3,522,281,770 includes heritage assets whose value could not be verified due to lack of fixed assets register. The National Museums has not disclosed the heritage assets that have future economic benefits or service potential other than their heritage value and those heritage assets whose future economic benefit or service potential is limited to their</p>	<p>captured in the National Museums of Kenya contra account ledger for reporting purpose.</p> <p>The Management has engaged the Ministry of Lands to have its assets revalued to address the issue.</p>	<p>Director General and Directors of NMIK directorates.</p>	<p>This has not been resolved.</p>	<p>Financial Year 2022/2023</p>

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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 issue to be resolved)
1	<p>heritage characteristics. In addition, the National Museums has not disclosed their heritage assets matters such as the measurement basis, method used, gross carrying amount and accumulated depreciation at the end of the period.</p> <p>In addition, included in property, plant and equipment balance of Kshs. 3,522,281,770 is Work-In-Progress balance of Kshs. 709,465,851 as at 30 June, 2020. However, examination of records show that the construction works has been completed and the site handed over to National Museums of Kenya vide certificate of completion No. NMK/FJ/15/2016 AS AT 30 June, 2020. However, the total cost of the Sea Wall was still included in the work in progress. Consequently, it has not been possible to confirm whether property, plant and equipment balance of Kshs. 3,522,281,770 as at 30, June 2020 is fairly stated.</p> <p>PRIOR YEAR UNRESOLVED ISSUES</p> <p>Delayed Completion of Phase III Construction Works</p> <p>During the year under review, Management awarded a contract to a construction firm for construction of phase three of a boundary wall at its Headquarters at a contract sum of Kshs. 16,579,210 inclusive of VAT. The contract was set to</p>	<p>Management confirms delay of project completion</p>			

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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 issue to be resolved)
2	<p>expire within sixteen (16) weeks upon commencement of the work. However, the contract period had lapsed and the project was not complete as at 30 June, 2020. Consequently, value for money on this project may not have been obtained.</p> <p>Delayed Construction of Ablution Block at the Institute of Primate Research</p> <p>The National Museums of Kenya awarded a contract for the construction of an ablution block at the Institute of Primate Research in Karen at a contract cost of Kshs. 4,310,000. According to the contract documents, the contract was to take a period of 12 weeks from 8 July, 2019 to 7 October, 2019. Included in property, plant and equipment net book value of Kshs. 709,465,851 is Kshs. 2,044,178 being the second certificate payment made to the firm. However, in a letter dated 7 October, 2019, the contractor requested for an extension period of 8 weeks citing extra works done on an alternative access route to enable heavy vehicles passage with materials to the site.</p> <p>Review of the progress on 20 January, 2020 revealed that the project was largely incomplete while the total amount of work certified as at 30 June, 2020 was Kshs. 5,001,150</p>	<p>due to financial challenges.</p>	<p>Director General and Directors of NMK Directorates</p> <p>Director General and Directors of NMK Directorates</p>	<p>Not yet resolved</p> <p>Not yet resolved</p>	<p>This may take time to be resolved.</p> <p>Financial Years 2021/2022</p>

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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 issue to be resolved)
3	<p>exceeding the contract sum of Kshs. 691,150 for which no authorization document was provided for audit review. Consequently, value for money on the expenditure Kshs. 2,044,178 could not be established.</p> <p>Proposed construction of Vasco Da Gama Pillar sea wall</p> <p>During the year under review, the National Museums of Kenya entered into contract with a local firm to carry out environmental and social impact assessment on the proposed construction of Vasco Da Gama Pillar Sea Wall at a contract sum of Kshs. 3,420,000 inclusive tax for a contract period of one (1) month. Management made an advance payment of Kshs. 1,710,000 to the firm. However, the authenticity of the advanced could not be ascertained due to the fact that National Museums of Kenya did not advertise for the services nor make use of any prequalified suppliers contrary to the public procurement and assets Disposal Act,2015.</p>	<p>The Professional Service providers were sourced from the NEMA approved list of experts at the Coastal region</p>	<p>Director General and Directors of NMK directorates.</p>	<p>Resolved</p>	<p>Financial Year 2019/2020</p>
4	<p>In the circumstances, Management is in breach of the law.</p> <p>Loss of Revenue</p> <p>As previously reported, on July, 2017, the National Museums of Kenya evicted all the tenants from their building, Ndemi</p>	<p>The Board of Directors</p>			

