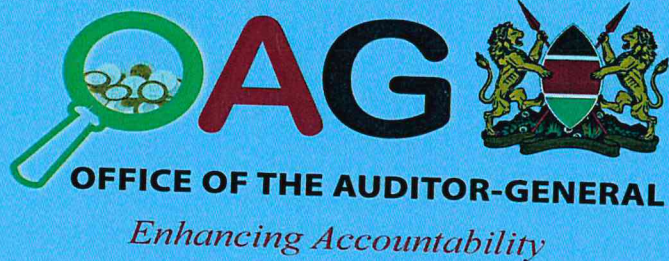



REPUBLIC OF KENYA



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**THE AUDITOR-GENERAL**

**ON**

**NATIONAL MUSEUMS OF KENYA**

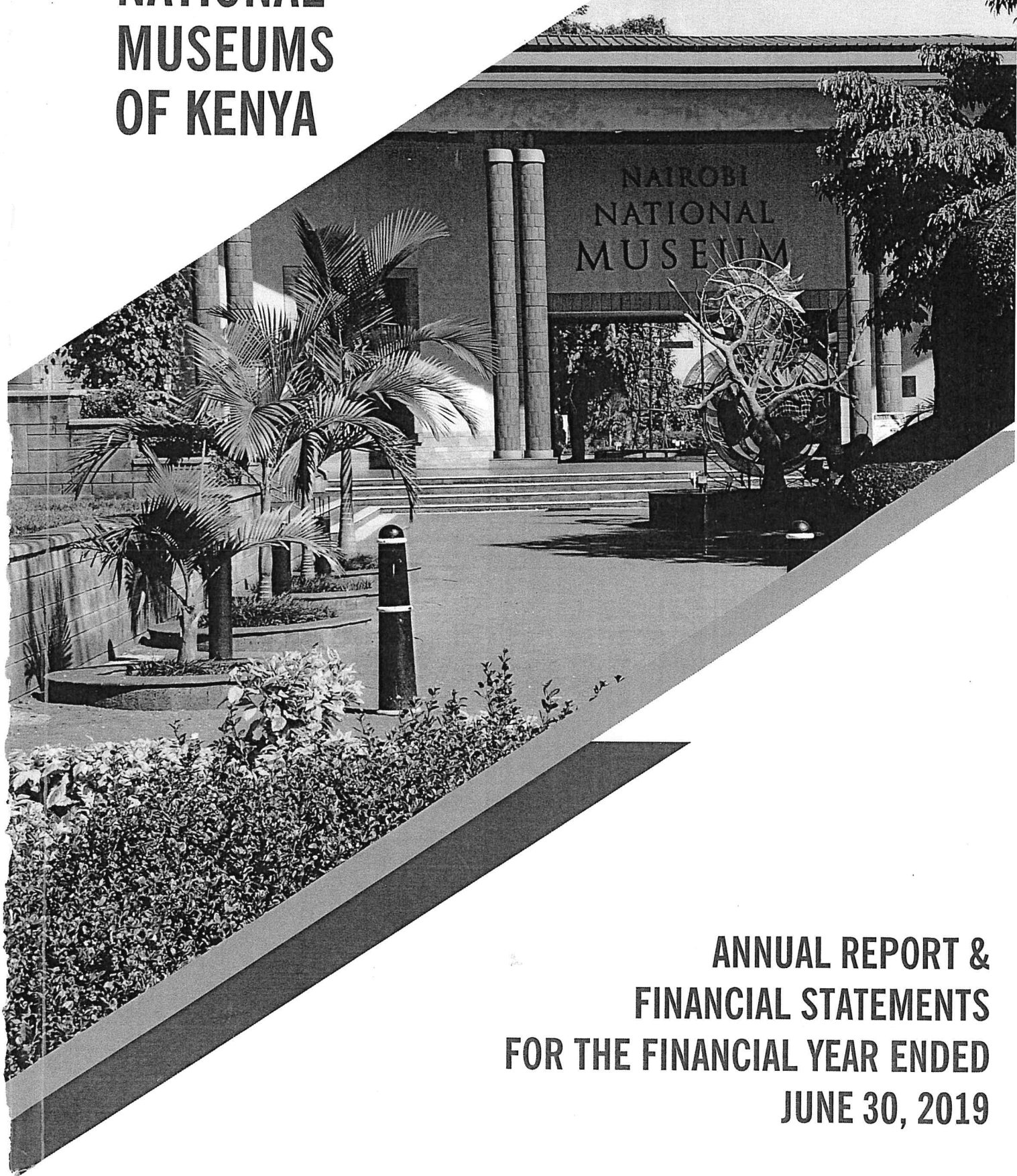
**FOR THE YEAR ENDED  
30 JUNE, 2019**







# NATIONAL MUSEUMS OF KENYA



## ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

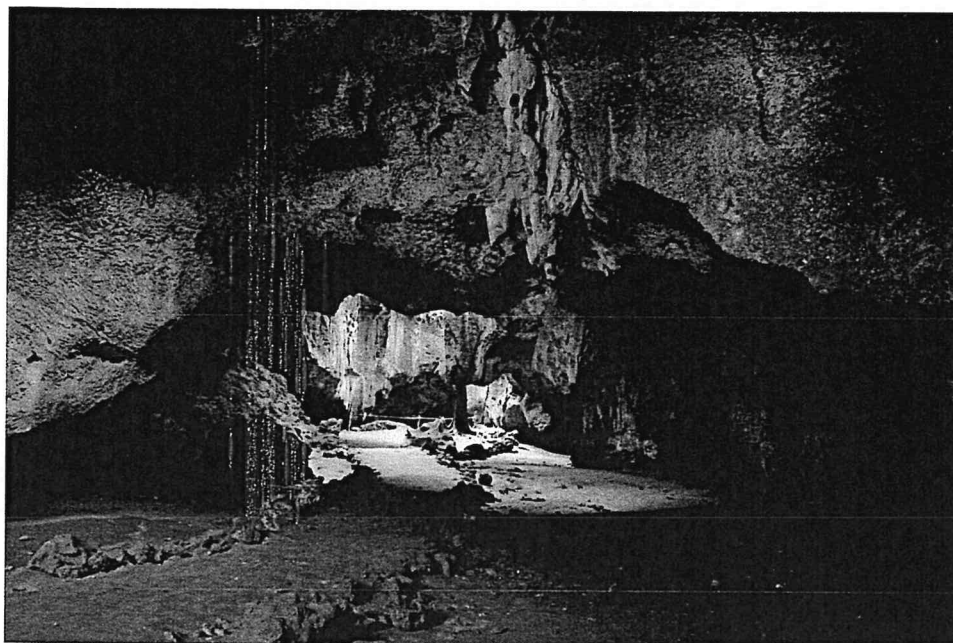
Prepared in accordance with the Accrual Basis of Accounting Method  
under the International Public Sector Accounting Standards (IPSAS)







# **NATIONAL MUSEUMS OF KENYA**



## **ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019**

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



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for the Financial Year ended June 30, 2019

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**(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 (DAHIR)
- e. Institute of Primate Research (IPR)

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibilities were:

| No. | Designation         | Name                           |
|-----|---------------------|--------------------------------|
| 1.  | Director General    | Dr. Mzalendo N. Kibunjia (CEO) |
| 2.  | Director DMSM       | Dr. Purity W. Kiura            |
| 3.  | Director DNRR       | Prof. Mary Gikungu             |
| 4.  | Director IPR        | Dr. Hastings Ozwara            |
| 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.

**(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](mailto:info@museums.or.ke)  
Website: [www.museums.or.ke](http://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.

**(i) Independent Auditors**

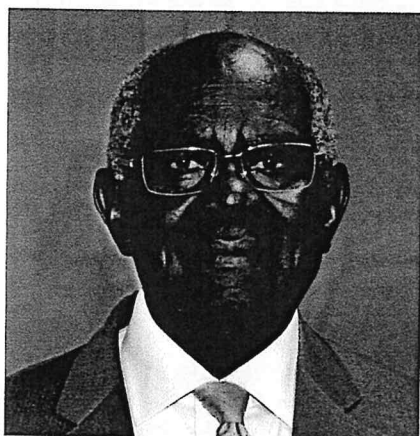
Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

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



## THE BOARD OF DIRECTORS



### Chairman Board of Directors

Hon. David Musila, MGH, Chairman of National Museums of Kenya Board of Directors, born on 24/02/1943, holds a BA honours Degree in Economics and Government from Bishop College, Texas in 1968.

Formerly a Member of Parliament for Mwingi South Constituency (1998-2013) and Deputy Speaker of the National Assembly of Kenya (2003-2007). Senator for Kitui County (2013-2017).

Held various positions in Public Service between 1974-1985. Was Assistant Minister of State for Defence (2008-2013). He served as Provincial Commissioner, Central Province of Kenya 1979-1985.

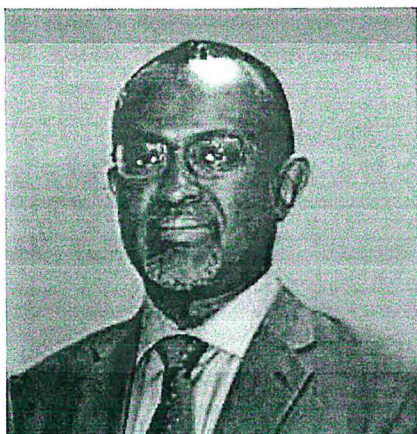


### Vice Chairperson Board of Directors

MS. Mary Mumbua Mbiu Mutinga, Vice Chairperson of National Museums of Kenya Board of Directors, born on 03/08/1962, holds a Bachelor's Degree in Education and Counselling.

Currently she is the Managing Director of Mwangaza General Supplies and Contractors Limited, Machakos. Served as Chairperson, Maendeleo ya Wanawake Organisation (2006-2012). Chairperson Primary Health Care Machakos Level Five Hospital (2010-2011). Social worker at ADRA Kenya (1986-1990).



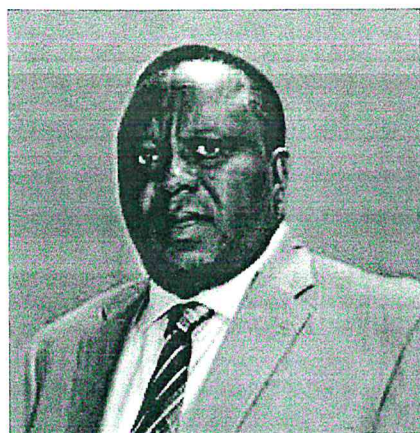


### Board Member

Mr. Anthony Peter Wainaina Kamau, born on 07/11/1964. 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

He also served as Resident Vice President, Corporate Finance at Citibank NA, and as a management consultant at Price Waterhouse.