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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 issue to be resolved)
5	<p>flats, to enable for repairs works to be undertaken. At the time of the eviction, the monthly rental income was estimated at Kshs. 850,000. However, the building has remained vacant for over four (4) years resulting to a loss estimated loss of Kshs. 40,800,000 as at 30 June, 2020. The building continues to deteriorate through wear and tear due to natural weathering and disuse. It has not been explained why Management evicted the tenants without undertaking planning adequately for the commencement of the repair works.</p> <p>In the circumstances, the existence of effective assets management policy to safeguard and manage public resources cannot be established.</p> <p>Long Outstanding Receivables from Exchange Transactions</p> <p>As disclosed in Note 12(a) to the financial statements, the statement of financial position reflects receivables from exchange transactions amounting to Kshs. 20,065,402 which includes trade receivables of Kshs. 8,391,777 out of which Kshs. 7,303,397 have been outstanding for long time with some dating back to 2013/2014 financial year. No provision appears to have been made for doubtful debts.</p>	<p>resolved to sell the flats. However, the management has not yet received approvals required from other state organs to enable disposal to take place.</p> <p>The Management has made efforts to recover the funds by sourcing a</p>	<p>NMK Board of Directors, Director General and Directors of NMK directorates.</p> <p>Director General and Financial Controller</p>	<p>Not yet resolved</p> <p>This has been resolved</p>	<p>This may take time to be resolved.</p> <p>Financial Year 2021/2022</p>

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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 issue to be resolved)
6	<p>Consequently, the recoverability of the receivables from exchange transactions of Kshs. 7,303,397 as at 30 June, 2020 could not be confirmed.</p> <p>Trade and other payables</p> <p>As disclosed in Note 15 to the financial statements the statement of financial position reflects a balance of Kshs. 130,482,003 in respect of trade and other payables which includes outstanding bills amounting Kshs.33,335,805 with some dating far back to 2010.No explanation was given why the bills were not cleared during the year which they relate. Further, the balance includes an amount of Kshs. 34,439,410 which was explained as retention fee for contractors for projects dating back to 2012.</p>	debtor collector.	Director General and Directors of NMK Directorates	Partially resolved	Financial Year 2021/2022
7.	<p>Fixed Asset Register</p> <p>As disclose in Note 14 to the financial statements, property, plant and equipment balance of Kshs. 3,522,281,770 includes an amount of Kshs. 3,384,329,303 being the opening net book value of the fixed assets. However, Management did not provide an asset register disclosing the items description, location, serial number, date purchased, source, cost price, additions, depreciations and disposal to</p>	The Management embarked on settling the historical bills and hope to clear them gradually.	The Management embarked on review of the SunSystem to ensure it		

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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 issue to be resolved)
	<p>enable their verification. Further, schedules to support the opening balances were not availed for audit verification.</p> <p>Further, the Enterprise Resource Planning used for inventory management could not generate customized reports with contents like assets acquired, acquisition cost and acquisition date, assets disposal and value disposed, assets revalued and the revaluation amount to support the assets balances. The system depreciates the fixed asset from date of purchase which is contrary to the policy as disclosed in the financial statements where newly acquired assets are not depreciated in the year of purchase.</p> <p>Consequently, the existence of an effective assets management system capable of safeguarding and the assets cannot be established.</p>	discloses the information required as far as asset register is concerned.	Director General and Directors of NMK Directorates	Resolved	Current Financial Year 2021/2022
2020/2021 1.	<p>Understated Property Plant and Equipment</p> <p>The Statement of financial position reflects Kshs. 3,685,937,571 in respect of property, plant and equipment which, as disclosed in Note 14 to the financial statements, includes land with a book value of Kshs. 1,575,127,445 which has not been valued since 1990. As previously reported, the National Museums of Kenya has one hundred and fifty (150)</p>	The Management has engaged the Ministry of Lands to have its assets	Director General and Directors of NMK directorates.	This has not yet been resolved.	Current Financial Year 2022/2023