He has chaired several boards, founder of Origins Investment Group Advisors and author of the first ever-authoritative book on investment groups in Kenya.

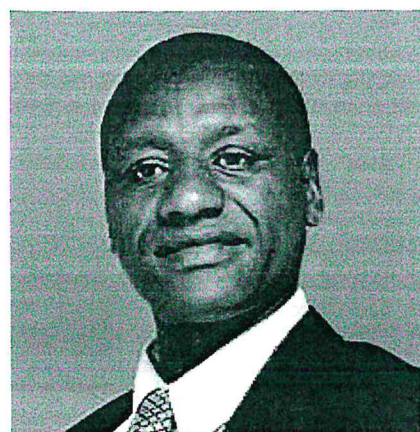


### Board Member

Hon (Dr) Njogu Barua born on 12/05/1962 holds a Doctor of Philosophy (PhD) in Entrepreneurship from Jomo Kenyatta University of Agriculture and Technology (JKUAT). Master of Science in Entrepreneurship from JKUAT. Master of Science in Chemistry (UoN), Post Graduate Diploma in Mass Communication (UoN) and Bachelor of Science (Hons) in Chemistry from the University of Nairobi.

He is currently a Lecturer at JKUAT and has previously served as a Member of the National Assembly for Gichugu Constituency in Kirinyaga County (2013-2017), Lecturer / Publications Editor in the Department of Architecture and Building Science of the University of Nairobi, Kenya Literature, and Kenya Wildlife Service (KWS) among others.

His areas of expertise include Entrepreneurship and Business Management, Corporate Governance, Sustainable Development, Environmental Management, and Journalism (Mass Communications).



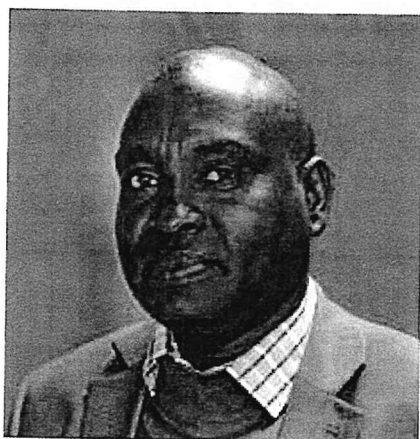
### Board Member

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.

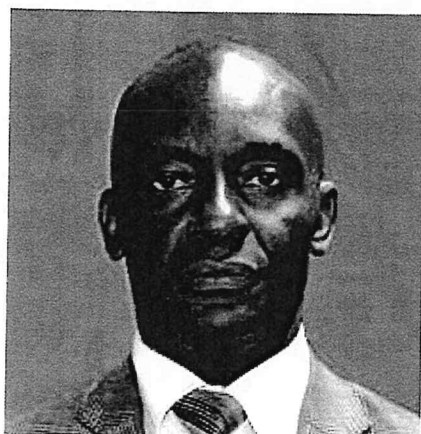




### Board Member

Mr. Joseph Ole Simel born on 16/10/1968 holds Advanced Diploma in Project Planning and Management of Diploma from Catholic University of East Africa and Diploma in Sales and Marketing from Institute of Commercial Management.

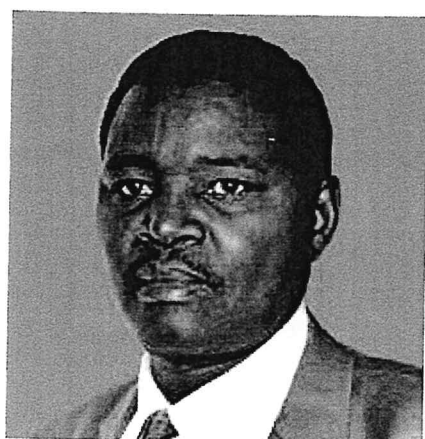
Founder member of Mainyoto Pastoralist Integrated Development Organization (MPIDO) and MPIDO Executive Director to date.



### Board Member- Alternate to Principal Secretary Ministry of Sports Culture & Heritage

Mr. Charles Onyango Wambia, born on 30/03/1965, 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

Professor Ephraim Wachira Wahome, department of History and Archeology, University of Nairobi. Born on 9th October 1959.

Doctor of Philosophy (PhD) in Archeology - Australian National University, M.A. university of Calgary, Canada and B.A. University of Nairobi.

Specialization - Heritage Conservation



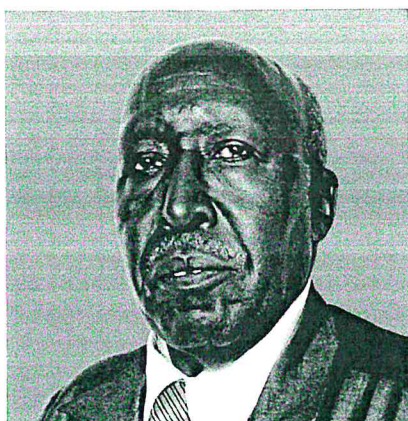


### Board Member

Ms Fleur Arabelle Ng'weno, born on 3rd June 1938 holds a Bachelor degree in Conservation, University of Michigan Ann Arbor, Michigan, USA.

Currently, an Editor, Author and Naturalist. She has 40 years' experience in editing publications.

Present position: Hon. Secretary, Nature Kenya – the East Africa Natural History Society.

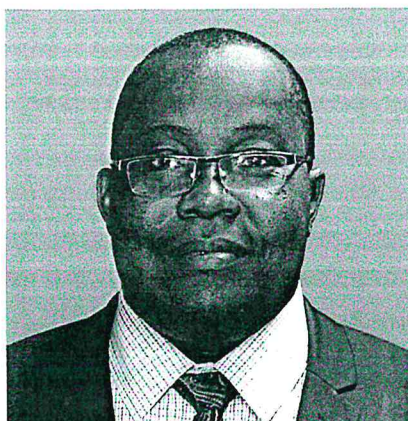


### Board Member

Mr. Elisha Kibacia Gatu, born on 2nd November 1951. Bachelor of Education in Fine Art, University Of Nairobi.

Founder member of the Artists' Cafeteria, and member of the Paa Ya Paa art Centre. Has practiced art in Kenya Zimbabwe and Tanzania with keen interest in East African Art & Culture. Currently experimenting with "Painting with Beads" as a colour medium.

Actively, involved in community work, the Church and is the Executive Director Schizophrenia Foundation of Kenya, a community based organization helping with issues of Mental Wellness.



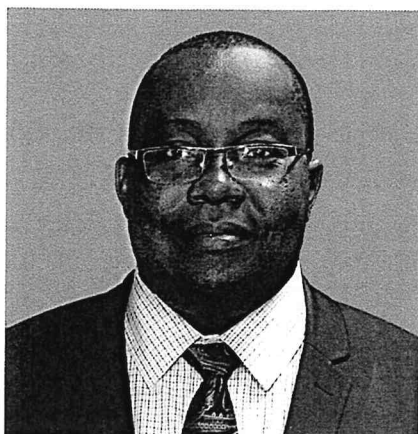
### Secretary to the Board

Dr Mzalendo Nyaga Kibunja, EBS, born on 13th January 1962, holds a Ph.D. and MA in Anthropology from Rutgers, The State University, New Jersey, USA and a BA in Archaeology & History from the University of Nairobi, Kenya.

He is an Executive Director and has rich experience in heritage, anthropology, language and was and external examiner in various Universities.



## MANAGEMENT TEAM



Dr Mzalendo Nyaga Kibunjia, EBS holds a Ph.D. and MA in Anthropology from Rutgers, The State University, New Jersey, USA and a BA in Archaeology & History from the University of Nairobi, Kenya.

He has rich experience in heritage, anthropology and language.

A member Institute of Directors (IOD). Currently, Chief Executive Officer and Director General. Responsible for the operational running of the organization to ensure that the mission is achieved and efficacy of the organization is optimized.

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



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.



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. Purity Kiura holds a PhD in Anthropology from Rutgers University, New Jersey, MA in Anthropology and a BSc in Anthropology from Rutgers University, New Jersey.

Director of Antiquities Sites and Monuments.

Responsible for management of all Antiquities Sites and Monuments.



Dr. Hastings Ozwara holds PhD in Malaria, at Leiden University, Netherlands, MSc in Parasitology, University of Nairobi and BSc in Zoology, University of Nairobi,

Director of Institute of Primate Research

Responsible for the operational running of the institute



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, a Diploma in Human Resources Management from the Kenya Institute of Management, Certified Public Secretary (CPSK) and member of the Institute of Certified Public Secretaries of Kenya (ICPSK). 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.

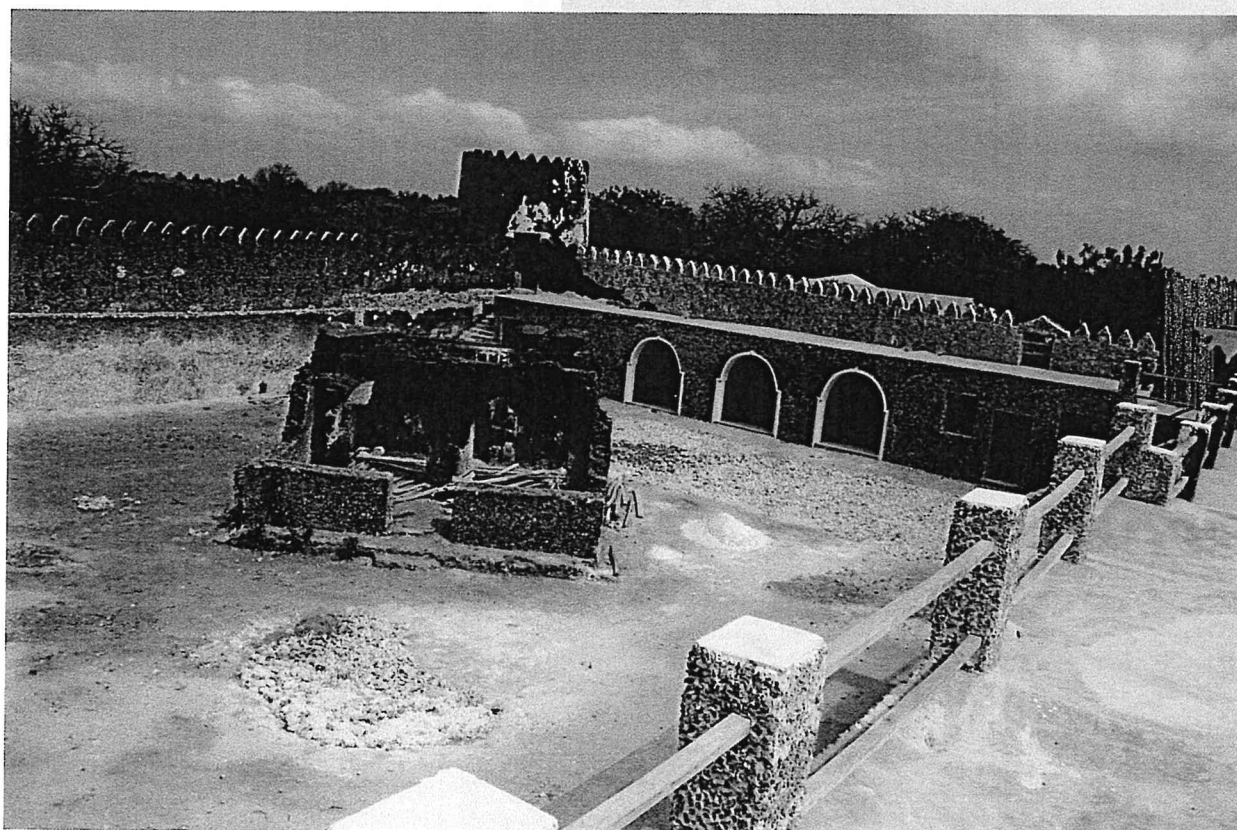


NATIONAL MUSEUMS OF KENYA  
Annual Reports and Financial Statements For the year ended June 30, 2019



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.



9

NATIONAL MUSEUMS OF KENYA  
Annual Reports and Financial Statements For the year ended June 30, 2019

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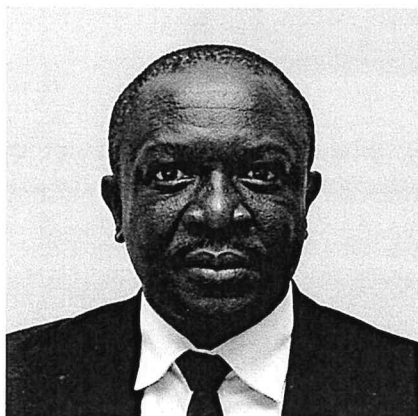
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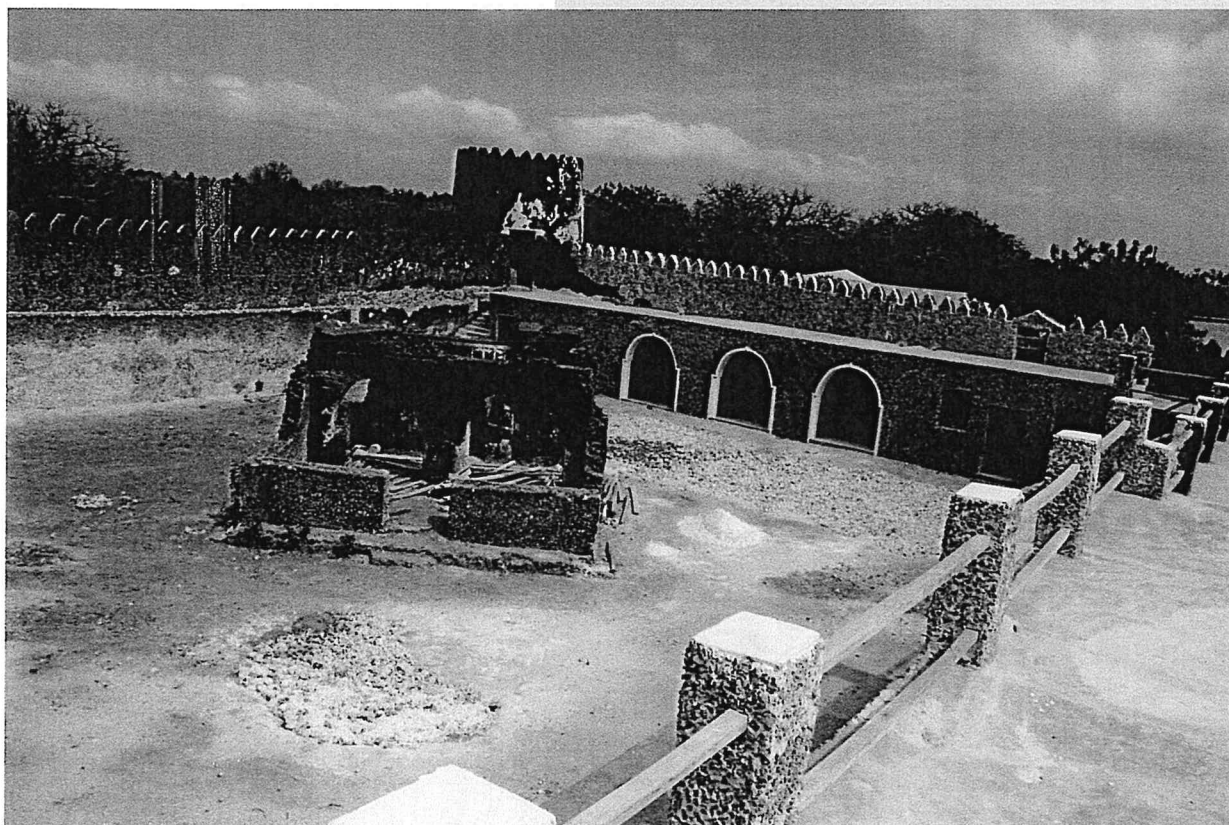


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The Financial Controller is responsible for the organizations' finances and financial reporting. In-charge of planning, sourcing and management of financial resources to achieve corporate objectives.





## CHAIRMAN'S STATEMENT

I am extremely honored to have been appointed to serve as the Chairman of the National Museums of Kenya during this period 2018/2019. I would like to thank the entire NMK Board and the management team for the support given during this financial year.

The National Museums of Kenya (NMK) being a State Cooperation established by the National Museums and Heritage Act, No. 6 of 2006 receives grants from the Government of Kenya for both recurrent and development budgets through the Parent Ministry of Sports, Culture and Heritage. The recurrent and development grants cater for personnel costs and capital projects respectively. The National Museums of Kenya generates internal revenue, which caters for operation and maintenance. The grants and internally generated revenue are reflected in the NMK financial statements for period ending 2018/2019 financial year.

During the year under review, the Board of Directors managed to implement the SRC approved salary structure for staff and will continue pursuing for more resources from The National Treasury to address other pressing issues affecting personnel.

Other key achievements during this period for NMK included the inauguration of Thimlich Ohinga Archeological site as the 7th World Heritage Site in Kenya, repossession of encroached NMK land at Kitale Museum, planting of indigenous trees at Kitale Museum and Construction of a section of the Sea Wall for protection of the Fort Jesus World Heritage Site. The Board of Directors and Management of the National Museums of Kenya prioritized the preservation of this important historical Site that is a major tourist attraction in the Coast Region, which was under threat from erosion by the Sea.

In the execution of its Mandate, the National Museums of Kenya continues to rehabilitate and maintain heritage sites and monuments, develop relevant sustainable public programs in order to sustain visitors' interests and the development of exhibitions.

I wish to congratulate the Director General and his entire team of Management for sustaining the good reputation of the National Museums of Kenya. My Board will continue to support the Management in heritage conservation as well as manage the priceless collections of Kenya's living cultural and natural heritage.

I look forward to the coming year as my team and I adhere to make great strides.

  
Hon. David Musila  
Chairman Board of Directors

## DIRECTOR GENERAL'S STATEMENT

This is the NMK financial statements for the financial year 2018/2019.

In this year's report, we are highlighting many of the NMK accomplishments and activities that seek to advance our vision and to serve the public in the most efficient and effective ways possible. I am happy to report that we have secured our development and recurrent budget allocation for the 2019/2020 financial year of Kshs. 51.6 Million and 1,150,600 million respectively. Our budget would not have been realized without support of the Ministry of Sports Culture and Heritage, The National Treasury and NMK Board of Directors.

Some of the key milestones during this period for NMK was the inauguration of Thimlich Ohinga Archeological site as a World Heritage Site, secured Kshs250million for pension arrears and implementation of SRC salary model.

NMK has also strategized to contribute towards the big four agenda and embarked on projects on food security i.e mushroom research and farming; projects on universal health i.e. water quality and fish monitoring of Yala swamp and surrounding wetlands. In alignment with the national strategy to increase and maintain forest and tree cover to at least 10%, during the year under review, NMK planted about 20,000 indigenous trees to rehabilitate and restore the degraded forest ecosystem.

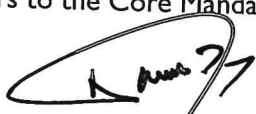
NMK is also keen on promoting STEM and Museum Science Hubs through our various relevant departments. Our dynamic exhibitions offer a one stop for visitors to sample our country's rich heritage for education and leisure in return contributing to our increase in gate collection.

In tandem with the Public Procurement and Asset Disposal Act which requires that a minimum of 30 percent of tenders be served for women, youths, persons with disabilities and other disadvantaged groups, National Museums of Kenya complied with 36% tenders awarded to women, youth and PWD during the 2017-2018 financial year. Key to providing more support to these disadvantaged groups, NMK allocated 41% to women, youth and PWD's during the 2018-2019 financial year confirming with equity and quality in awarding of tenders. This is central to meeting the targets of the vision 2030 Agenda and an essential part of responding to the challenges faced by women, youth and PWD.

National Museums of Kenya strives to put our best foot forward every day in safeguarding Kenya's Cultural and Natural Heritage. We have several on-going and new developments that we will focus on in the next financial year. Some of these projects are:

- Heritage Capital Challenge Campaign -1.5 Billion
- Repairs and maintenance of Sites and monuments continues to be key

It is prudent to mention that our staff are our greatest resource and I am proud to say we have a team committed to working together for the success of the National Museums of Kenya. Their tenacity and dedication throughout the years to the Core Mandate of NMK is hereby acknowledged with gratitude.



Dr Mzalendo N. Kibunjia, PhD, EBS.  
Director General

Date:



## 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.

### ADHOC COMMITTEE (as and when formed)

Adhoc 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, and 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 mostly 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 2018/2019 financial year are disclosed in the notes to the financial statements. There were no Directors loans at any time during the year.



## MANAGEMENT DISCUSSION & ANALYSIS

### The Entity's Operational and Financial Performance

The National Museums of Kenya internally generated revenue for twelve months stood at Kshs 352,372,923, Government of Kenya personnel and development grants at Kshs 1,201,600,000 and Kshs 415,000,000 respectively. The Management noted that the organization heavily relies on revenue from non-exchange transactions, which caters for its personnel emoluments as indicated in the charts below.