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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 issue to be resolved)
	<p>parcels of land spread across the country, out of which only forty-three (43) parcels had title deeds and the remaining 107 parcels have no ownership documents.</p> <p>Further, the property, plant and equipment net book value of Kshs. 3,685,937,571 includes heritage assets whose value could not be verified due to lack of a fixed assets register. The National Museums of Kenya has not disclosed the heritage assets that have future economic benefits or service potential other than their current heritage value and those heritage assets whose future economic benefit or service potential is limited to their heritage characteristics.</p> <p>In addition, no disclosure has been made on other heritage assets such as the measurements basis, method used, gross carrying amount and accumulated depreciation at the end of the year.</p> <p>In the circumstances, the accuracy and completeness of Property, Plant and Equipment of Kshs. 3,685,937,571 as at 30 June, 2021 could not be confirmed.</p>	<p>revalued to address the issue.</p>			

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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 issue to be resolved)
2.	<p>Long outstanding Trade and other Payables</p> <p>The statement of financial position reflects trade and other payables from exchange transactions totaling to Kshs. 276,849,681 as disclosed in Note 15 to the financial statements. Review of the documents and schedules provided for audit reflected an amount of Kshs. 61,639,784 in respect to outstanding bills, some dating as far back as the financial year 2006/2007. No explanation was given as to why the bills were not cleared during the year under review despite the corporation reporting a cash and cash equivalent of Kshs. 88,507,231 as at 30 June 2021.</p>	<p>The Management has embarked on settling the historical bills and hope to clear them gradually.</p>	<p>Director General and Directors of NMK directorates.</p>	<p>This is ongoing hence not yet resolved.</p>	<p>Current Financial Year 2023/2024</p>
3.	<p>Uncertainty to Sustainability of Services.</p> <p>The statement of financial position reflects current liabilities of Kshs. 27,849,681 against current assets of Kshs. 137,675,568 resulting to a negative working capital of Kshs. 139,174,113. Further, the Corporation recorded a deficit of Kshs. 434,664,345 which depleted revenue reserves from 12,940,522 to negative 421,723,823 as reflected in the statement of changes in the net assets. This precarious</p>	<p>The Management has put in place measures help address the financial position of the organisation by mandating the</p>	<p>Director General and Directors of NMK directorates.</p>	<p>The implementation is in place to resolve the issue raised.</p>	<p>Current Financial Year 2022/2023</p>

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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 issue to be resolved)
	<p>financial position has not been disclosed in the financial statements.</p> <p>The Corporation is therefore not in a position to meet its current financial obligations as the fall due and largely depends on creditors and Governments grants to meet its day to day operations.</p> <p>Other Matter Budgetary Control and Performance The statement of comparison of budget and actual amounts reflects final budget and actual on comparable basis of Kshs. 1,336,810,000 and Kshs. 1,884,174,816 respectively, resulting to an over expenditure of Kshs. 547,363,816 or 41% of the budget. The National Treasury/Board approval was not provided to justify the over-expenditure.</p>	<p>directorates to comply to their work plan and performance targets as well as prioritizing their needs subject to availability of resources.</p> <p>The Management has put in place measures help address the financial challenges to operate within its approved budget,</p>	<p>Director General and Directors of NMK directorates.</p>	<p>Resolved</p>	<p>Financial Year 2022/2023</p>

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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 issue to be resolved)
1.	<p>Prior Year Audit Matters</p> <p>In the audit report of the previous year, a number of issues were raised under the report on financial statements. However, Management has not resolved the issues nor disclosed all the prior year matters as required by the reporting templates.</p> <p>Stalled Fort Jesus UNESCO World Heritage Site Mombasa County</p> <p>The contract was awarded to a local Company at a contract sum of Kshs. 226,022,710. The project commenced on 3 September, 2020 with a completion date of 3 March 2021 which as then revised twice to 3 June, 2021 (39 weeks) 15 September, 2021 (53 weeks). It was noted that both of these periods has already lapsed, and still the works are yet to be completed. Further, the company was paid a total of Kshs. 108,365,552 by the end of the period under review.</p> <p>Audit verification in the month of February, 2022 indicated that the following works were outstanding;</p> <ol style="list-style-type: none"> i. A football pitch; the public works officer informed the team that there was presidential directive to have an ablation block built on the pitch. Excavations had been done but the ablation block had not been built. 	<p>The Management would like to state that the delay in release of funds led to slow pace of the project by the time of the audit. However, the management would like to confirm that the project is</p>	<p>Director General and Directors of NMMK directorates.</p>	<p>Resolved</p>	<p>Financial Year 2022/2023</p>