### REVENUE TREND FOR THE YEAR

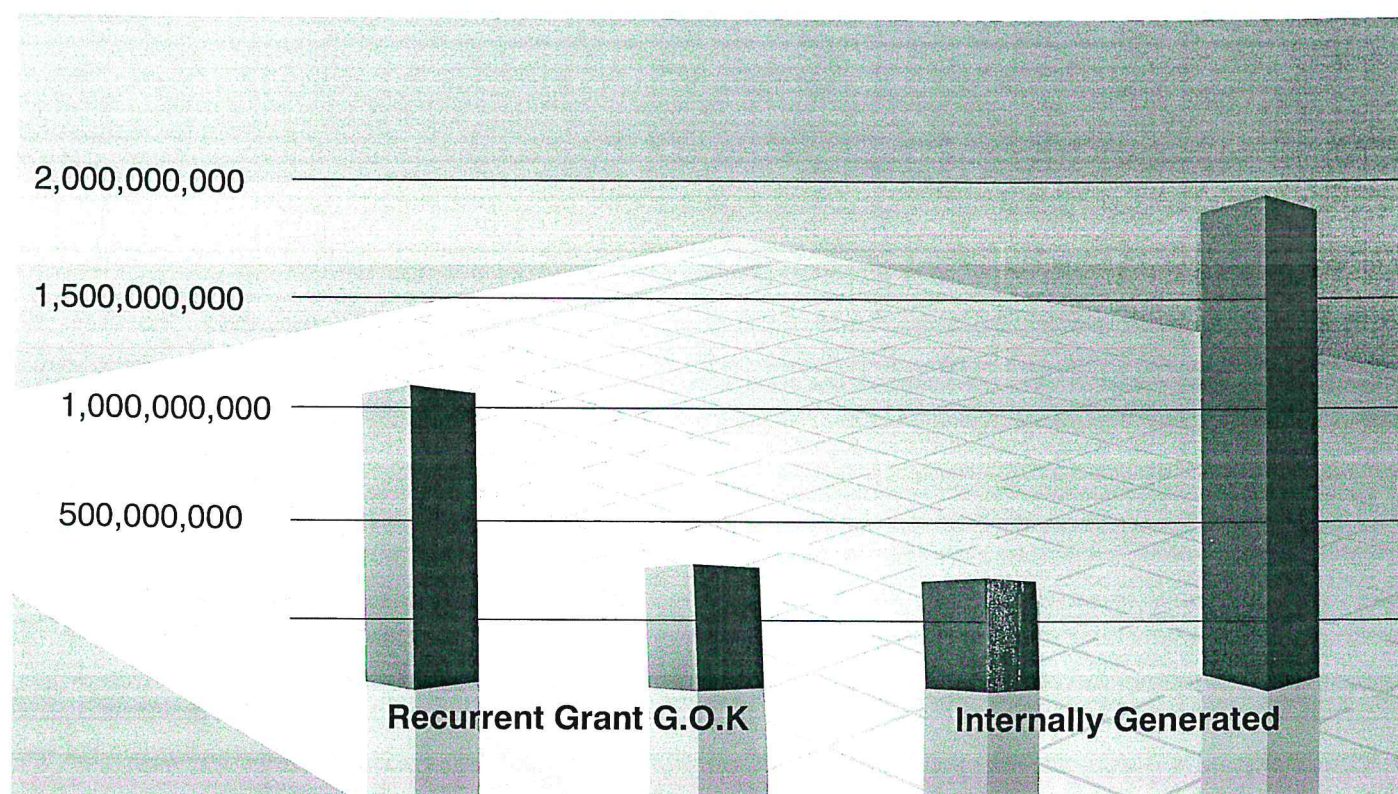


Figure 1: Sources of revenue for the year.

### TRENDS IN REVENUE GENERATION

#### Demand for efficient revenue collection

NMK has witnessed an increase in revenue collection points comprising of gate admissions, Sale of publication and crafts and soft drinks. This necessitates a paradigm shift in the focus on effective and efficient revenue collection methods to improve service delivery to the public as we maximise on revenue collection. NMK still explores 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, 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 2018/2019 has seen the National Museums of Kenya develop online digital content, improve our website, 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. NMK through this partnership has digitized 10,234 collections and created 51 online exhibitions geared towards pushing traffic to the NMK. This in return will improve revenue generation to the NMK. The cost of this project was met by Google firm.

Export Promotion Council: NMK through this partnership is participating in Shanghai 2019 Expo and also we have submitted 4 projects to be exhibited in Dubai 2020. The NMK is benefiting through creation of awareness and promotion of Kenya Heritage both within and outside the country. The successful Expo is Kazakhstan Astana Expo, where NMK received more citizens.

KeNHA: Worked with KeNHA in putting up information on our sites on the general signs i.e. Road Signage's and Gantry Signs at strategic locations. successful locations are; Thimlich Ohinga, Rabai Museum and Karen Blixen which now has visible signage on the main roads leading to the Museum and on site. This is evidence in revenue growth from those Museums.

Kenya Tour Driver Guides: The tourism sector is a major player in the National Museums and more so that Tour Guides. We have engaged them and offered lectures that enlighten them on the benefit of bringing tourists to our sites. We also worked with the Tour Operator Companies to develop products that they can sell to their clients. Development of Coastal and Nairobi Circuits is a good strategy that the department is using to drive visitations to NMK Sites and Museums.

### Branding

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



## **CORPORATE CITIZENSHIP**

### **Reading and writing culture**

The National Museums of Kenya Resource Centre in partnership with Writers Guild Kenya and John Silver held a three day workshop on print making, where 20 children between ages 4 and 13 were taught on how to write and read effectively. In addition, about 16 participants were trained on printmaking. The function culminated with a graduation ceremony at the resource centre grace by the Director Administration and Human Resource, Manager Resource Centre, Chief Executive Officer, Writers Guild and the grandaunts families.

### **Maulid day celebrations at Gede Museum**

The month of Rabi' ul- Awwal of the Islamic calendar is well known in the entire Muslim world as Shahr al- Mawlid (the Month of Birth) of the Prophet Muhammad S.A.W. The precise date of his birth is disputed among the historians but 12th of Rabi' ul- Awwal is acknowledged by Muslim scholars to be the date of his birth.

Gede National monument in collaboration with the Imam of Gede Mosque marked the day by having maulid celebration at the ruins of the great mosque to commemorate the birth of Prophet Muhammad S.A.W. The procession (Zefe) started at the Museum to various tombs by reciting Quaran and Dua culminating with Asr prayer at the historical site.

### **International Museum Day Celebration**

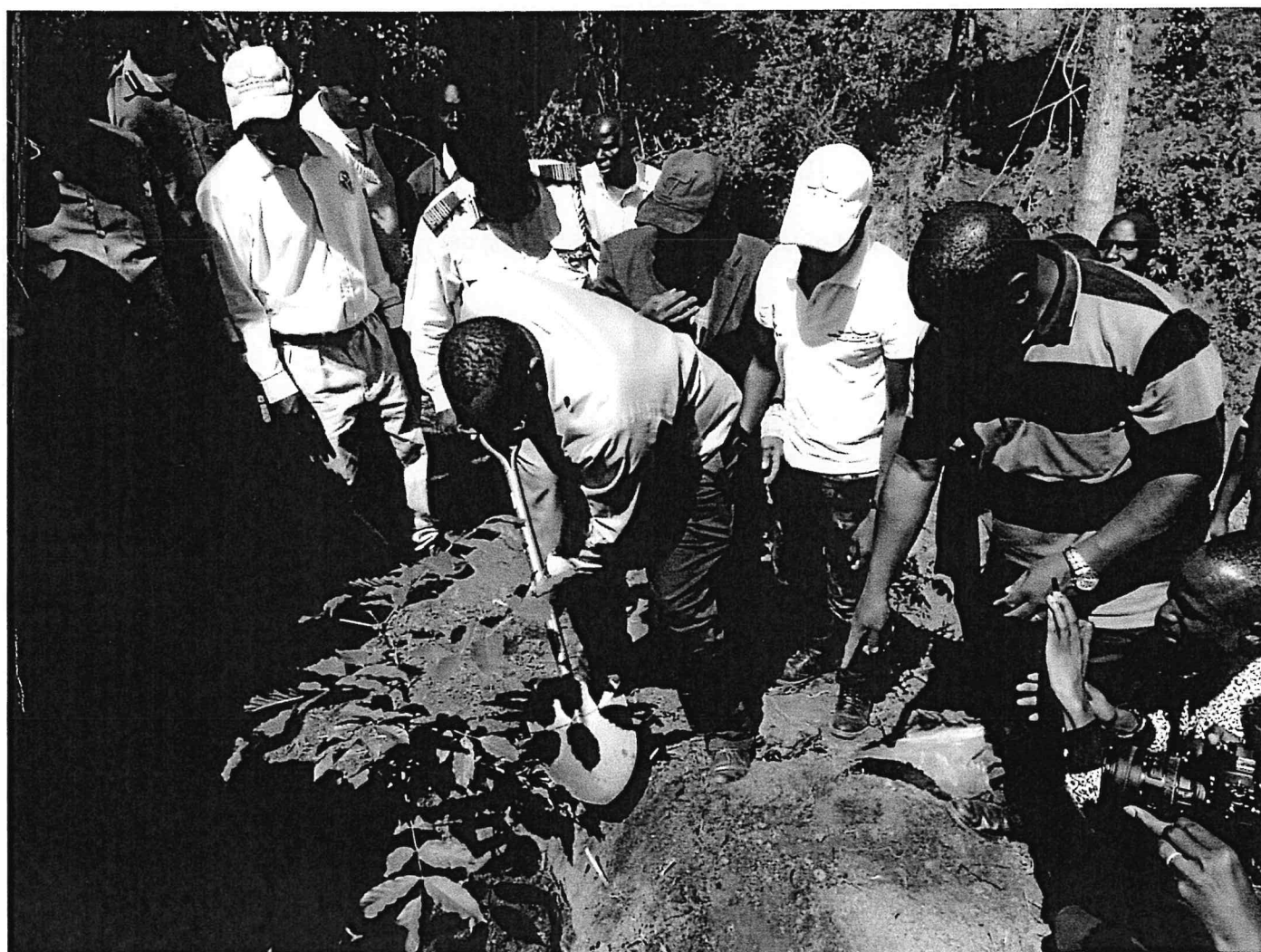
The Lamu Museum in Partnership with local Youth Organization; MASKANIpoa , and Twashukuru Eco School; Commemorated the International Day for Monuments at the Takwa Ruins of Manda Island, Lamu County.

The event was marked by interactive and hands-on activities, which actively engaged youth of Lamu in Conserving their Rich and Unique Swahili Heritage.