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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 issue to be resolved)
	<ul style="list-style-type: none"> ii. Lower garden retaining wall (Centre portion) iii. Lower garden ramp (slab and balustrades) iv. Play structures installation (sand, picket fence and play structure set up) v. Irrigation fittings and pump installation vi. Ablution block plumbing fittings installation vii. Ablution block internal doors supply and installation viii. Lower garden landscaping (grassing and ground covers) ix. Lower garden storm water drainage x. Supply of garden waste receptacle. xi. Installation of garden lights and CCTV xii. Pump house and water tank plinth xiii. Concrete wall at the ends of the sea wall to lower gardens <p>The contractor was not on site and had not been on the ground since December 2021.</p> <p>In the circumstances, the delay in completion of the project may result in cost escalation and the public may not get value for money of Kshs. 108,365,552 already paid.</p>	<p>now complete and handed over as the contractor addresses the snag list during the defect liability period.</p>			

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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 issue to be resolved)
2.	<p>Poor Construction of the Proposed Vasco Da GAMA Seawall and Concrete Repairs</p> <p>The project commenced on 25 May, 2020 and was supposed to be completed on 10 May, 2021 at a contract sum of Kshs. 59,349,235. Although the contractor had finished the works and handed over the project to National Museums of Kenya, audit verification during the month of February revealed that the pavement on the eastern wall had cracked and part of the ground has sunk, casting doubt whether the side has been filled with gunny bags or selected boulders as proposed in the Bills of Quantities. In addition, the central walk way pavement concrete had cracked.</p> <p>In addition, as per the Bills of Quantities, 40 feet containers and furniture of Kshs500,000 and Kshs, 200,000 respectively, initially acquired for the resident engineer's use were to revert to the employer. However, it was established that the container and furniture had not been handed over to the National Museums of Kenya as indicated in the Bill of Quantities.</p> <p>Consequently, the poor workmanship could be indicative to a lack of supervision and disregard to desired value for money to the public.</p>	The Management	Director General and Directors of NMMK directorates.	Not yet resolved	Financial Year 2022/2023.

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XVII. Appendix 1: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the Funds	Date Received As Per Bank Statement	Nature: Recurrent/ Development	Total Amount – KES	Where Recorded/ Recognized						Total Transfers During the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - Must be Specific		
Ministry of Sports, Culture and Heritage	12.08.2021	Recurrent	286,002,500	286,002,500	-	-	-	-	-	286,002,500
Ministry of Sports, Culture and Heritage	04.11.2021	Recurrent	87,000,833.35	87,000,833.35	-	-	-	-	-	87,000,833.35
Ministry of Sports, Culture and Heritage	04.11.2021	Recurrent	87,000,833.35	87,000,833.35	-	-	-	-	-	87,000,833.35
Ministry of Sports, Culture and Heritage	23.11.2021	Recurrent	87,000,833.30	87,000,833.30	-	-	-	-	-	87,000,833.30
Ministry of Sports, Culture and Heritage	09.02.2022	Recurrent	87,000,830	87,000,830	-	-	-	-	-	87,000,830
Ministry of Sports, Culture and Heritage	04.03.2022	Recurrent	87,000,830	87,000,830	-	-	-	-	-	87,000,830

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Name of the MDA/Donor Transferring the Funds	Date Received As Per Bank Statement	Nature: Recurrent/ Development	Total Amount – KES	Where Recorded/ Recognized						
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - Must be Specific	Total Transfers During the Year	
Ministry of Sports, Culture and Heritage	14.04.2022	Recurrent	87,000,840	87,000,840	-	-	-	-	-	87,000,840
Ministry of Sports, Culture and Heritage	09.05.2022	Recurrent	87,000,830	87,000,830	-	-	-	-	-	87,000,830
Ministry of Sports, Culture and Heritage	24.05.2022	Recurrent	250,000,000	250,000,000	-	-	-	-	-	250,000,000
Ministry of Sports, Culture and Heritage	03.06.2022	Recurrent	87,000,830	87,000,830	-	-	-	-	-	87,000,830
Ministry of Sports, Culture and Heritage	01.07.2022	Recurrent	87,000,840	-	-	-	87,000,840	-	-	87,000,840
Ministry of Sports, Culture and Heritage	12.08.2021	Recurrent	25,050,000	25,050,000	-	-	-	-	-	25,050,000