Conservation and preservation of Natural and rural landscapes was highlighted by tree planting activity, and a TakaTaka exhibition at the Site to Create awareness on Plastic Pollution; a global crisis of Ocean plastic through a beach clean-up activity.

## CORPORATE SOCIAL RESPONSIBILITY STATEMENT

National Museums of Kenya is a responsible corporate citizen. The Constitution of Kenya, Chapter Five on Land and Environment outlines the obligations of the government in respect to the environment. Key to these obligations is to achieve and maintain a tree cover of at least ten per cent of the land area of Kenya. The major activity was planting of indigenous trees at Kitale Museums.



*Planting of indigenous trees in Kitale.*



## REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019, which show the state of the Organizations affairs.

### Results

The results of the Organizations for the year ended June 30, 2019 are set out on page 25 to 28

### Board of Directors

The members of the Board of Directors who served during the year are as shown on page 7 to 10

### 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***



Chairperson

Date:

## 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, 2019.

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 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, 2019 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 23rd April 2020 and signed on its behalf by:



Director General





# REPUBLIC OF KENYA

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**HEADQUARTERS**  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON NATIONAL MUSEUMS OF KENYA FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of the National Museums of Kenya set out on pages 25 to 63, which comprise the statement of financial position as at 30 June, 2019, and 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 effects 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, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with 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

##### 1.0 Long Outstanding Reconciling Items - Cash and Cash Equivalent

The statement of financial position reflects cash and cash equivalent balance of Kshs.114,181,240. Review of the monthly bank reconciliation statements revealed that the salaries account reflected unexplained bank debits amounting to Kshs.573,170 which had not been recorded in the cashbook and have been outstanding since 1999. Also, the Fund-Holding Account contained an erroneous payment of Kshs.12,000,000 made in December, 2016. The Management recovered Kshs.11,312,000 leaving a balance of Kshs.1,688,000 outstanding as at 30 June, 2019. Further, the Development Account reflected an amount of Kshs.838,475 out of which Kshs.196,750 has been a reconciling item since February, 2017.



In the circumstances, the accuracy, completeness and fair statement of the cash and cash equivalents balance of Kshs.114,181,240 as at 30 June, 2019 could not be confirmed.

## **2.0 Lack of Ownership Documents and Valuation of Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 14 to the financial statements reflects property, plant and equipment balance of Kshs.3,386,491,026. Included in this balance is Kshs.1,575,127,445 is in respect of net book value of one hundred and fifty (150) parcels of land spread across the Country. Review of the ownership records revealed one hundred and seven (107) parcels either had partial ownership documents while others did not have any ownership documents. Further, the National Museums of Kenya did not maintain a complete fixed asset register. The fixed assets register was supported by schedules that does not indicate information such as acquisition cost, acquisition date, payment details, assets revalued and the new values.

In addition, the property, plant and equipment balance excluded the carrying amount for parcels of land allocated to the Museums by the National and County Governments at no consideration which had not been valued for inclusion as at 30 June, 2019. The balance also excluded heritage assets such as the historic buildings being used for office accommodation, monuments and ruins.

In the circumstance, the accuracy, completeness, ownership and value of plant, property and equipment balance of Kshs.3,386,491,026 could not be ascertained.

## **3.0 Long Outstanding Salary advance**

The statement of financial position and as disclosed in Note 12(b) to the financial statements reflects receivable from non-exchange transaction balance of Kshs.307,579,528. Included in this balance, is staff debtors balance of Kshs.17,579,528. Review of records provided for audit revealed that an amount of Kshs.167,719.44 reported under staff debtors was held by staff who have since resigned, been terminated or deceased. Management did not make provisions for these doubtful debts.

Consequently, the accuracy, completeness and recoverability of the long outstanding debts could not be confirmed

## **4.0 Unauthorized Reallocation Projects Receipts**

The Museum received grants from foreign institutions amounting to Kshs.250,449,815.60. Included in the project balances are negative balances amounting to Kshs.68,211,523.87 which reduced the reported balances for projects by Kshs.68,211,523.87. The negative balances were as a result of reallocation of funds between projects. Management did not provide for audit documents and explanations for the reallocation.

Consequently, the accuracy and completeness of the project balances of Kshs.68,211,532.87 and the validity of the reallocations could not be ascertained.

## **5.0 Unsupported Trade and Other Payables**

The statement of financial position as at 30 June, 2018 reflected a balance of Kshs.238,303,687 in respect of trade and other payables. Included in this amount were unexplained and unreconciled payables amounting to Kshs.38,321,129.

In the circumstances, the accuracy and completeness of the trade and other payables amount of Kshs.38,321,129 as at 30 June, 2018 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 audit 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.

## **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 effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in use of Public Resources sections of my report, I confirm that, nothing 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**

#### **1.0 Construction of Fort Jesus Sea Wall Protection – Mombasa**

##### **1.1 Contract Variation**

The Museum entered into a contract for design and estimates for a section of Sea Wall protection for Fort Jesus at a contract sum of Kshs.16,414,913 inclusive of tax on 5 August, 2016. The contract ended on 24 November, 2016 and the full amount of the contract was paid. However, the completion date was not indicated in the contract document. The Museum Management signed an addendum to the contract for heritage Impact assessment, environmental and social impact assessment at a contract sum of Kshs.3,500,000. This was later revised to a contract sum of Kshs.25,500,000.



Review of the project progress revealed that a total of Kshs.49,613,412 had been paid in respect of the design, impact assessment and supervision against an overall reported progress of 65% while the contract period had expired on 20 June, 2018. Although the Management had indicated that the contract period had been extended up to 30 June, 2019 at no extra cost to facilitate completion of the project, no evidence was made available to support the extension and cost implications.

Further, a review of the project supervision contract cost in the year under review revealed a variation of the initial contract sum of Kshs.25,500,000 by Kshs.8,625,000 or 33.8%. This was contrary to Section 139 of the Public Procurement and Asset Disposal Act, 2015.

Consequently, the Museum Management were in breach of law and value for money has not been realised on the expenditure of Kshs.49,613,412 in respect of the design, estimates and supervision for a section of Sea Wall Protection for Fort Jesus and for heritage Impact assessment, environmental and social impact assessment.

## **1.2 Restoration/Rehabilitation of the Reclaimed Land**

Review of the contract revealed that restoration/rehabilitation and beautification of the reclaimed land of approximately two (2) acres was not included in the original contract. The Museum Management requested for assistance in preparation of Bill of Quantities for restoration of Ocean Area next to the sea wall from Chief Quantity Surveyor, State Department for Public Works not been acted on at the time of the audit.

Consequently, the Museum Management were in breach of law and value for money has not been realised on the expenditure of Kshs.49,613,412 in respect of the design, estimates and supervision for a section of Sea Wall Protection for Fort Jesus and for heritage Impact assessment, environmental and social impact assessment.

## **2.0 Boundary Wall, Gates, Gate House and Parking**

Management entered into a contract for the construction of the boundary wall, gates, gatehouse and parks at a contract sum of Kshs.16,194,846. Management entered into another contract for construction of phase two of a boundary wall at Institution's Headquarters at a contract sum of Kshs.16,252,805 inclusive of VAT. The contract was set to expire within twenty-one (21) weeks upon commencement of the work. However, the contract period lapsed and as at 30 June, 2019, the works had not been completed and no explanation provided for the delay.

Further, National Museums of Kenya signed an addendum to the earlier contract at a contract sum of Kshs.4,034,856.42 inclusive of VAT. Although this was reported to have resulted from change of the designs of the boundary wall, Management did not provide the Bills of Quantities in support of the variation for audit.

In the circumstances, it was not possible to confirm whether the Museum received value for money on the additional variation of Kshs.4,034,856.42.

### **3.0 Electric Hybrid Fence around Ololua Forest Block in Karen**

The Museums Management entered into contract to carry out environmental impact assessment for the proposed erection of an Eco-friendly Hybrid Perimeter Fence around Ololua Forest Block in Karen at a contract sum of Kshs.4,639,420 inclusive of tax on 29 November, 2018. However, examination of payment vouchers revealed that Management paid Kshs.6,607,171.50. The excess payment of Kshs.1,967,751 was not explained.

In the circumstance, the regularity of the procurement and the payment of the extra amount could not be ascertained.

### **4.0 Construction of the Post Graduate Training and Resource Centre for the IPR**

The Museums Management entered into a contract for the construction of Post Graduate Training and Resource Centre in the financial year 2013/2014. The contract was in two phases and phase one and two entailed completion of ground floor and finishes on ground floor and first floor respectively. However, it was not possible to confirm the final contract price of Kshs.11,328,109.60 since the original contract and the bill of quantities were not availed for audit.

Consequently, the validity of the expenditure of Kshs.11,328,109 as at 30 June 2019 could not be confirmed in absence of bills of quantities, contract and procurement documents.

### **5.0 Direct Procurement**

Review of procurement records for the year ended 30 June, 2018 revealed that goods and services worth Kshs.11,770,217 were procured through direct procurement method. The procurements did not meet the threshold set in Section 103 of the Public Procurement and Asset Disposal Act, 2015 on instances when direct procurement can be used.

Consequently, Management was in breach of law.

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 control, risk management and governance was maintained 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Museums' ability to continue to sustain 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 Museums 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 manner.

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

## **Auditor-General's Responsibilities for the Audit**

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Museums'



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 Museums 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 Museums 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**

**11 January, 2022**

## IX STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 2019

|   | Note  | 2018-2019<br>KSH     | 2017-2018<br>KSH     |
|---|-------|----------------------|----------------------|
| <b>Revenue from non-exchange transactions</b>       |       |                      |                      |
| <b>Transfers from governments-</b>                  |       |                      |                      |
| Recurrent   | 3(a)  | 1,201,600,000        | 965,900,000          |
| Development   | 16(b) | 9,279,563            | 2,363,319            |
| Project income                                      | 4     | 307,281,129          | 228,738,656          |
| <b>Total revenue from non-exchange transactions</b> |       | <b>1,518,160,692</b> | <b>1,197,002,975</b> |
| Revenue from exchange transactions                  |       |                      |                      |
| Other incomes                                       | 5     | 352,372,923          | 309,725,428          |
| <b>Total revenue from exchange transactions</b>     |       | <b>352,372,923</b>   | <b>309,725,428</b>   |
| <b>Total revenue</b>                                |       | <b>1,870,533,615</b> | <b>1,506,728,403</b> |
| <b>EXPENSES</b>                                     |       |                      |                      |
| Employee costs                                      | 6     | 1,122,340,039        | 1,062,019,830        |
| Depreciation  | 7     | 29,792,836           | 33,136,356           |
| Repairs and maintenance                             | 8     | 19,628,761           | 19,300,950           |
| Remuneration to Board of Directors                  | 9     | 14,821,766           | 1,825,883            |
| General expenses                                    | 10    | 518,422,281          | 361,070,934          |
| <b>Total expenses</b>                               |       | <b>1,705,005,683</b> | <b>1,477,353,953</b> |
| <b>Surplus for the year</b>                         |       | <b>165,527,932</b>   | <b>29,374,450</b>    |

Signed By:



Director General





Financial Controller



**X**

**STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED JUNE 2019**

|   | Note  | 2018 - 2019<br>KSH   | 2017 - 2018<br>KSH   |
|---|-------|--|----------------------|
| <b>Assets</b>   |       |  |                      |
| <b>Current assets</b>   |       |  |                      |
| Cash and cash equivalents   | 11    | 114,181,240  | 124,896,704          |
| Receivables from exchange transactions  | 12(a) | 21,615,130   | 12,645,128           |
| Receivables from non-exchange transactions  | 12(b) | 307,579,528  | 19,711,695           |
| Inventories   | 13    | 1,720,939  | 1,570,819            |
|   |       | <b>445,096,837</b>   | <b>158,824,346</b>   |
| <b>Non-current assets</b>   |       |  |                      |
| Property, plant and equipment   | 14    | 3,384,291,303  | 3,094,520,320        |
| <b>Total assets</b>   |       | <b>3,829,388,140</b>   | <b>3,253,344,366</b> |
| <b>Liabilities</b>  |       |  |                      |
| <b>Current liabilities</b>  |       |  |                      |
| Trade and other payables from exchange Transactions                                 | 15    | 223,275,533  | 238,303,687          |
| <b>Total current liabilities</b>  |       | <b>223,275,533</b>   | <b>238,303,604</b>   |
| <b>Non-current liabilities</b>  |       |  |                      |
| Deferred Development Grant  | 16    | 310,533,160  | 198,512,759          |
| Project Deposits  | 17    | 128,424,347  | 108,601,088          |
| <b>Total non-current liabilities</b>  |       | <b>438,957,507</b>   | <b>307,113,847</b>   |
| <b>Total liabilities</b>  |       | <b>662,233,040</b>   | <b>545,417,534</b>   |
| <b>Net assets</b>   |       | <b>3,167,155,100</b>   | <b>2,707,927,132</b> |
| Reserves  |       | 3,001,627,168  | 2,678,552,682        |
| Accumulated surplus   |       | 165,527,932  | 29,374,450           |
| <b>Total assets and liabilities</b>   |       | <b>3,167,155,100</b>   | <b>2,707,927,132</b> |
| Signed By:  |       |  |                      |
|  |       |  |                      |
| Director General  |       | Financial Controller   |                      |

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**XI**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2019**

|   | <b>CAPITAL<br/>RESERVES<br/>(KSHS.)</b> | <b>REVENUE<br/>RESERVES<br/>(KSHS.)</b> | <b>REVALUATION<br/>RESERVES<br/>(KSHS.)</b> | <b>TOTAL<br/>(KSHS.)</b> |
|---|---|---|---|--------------------------|
| <b>Balance at 1st July 2017</b>         | <b>2,814,335,906</b>                    | <b>(331,966,875)</b>                    | <b>14,635,150</b>                           | <b>2,497,004,181</b>     |
| Capitalized government grant (16b)      | 181,548,501                             | -                                       | -   | 181,548,501              |
| Total comprehensive income for the year | -                                       | 29,374,450                              | -   | 29,374,450               |
| <b>Balance as at 30th June 2018</b>     | <b>2,995,884,407</b>                    | <b>(302,592,425)</b>                    | <b>14,635,150</b>                           | <b>2,707,927,132</b>     |
| <b>Balance as at 1st July 2018</b>      | <b>2,995,884,407</b>                    | <b>(302,592,425)</b>                    | <b>14,635,150</b>                           | <b>2,707,927,132</b>     |
| Capitalized government grant (16b)      | 293,700,036                             | -                                       | -   | 293,700,036              |
| Total comprehensive income for the year | -                                       | 165,527,932                             | -   | 165,527,932              |
| <b>Balance as at 30th June 2019</b>     | <b>3,289,584,443</b>                    | <b>(137,064,493)</b>                    | <b>14,635,150</b>                           | <b>3,167,155,100</b>     |



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**XII**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019**

|  | Notes | 2018-2019<br>KSH     | 2017-2018<br>KSH     |
|--|-------|----------------------|----------------------|
| <b>Cash flow from operating activities</b>             |       |                      |                      |
| Net income from Museum operations                      |       | 165,527,932          | 29,374,450           |
| Before interest earned                                 | 5     | -                    | (9,248)              |
| Adjustments for the year                               |       |                      |                      |
| Depreciation   | 7     | 29,792,836           | 33,136,356           |
| <b>Operating Income before working capital changes</b> |       | <b>195,320,768</b>   | <b>62,501,558</b>    |
| Increase/decrease in receivables                       |       | (296,837,835)        | 3,501,203            |
| Increase/decrease in inventories                       |       | (150,120)            | 379,401              |
| increase/decrease in payables                          |       | (15,028,154)         | 9,703,325            |
| Development expenditure                                | 16(b) | (9,279,563)          | (2,364,319)          |
| <b>Net cash from operating activities</b>              |       | <b>(125,974,904)</b> | <b>73,721,168</b>    |
| <b>Cash flow from investing activities</b>             |       |                      |                      |
| Interest received                                      | 5     | -                    | 9,248                |
| Purchase of property, plant & equipment                | 14    | (319,563,819)        | (190,932,703)        |
| <b>Net cash from investing Activities</b>              |       | <b>(319,563,819)</b> | <b>(190,923,455)</b> |
| <b>Cash flow from financing activities</b>             |       |                      |                      |
| Development grant from GOK                             | 16(a) | 415,000,000          | 59,993,500           |
| Project deposits                                       |       | 19,823,259           | 89,505,010           |
| <b>Net cash generated from financing activities</b>    |       | <b>434,823,259</b>   | <b>149,498,510</b>   |
| Net (decrease)/increase in cash and cash equivalents   |       | (10,715,464)         | 32,296,223           |
| Cash and cash equivalent as at 30th June 2018          |       | 124,896,704          | 92,600,481           |
| <b>Cash and cash equivalent as at 30th June 2019</b>   |       | <b>114,181,240</b>   | <b>124,896,704</b>   |

**XIII**  
**STATEMENT OF COMPARISON OF BUDGET**  
**AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 2019**

|   | Original<br>budget   | Adjust<br>ments      | Final<br>budget      | Actual on<br>comparable<br>basis | Performance<br>difference | Percent |
|---|----------------------|----------------------|----------------------|----------------------------------|---------------------------|---------|
|   | 2018-2019<br>KSH     | 2018-<br>2019<br>KSH | 2018-2019<br>KSH     | 2018-2019<br>KSH                 | 2018-2019<br>KSH          |         |
| <b>Revenue</b>  |                      |                      |                      |                                  |                           |         |
| <b>Government grants and subsidies</b>                          |                      |                      |                      |                                  |                           |         |
| Recurrent grant   | 951,600,000          | 250,000,000          | 1,201,600,000        | 1,201,600,000                    | -                         | 0.0%    |
| Development Grant   | 375,000,000          | 40,000,000           | 415,000,000          | 415,000,000                      | -                         | 0.0%    |
| <b>Other incomes:</b>   |                      |                      |                      |                                  |                           |         |
| Internally Revenue  | 249,519,000          | -                    | 249,519,000          | 352,372,923                      | 102,853,923               | 41.0%   |
| Project Revenue   | 220,822,000          | -                    | 220,822,000          | 307,281,129                      | 86,459,129                | 39.2%   |
| <b>Total income</b>   | <b>1,796,941,000</b> | <b>290,000,000</b>   | <b>2,086,941,000</b> | <b>2,276,254,052</b>             |                           |         |
| <b>Expenses</b>   |                      |                      |                      |                                  |                           |         |
| Employees Costs   | 1,028,329,840        | -                    | 1,028,329,840        | 1,122,340,039                    | 94,010,199                | 9.0 %   |
| Depreciation  | 13,535,000           | -                    | 13,535,000           | 29,792,836                       | 16,257,836                | 120.0%  |
| Repairs & Maintenance   | 9,198,332            | -                    | 9,198,332            | 19,628,761                       | 10,430,429                | 113.0%  |
| Remuneration to Board of Directors                              | 7,411,672            | -                    | 7,411,672            | 14,821,766                       | 7,410,094                 | 99.0%   |
| General Expenses  | 223,638,824          | -                    | 223,638,824          | 518,422,281                      | 294,783,457               | 132.0%  |
| <b>Total expenditure</b>  | <b>1,282,113,668</b> | <b>-</b>             | <b>1,282,113,668</b> | <b>1,705,005,683</b>             |                           |         |
| <b>Surplus for the period</b>                                   | <b>514,827,332</b>   | <b>290,000,000</b>   | <b>804,827,332</b>   | <b>571,248,369</b>               |                           |         |
| <i>NB: Notes to variance explanations as set out on page 48</i> |                      |                      |                      |                                  |                           |         |



## NOTES TO THE FINANCIAL STATEMENTS

### I. 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, are disclosed in below.

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.

## Adoption of new and revised standards

### i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

| Standard                                       | Impact  |
|--|---|
| <b>IPSAS 40:</b><br>Public Sector Combinations | <b>Applicable: 1st January 2019:</b><br>The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. |



ii. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

| Standard                                  | Impact  |
|---|---|
| <b>IPSAS 41:</b><br>Financial Instruments | <p><b>Applicable: 1st January 2022:</b></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"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> |

| Standard                            | Impact   |
|-------------------------------------|--|
| <b>IPSAS 42:</b><br>Social Benefits | <p><b>Applicable: 1st January 2022:</b></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"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul> |

## 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 is exempted from income tax. 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.



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**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.