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Name of the MDA/Donor Transferring the Funds	Date Received As Per Bank Statement	Nature: Recurrent/ Development	Total Amount – KES	Where Recorded/ Recognized						Total Transfers During the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - Must be Specific		
Ministry of Sports, Culture and Heritage	23.11.2021	Recurrent	25,050,000	25,050,000	-	-	-	-	-	25,050,000
Ministry of Sports, Culture and Heritage	14.03.2022	Recurrent	25,050,000	25,050,000	-	-	-	-	-	25,050,000
Ministry of Sports, Culture and Heritage	14.03.2022	Recurrent	25,050,000	25,050,000	-	-	-	-	-	25,050,000
Ministry of Sports, Culture and Heritage	24.06.2022	Development	19,100,000	393,000	2,278,144	16,428,856	-	-	-	19,100,000
Ministry of Sports, Culture and Heritage	12.08.2021	Recurrent	15,950,000	15,950,000	-	-	-	-	-	15,950,000
Ministry of Sports, Culture and Heritage	23.11.2021	Recurrent	8,333,333.35	8,333,333.35	-	-	-	-	-	8,333,333.35

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Name of the MDA/Donor Transferring the Funds	Date Received As Per Bank Statement	Nature: Recurrent/ Development	Total Amount – KES	Where Recorded/ Recognized						
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - Must be Specific	Total Transfers During the Year	
Ministry of Sports, Culture and Heritage	23.11.2021	Recurrent	8,333,333.35	8,333,333.35						8,333,333.35
Ministry of Sports, Culture and Heritage	23.11.2021	Recurrent	8,333,333.30	8,333,333.30						8,333,333.30
Ministry of Sports, Culture and Heritage	23.11.2021	Recurrent	15,950,000	15,950,000	-	-	-	-	-	15,950,000
Ministry of Sports, Culture and Heritage	18.02.2021	Recurrent	15,950,000	15,950,000	-	-	-	-	-	15,950,000
Ministry of Sports, Culture and Heritage	08.05.2022	Recurrent	15,950,000	15,950,000	-	-	-	-	-	15,950,000
Ministry of Sports, Culture and Heritage	09.09.2021	Recurrent	35,147,800	35,147,800	-	-	-	-	-	35,147,800

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Name of the MDA/Donor Transferring the Funds	Date Received As Per Bank Statement	Nature: Recurrent/ Development	Total Amount – KES	Where Recorded/ Recognized						Total Transfers During the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - Must be Specific		
Ministry of Sports, Culture and Heritage	05.10.2021	Development	58,883,247		58,883,247	-				58,883,247
Ministry of Sports, Culture and Heritage	17.12.2021	Development	26,924,026		26,924,026	-				26,924,026
Ministry of Sports, Culture and Heritage	01.03.2022	Development	15,702,474		15,702,474	-				15,702,474
Ministry of Sports, Culture and Heritage	31.03.2022	Recurrent	6,574,254	6,574,254	-	-				6,574,254
Ministry of Sports, Culture and Heritage	30.06.2022	Recurrent	202,974,500		-	202,974,500				202,974,500
Ministry of Tourism	28.06.2022	Recurrent	56,389,414	56,389,414						56,389,414
Ministry of Tourism and	28.06.2022	Recurrent	68,400,000	68,400,000						68,400,000

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Name of the MDA/Donor Transferring the Funds	Date Received As Per Bank Statement	Nature: Recurrent/ Development	Total Amount – KES	Where Recorded/ Recognized					Total Transfers During the Year	
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - Must be Specific		
Wildlife Services										
Total			1,998,105,715	1,587,913,628	103,787,891	219,403,356	87,000,840			1,998,105,715



Ag. Director General
Date: 20th March 2023.

NATIONAL MUSEUMS OF KENYA
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8. Appendix 2: INTER-ENTITY TRANSFERS

ENTITY NAME: NATIONAL MUSEUMS OF KENYA			
Breakdown of Transfers from the State Department of Sports, Culture and Heritage			
FY 21/22			
a. Recurrent Grants			
HEADQUARTERS	Bank Statement Date	Amount (Kshs)	Indicate the FY to Which the Amounts Relate
Ministry of Sports, Culture and Heritage	12.08.2021	286,002,500	2021/2022
Ministry of Sports, Culture and Heritage	04.11.2021	87,000,833.35	2021/2022
Ministry of Sports, Culture and Heritage	04.11.2021	87,000,833.35	2021/2022
Ministry of Sports, Culture and Heritage	23.11.2021	87,000,833.30	2021/2022
Ministry of Sports, Culture and Heritage	09.02.2022	87,000,830	2021/2022
Ministry of Sports, Culture and Heritage	04.03.2022	87,000,830	2021/2022
Ministry of Sports, Culture and Heritage	14.04.2022	87,000,840	2021/2022
Ministry of Sports, Culture and Heritage	09.05.2022	87,000,830	2021/2022
Ministry of Sports, Culture and Heritage	24.05.2022	250,000,000	2021/2022
Ministry of Sports, Culture and Heritage	03.06.2022	87,000,830	2021/2022
Ministry of Sports, Culture and Heritage	1.07.2022	87,000,840	2021/2022
Ministry of Sports, Culture and Heritage	23.11.2021	8,333,333.35	2021/2022

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Ministry of Sports, Culture and Heritage	23.11.2021	8,333,333.30	2021/2022
Ministry of Sports, Culture and Heritage	23.11.2021	8,333,333.35	2021/2022
Total		1,344,010,000	
b. Other Recurrent Grants			
Natural Products Industry			
Ministry of Sports, Culture and Heritage	12.08.2021	25,050,000	2021/2022
Ministry of Sports, Culture and Heritage	23.11.2021	25,050,000	2021/2022
Ministry of Sports, Culture and Heritage	14.03.2022	25,050,000	2021/2022
Ministry of Sports, Culture and Heritage	14.03.2022	25,050,000	2021/2022
Institute of Primate Research			
Ministry of Sports, Culture and Heritage	12.08.2021	15,950,000	2021/2022
Ministry of Sports, Culture and Heritage	23.11.2021	15,950,000	2021/2022
Ministry of Sports, Culture and Heritage	18.02.2021	15,950,000	2021/2022
Ministry of Sports, Culture and Heritage	08.05.2022	15,950,000	2021/2022
Total		164,000,000	
c. Development Grants			
Ministry of Sports, Culture and Heritage	28.10.2021	9,550,000	2021/2022
Ministry of Sports, Culture and Heritage	24.06.2022	9,550,000	2021/2022
Total		19,100,000	

The above amounts have been communicated to and reconciled with the Parent Ministry

Financial Controller
National Museums of Kenya



Sign

Head of Accounting Unit
State Department of Culture and Heritage

Sign-----

NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2022

CPA Geoffrey Namachanja
Date: 20th March, 2023

CPA Peter Kabebe
Date: 20th March, 2023

9. Appendix 3: INTER- ENTITY TRANSFERS

ENTITY NAME: NATIONAL MUSEUMS OF KENYA			
Break down of Transfers from the State Department of Sports.			
FY 21/22			
a. Recurrent Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to Which the Amounts Relate
Ministry of Sports, Culture and Heritage	09.09.2021	35,147,800	2021/2022
Ministry of Sports, Culture and Heritage	1.03.2022	6,574,254	2021/2022
Ministry of Sports, Culture and Heritage	30.06.2022	202,974,500	2021/2022
Total		244,696,554	
b. Development Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
Ministry of Sports, Culture and Heritage	15.10.2021	58,883,247	2021/2022
Ministry of Sports, Culture and Heritage	17.12.2021	26,924,026	2021/2022
Ministry of Sports, Culture and Heritage	01.03.2022	15,702,474	2021/2022
Total		101,509,747	

The above amounts have been communicated to and reconciled with the Parent Ministry

Financial Controller
National Museums of Kenya

Head of Accounting Unit
State Department of Sports.



Sign

Sign

NATIONAL MUSEUMS OF KENYA
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For the Year Ended June 30, 2022

CPA Geoffrey Namachanja
Date: 20th March, 2023

CPA Samson Ongalo
Date: 20th March, 2023

10. Appendix 3: INTER- ENTITY TRANSFERS

ENTITY NAME: NATIONAL MUSEUMS OF KENYA				Indicate the FY to which the amounts relate
Break down of Transfers from the State Department of Tourism.				
FY 21/22				
b.	Development Grants	Bank Statement Date	Amount (Kshs)	
	Ministry of Tourism	29.06.2022	56,389,414	2021/2022
	Ministry of Tourism	29.06.2022	68,400,000	2021/2022
	Total		124,789,414	

The above amounts have been communicated to and reconciled with the Parent Ministry

Financial Controller
National Museums of Kenya

Sign 
CPA Geoffrey Namachanja

Date: 20th March, 2023

Head of Accounting Unit
State Department of Tourism.

Sign -----
CPA John Makona

Date: 20th March, 2023