**(i) 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.

**(i) 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 2018/2019 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. IPSAS 1.140

**Useful lives and residual values**

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

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

**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, 2019.



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**3(a) TRANSFERS FROM OTHER GOVERNMENTS**

| Description                 | 2018-2019<br>KShs    | 2017-2018<br>KShs    |
|-----------------------------|----------------------|----------------------|
| <b>Unconditional grants</b> |                      |                      |
| Operational grant           |                      |                      |
| -Recurrent                  | 1,201,600,000        | 965,900,000          |
| -Development                | 415,000,000          | 59,993,500           |
| <b>Total</b>                | <b>1,616,600,000</b> | <b>1,025,893,500</b> |

**3(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

| Name of the Entity<br>sending the grant | Amount<br>recognized<br>to Statement of<br>Comprehensive<br>Income<br>KShs | Amount<br>deferred<br>under<br>deferred<br>income<br>KShs | Amount<br>recognised<br>in capital<br>fund<br>KShs | Total grant<br>income<br>during<br>the year<br>KShs | 2017-2018<br>KShs    |
|---|--|---|--|---|----------------------|
| Ministry of Sports                      | 1,201,600,000  | -   |  | 1,201,600,000                                       | 965,900,000          |
| Ministry of Sports                      | 9,279,563  | 117,361,678   | 288,358,759  | 415,000,000   | 59,993,500           |
| <b>Total</b>                            | <b>1,210,879,563</b>   | <b>117,361,678</b>  | <b>288,358,759</b>                                 | <b>1,616,600,000</b>                                | <b>1,025,893,500</b> |

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| 4. PROJECT INCOME                       | 2018-2019<br>KSH     | 2017-2018<br>KSH     |
|---|----------------------|----------------------|
| Project Income HQ                       | 160,059,161          | 101,788,805          |
| Project Admin income                    | 7,343,428            | 13,091,400           |
| Project income IPR                      | 139,878,540          | 113,858,451          |
| <b>Total</b>                            | <b>307,281,129</b>   | <b>228,738,656</b>   |
| <b>5. OTHER INCOMES</b>                 |                      |                      |
| Admission fee                           | 258,231,921          | 200,029,169          |
| Rental income                           | 31,756,296           | 45,632,746           |
| Interest earned                         | -                    | 9,248                |
| Sale of publications and artifacts      | 16,595,327           | 10,245,413           |
| Sale of soft drinks                     | 1,666,981            | 1,395,560            |
| Sale of casts                           | 3,596,132            | 13,236,721           |
| Sundry income                           | 40,526,266           | 39,176,571           |
| <b>Total</b>                            | <b>352,372,923</b>   | <b>309,725,428</b>   |
| <b>6. EMPLOYEE COSTS</b>                |                      |                      |
| Salaries                                | 935,095,643          | 898,633,133          |
| Gratuity and pensions                   | 108,825,970          | 98,925,573           |
| Medical                                 | 49,372,729           | 45,099,785           |
| Training                                | 17,026,715           | 9,669,897            |
| Staff welfare and uniforms              | 12,018,982           | 9,691,442            |
| <b>Total</b>                            | <b>1,122,340,039</b> | <b>1,062,019,830</b> |
| <b>7. DEPRECIATION EXPENSE</b>          |                      |                      |
| Property , plant and equipment(note 14) | 29,792,836           | 33,136,356           |
| <b>Total</b>                            | <b>29,792,836</b>    | <b>33,136,356</b>    |

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### 8. REPAIRS AND MAINTENANCE

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| Vehicle expenses- Maintenance/spares | 7,123,378         | 8,633,540         |
| Equipment repairs and maintenance    | 6,520,370         | 6,929,968         |
| Maintenance of buildings             | 2,927,911         | 1,169,204         |
| Maintenance of monuments             | 2,975,232         | 2,373,473         |
| Cage maintenance                     | 77,870            | 2,730             |
| Cage construction                    | -                 | 192,035           |
| Boat Maintenance                     | 4,000             | -                 |
| <b>Total</b>                         | <b>19,628,761</b> | <b>19,300,950</b> |

### 9. BOARD EXPENSES

|                        |                   |                  |
|------------------------|-------------------|------------------|
| Lunch/phone expenses   | 837,496           | 89,500           |
| Insurance              | 652,784           | -                |
| Sitting allowance      | 5,620,000         | 455,000          |
| Accommodation/per diem | 4,169,600         | 436,600          |
| Air fare               | 844,044           | 136,863          |
| Board meeting Expenses | 1,039,873         | 560,000          |
| Mileage                | 1,097,969         | -                |
| Honoraria for Chairman | 560,000           | 147,720          |
| <b>Total</b>           | <b>14,821,766</b> | <b>1,825,883</b> |

### 10. GENERAL EXPENSES

|                                   |                    |                    |
|-----------------------------------|--------------------|--------------------|
| Administrative costs              | 26,458,731         | 19,829,720         |
| Transport and travel expenses     | 198,971,485        | 132,045,127        |
| Contracted professional services  | 25,618,296         | 10,854,449         |
| Office and other expenses         | 133,437,919        | 96,703,317         |
| Advertising and publicity         | 5,652,389          | 8,543,805          |
| Telephone and postage             | 13,357,046         | 11,329,265         |
| Electricity and water             | 25,512,376         | 25,212,913         |
| Purchases and other direct inputs | 89,414,039         | 56,552,338         |
| <b>Total</b>                      | <b>518,422,281</b> | <b>361,070,934</b> |

### 11. CASH AND CASH EQUIVALENTS

|                      |                    |                    |
|----------------------|--------------------|--------------------|
| Current accounts     | 112,095,182        | 122,350,867        |
| Others(cash at hand) | 2,086,058          | 2,545,837          |
| <b>Total</b>         | <b>114,181,240</b> | <b>124,896,704</b> |



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**11 (a) DETAIL ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

| Financial institution                         | Account number | 2018-2019<br>Shs   | 2017-2018<br>Shs   |
|---|----------------|--------------------|--------------------|
| <b>a) Current Account</b>                     |                |                    |                    |
| Nairobi Museum, SCB Westland                  | 0108035107801  | 559,229            | 128,992            |
| Seed for life, SCB Westland                   | 0108035107802  | 14,241,953         | 13,590,307         |
| Commercial, SCB Westland                      | 0108035436500  | 959,293            | 986,367            |
| Salaries, SCB Westland                        | 0108033746400  | 49,592             | 2,667,722          |
| Fund SCB Westland                             | 0108034593700  | 2,416,409          | 2,141,740          |
| Project HQs, SCB Westland                     | 0108035107800  | 26,381,241         | 17,406,283         |
| Lodwar, KCB Lodwar                            | 1107592267     | 3,626              | 3,458              |
| Karen Blixen Savings, SCB Karen               | 0152092944700  | 1,213,794          | 2,082,194          |
| Dollar HQs, SCB Westland                      | 8708035107900  | 3,249,784          | 1,942,723          |
| Karen Blixen Recurrent,<br>SCB Karen          | 0102044888600  | 133,670            | 1,408,819          |
| Natural Products Industry<br>HQs, SCB Chiromo | 0108035107901  | 13,617,295         | 8,439,534          |
| Recurrent IPR, SCB Karen                      | 0102044700001  | 3,588,472          | 2,203,693          |
| Dollar IPR, SCB Karen                         | 8702044700000  | 8,811,981          | 7,763,813          |
| IPR Project, SCB Karen                        | 0102044700000  | 10,839,993         | 13,867,547         |
| CNHR Project, SCB Karen                       | 0102044700002  | 574,143            | 586,203            |
| IPR MMUST, SCB Karen                          | 0108044700000  | -                  | 8,363              |
| IPR Predict, SCB Karen                        | 0102044700004  | 310                | 1,492,802          |
| Fort Jesus, KCB Treasury SQ.<br>Mombasa       | 1106548876     | 725,175            | 100,443            |
| Fort Jesus Project                            | 1106548809     | 1,506,213          | 18,184,197         |
| Gede Ruins- KCB Malindi                       | 1108000584     | 10,452,366         | 9,727              |
| Lamu ,KCB Lamu                                | 1104778173     | 20,937             | 961,861            |
| Lamu Project, KCB Lamu                        | 1104778505     | 70,392             | 98,593             |
| Lamu Fort, KCB Lamu                           | 1104778343     | 12,276             | 12,276             |
| Meru, SCB Meru                                | 0102063108500  | 58,848             | 86,830             |
| Kapenguria, KCB Kapenguria                    | 1106216474     | 367,322            | 381,117            |
| Baringo, KCB Kabarnet                         | 1103642324     | 3,109              | 4,115              |
| Kisumu, SCB Kisumu                            | 0102055059500  | 50,940             | 263,822            |
| Narok, KCB Narok                              | 1107720796     | 57,050             | 58,231             |
| Nakuru Hyrax, SCB Nakuru                      | 0152054858500  | 982,758            | 994,883            |
| Kitale, SCB Kitale                            | 0102036056900  | 3,172              | 106,967            |
| Recurrent HQs, SCB Westlands                  | 0108035107900  | 5,166,562          | 3,864,619          |
| Development HQs, KCB Sarit                    | 1106829379     | 5,641,398          | 17,073,477         |
| IPR GCC ,SCB Karen                            | 0102044700003  | 335,878            | 3,429,149          |
| <b>TOTAL</b>                                  |                | <b>112,095,182</b> | <b>122,350,867</b> |

11 (b) OTHERS ( CASH IN HAND)

|                     | 30 JUN 2019      | 30 JUN 2018      |
|---------------------|------------------|------------------|
| Headquarters        | 497,671          | 981,746          |
| IPR                 | 63,950           | 19,400           |
| Lamu Museum         | 46,152           | 5,100            |
| Fort Jesus Museum   | 324,650          | 293,889          |
| Gede museum         | 62,190           | 63,860           |
| Karen Blixen Museum | 749,437          | 944,280          |
| Kisumu Museum       | 59,240           | 32,030           |
| Thimlich Ohinga     | -                | 2,500            |
| Meru Museum         | 1,800            | 1,000            |
| Kitale Museum       | 78,100           | 45,332           |
| Nairobi Gallery     | 13,450           | 7,900            |
| Jumba La Mtwana     | 8,008            |                  |
| Uhuru Gardens       | 84,400           | 108,300          |
| Maralal             | 700              | -                |
| Rabai               | 12,490           | 23,150           |
| Malindi             | 22,200           | 11,550           |
| Mnarani             | 8,550            | 1500             |
| Narok               | 3,200            | -                |
| Kabarnet            | 200              | 200              |
| Koobi For a         | 37,270           | -                |
| Kapenguria          | 12,400           | 4,100            |
| <b>TOTAL</b>        | <b>2,086,058</b> | <b>2,545,837</b> |

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**12. (a) CURRENT RECEIVABLES**

| <b>Description</b> | <b>2018-2019</b>  | <b>2017-2018</b>  |
|--------------------|-------------------|-------------------|
| Trade Receivables  | 5,574,655         | 8,182,682         |
| Prepayments        | 14,533,107        | 2,955,078         |
| Deposits           | 1,507,368         | 1,507,368         |
| <b>Total</b>       | <b>21,615,130</b> | <b>12,645,128</b> |

**12 (b) CURRENT RECEIVABLES**

| <b>Description</b> | <b>2018-2019</b>   | <b>2017-2018</b>  |
|--------------------|--------------------|-------------------|
| Staff Debtors      | 17,579,528         | 19,711,695        |
| GoK Grant          | 290,000,000        |                   |
| <b>Total</b>       | <b>307,579,528</b> | <b>19,711,695</b> |

**13. INVENTORIES**

| <b>Description</b> |                  |                  |
|--------------------|------------------|------------------|
| Publications       | 1,321,722        | 1,288,890        |
| Crafts             | 311,779          | 230,462          |
| Soft drinks        | 87,438           | 51,467           |
| <b>Total</b>       | <b>1,720,939</b> | <b>1,570,819</b> |



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**14. WORKS IN PROGRESS, PROPERTY, PLANT AND EQUIPMENT**

|                                 | PROPERTY      |               |                  | PLANT & EQUIPMENT |            |             |               |
|---------------------------------|---------------|---------------|------------------|-------------------|------------|-------------|---------------|
|                                 | Land          | Buildings     | Work in Progress | Furniture         | Computers  | Vehicles    | Total         |
|                                 | Kshs.         | Kshs.         | Kshs.            | Kshs.             | Kshs.      | Kshs.       | Kshs.         |
| <b>Cost/Valuation</b>           |               |               |                  |                   |            |             |               |
| As at 1st July, 2017            | 1,575,127,445 | 1,183,085,581 | 187,885,734      | 229,761,201       | 78,860,286 | 118,259,157 | 3,372,979,404 |
| Additions during the year       | -             | -             | 181,548,501      | 7,438,025         | 1,946,177  | -           | 190,932,703   |
| Completed works during the year | -             | -             | -                | -                 | -          | -           | -             |
| Adjustment                      | -             | -             | -                | -                 | -          | -           | -             |
| As at 30th June 2018            | 1,575,127,445 | 1,183,085,581 | 369,434,235      | 237,199,226       | 80,806,463 | 118,259,157 | 3,563,912,107 |
| <b>Depreciation</b>             |               |               |                  |                   |            |             |               |
| As at 1st July 2017             | -             | 131,920,851   | -                | 165,666,741       | 59,558,979 | 79,108,860  | 436,255,431   |
| Charge for the Year             | -             | 10,511,647    | -                | 8,011,808         | 4,825,327  | 9,787,574   | 33,136,356    |
| As at 30th June, 2018           | -             | 142,432,498   | -                | 173,678,549       | 64,384,306 | 88,896,434  | 469,391,787   |
| <b>Cost/valuation</b>           |               |               |                  |                   |            |             |               |
| As at 1st July, 2018            | 1,575,127,445 | 1,183,085,581 | 369,434,235      | 237,199,226       | 80,806,463 | 118,259,157 | 3,563,912,107 |
| Additions during the year       | -             | -             | 286,159,036      | 14,028,603        | 4,015,750  | 15,360,430  | 319,563,819   |
| Completed works during the year | -             | -             | -                | -                 | -          | -           | -             |
| As at 30th June 2019            | 1,575,127,445 | 1,183,085,581 | 655,593,271      | 251,227,829       | 84,822,213 | 133,619,587 | 3,883,475,926 |
| <b>Depreciation</b>             |               |               |                  |                   |            |             |               |
| As at 1st July 2018             | -             | 142,432,498   | -                | 173,678,549       | 64,384,306 | 88,896,434  | 469,391,787   |
| Charge for the year             | -             | 10,406,531    | -                | 7,940,085         | 4,105,539  | 7,340,681   | 29,792,836    |
| As at 30th June, 2019           | -             | 152,839,029   | -                | 181,618,634       | 68,489,845 | 96,237,115  | 499,184,623   |
| <b>Net Book Values</b>          |               |               |                  |                   |            |             |               |
| As at 30th June, 2019           | 1,575,127,445 | 1,030,246,552 | 655,593,271      | 69,609,195        | 16,332,368 | 37,382,472  | 3,384,291,303 |
| <b>Net Book Values</b>          |               |               |                  |                   |            |             |               |
| As at 30th June, 2018           | 1,575,127,445 | 1,040,653,083 | 369,434,235      | 63,520,677        | 16,422,157 | 29,362,723  | 3,094,520,320 |

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**15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

|                              | <b>2018-2019<br/>KSH</b> | <b>2017-2018<br/>KSH</b> |
|------------------------------|--------------------------|--------------------------|
| Trade payables               | 85,997,116               | 105,583,046              |
| Payments received in advance | 1,068,000                | 1,068,000                |
| Third party payments         | -                        | 91,081                   |
| Other payables               | 136,210,417              | 131,561,560              |
| <b>TOTAL</b>                 | <b>223,275,533</b>       | <b>238,303,687</b>       |

Third party payments relate to deductions made and not yet submitted as at June 2018.

**16. DEFERRED GOVERNMENT GRANT**

|                                     | <b>2018-2019<br/>KSH</b> | <b>2017-2018<br/>KSH</b> |
|-------------------------------------|--------------------------|--------------------------|
| Balance b/f                         | 198,512,759              | 322,432,079              |
| G.o.K Development<br>Grant received | 415,000,000              | 59,993,500               |
| Less amount spent (16b)             | (302,979,599)            | (183,912,820)            |
| <b>Total</b>                        | <b>310,533,160</b>       | <b>198,512,759</b>       |

|                                |                    |                    |
|--------------------------------|--------------------|--------------------|
| <b>16b</b> Capital expenditure | 293,700,036        | 181,548,501        |
| Revenue expenditure            | 9,279,563          | 2,364,319          |
| <b>Total</b>                   | <b>302,979,599</b> | <b>183,912,820</b> |

**17 PROJECT DEPOSITS**

|                              |                    |                    |
|------------------------------|--------------------|--------------------|
| Opening balance              | 108,601,088        | 19,096,078         |
| Add receipts during the year | 327,104,388        | 318,243,666        |
| <b>Total Deposits</b>        | <b>435,705,476</b> | <b>337,339,744</b> |
| Less expenditure (4)         | 307,281,129        | 228,738,656        |
| <b>Balance c/f</b>           | <b>128,424,347</b> | <b>108,601,088</b> |

Project revenue is funds from various donors used for research activities carried out by NMK Scientists.

## 18. RELATED PARTY DISCLOSURES

These financial statements include the financial statements of the organization

| (a) Related party transactions                          |               | 2018-2019<br>KSH     | 2017-2018<br>KSH     |
|---|---------------|----------------------|----------------------|
| Transfers from Ministry of Sports, Culture and the Arts | - Recurrent   | 1,201,600,000        | 965,900,000          |
|   | - Development | 415,000,000          | 59,993,500           |
|   | <b>Total</b>  | <b>1,616,600,000</b> | <b>1,025,893,500</b> |

### (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:

|                             | 2018-2019         | 2017-2018         |
|-----------------------------|-------------------|-------------------|
| Key Management remuneration | 36,029,681        | 27,254,422        |
| <b>Total</b>                | <b>36,029,681</b> | <b>27,254,422</b> |



## 19. COMMITMENTS AND CONTINGENCIES

### **Capital commitments**

The organization in this financial year has no capital commitments.

At the year end, the organisation had the following contingent liability.

NSSF arrears amounting to Kshs. 155,214,718 which relates to unpaid contributions of Kshs. 14,543,360 being principal amount and accrued penalty of Kshs. 140,671,358 as tabulated by NSSF.

### **Operating lease rentals**

The National Museums of Kenya has no operating lease rentals for the financial year 2018/2019

## 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 1 to the financial statements.

### **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 2019, 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 Shs.5,604,159 (2018: Sh.6,117,543) 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.

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The amount that best represents the organization's maximum exposure to credit risk as at 30 June 2019 is as follows:

|                   | <b>Fully Performing<br/>KSH</b> | <b>Past Due<br/>KSH</b> | <b>Total<br/>KSH</b> |
|-------------------|---------------------------------|-------------------------|----------------------|
| Bank Balances     | 112,083,182                     | -                       | 112,083,182          |
| Trade Receivables | 5,574,655                       | -                       | 5,574,655            |
| Staff Debtors     | 17,579,528                      | -                       | 17,579,528           |
| <b>Total</b>      | <b>135,237,365</b>              |                         | <b>135,237,365</b>   |

The amount that best represents the Centre's maximum exposure to credit risk as at 30 June 2018 is as follows:

|                   | <b>Fully Performing<br/>KSH</b> | <b>Past Due<br/>KSH</b> | <b>Total<br/>KSH</b> |
|-------------------|---------------------------------|-------------------------|----------------------|
| Bank Balances     | 122,350,867                     | -                       | 122,350,867          |
| Trade Receivables | 8,182,682                       | -                       | 8,182,682            |
| Staff Debtors     | 19,711,695                      | -                       | 19,711,695           |
| <b>Total</b>      | <b>150,245,244</b>              |                         | <b>150,245,244</b>   |

## 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 2019**

|              | <b>Less than 1 Year<br/>KSH</b> | <b>Over 1 Year<br/>KSH</b> | <b>Impaired<br/>KSH</b> | <b>Total<br/>KSH</b> |
|--------------|---------------------------------|----------------------------|-------------------------|----------------------|
| Payables     | 15,285,371                      |                            |                         | 15,285,371           |
| Payables     |                                 | 207,990,162                |                         | 207,990,162          |
| <b>Total</b> | <b>15,285,371</b>               | <b>207,990,162</b>         |                         | <b>223,275,533</b>   |

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**As at 30 June 2018**

|              | Less than 1 Year<br>KSH | Over 1 Year<br>KSH | Impaired<br>KSH | Total<br>KSH       |
|--------------|-------------------------|--------------------|-----------------|--------------------|
| Payables     | 21,456,091              | -                  | -               | 21,456,091         |
| Payables     | -                       | 216,847,596        | -               | 216,847,596        |
| <b>Total</b> | <b>21,456,091</b>       | <b>216,847,596</b> | <b>-</b>        | <b>238,303,687</b> |

## EXCHANGE RISK

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<br>In foreign Currency \$ | AMOUNT<br>KSH |
|----------------------------|----------------------------------|---------------|
| <b>At 30 June 2019</b>     |                                  |               |
| US dollar bank account HQs | 31,983.25                        | 3,249,783.81  |
| Us dollar bank account IPR | 88,119.81                        | 8,811,980.96  |
| <b>At 30 June 2018</b>     |                                  |               |
| US dollar bank account HQs | 18,890.08                        | 1,942,723     |
| US dollar bank account IPR | 75,981.66                        | 7,763,813     |

As at 30 June 2019, 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. 1,206,176 (2018 Kshs.970,654).



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**1. The financial statements reflect material difference between the budget and actual amounts.**

The internal revenue increased as result of conducive political situation in the country as well as improved marketing of the National Museums and Sites respectively. This led to increase in admission fees (gate collections).

There was over expenditure on Employees cost as a result of implementation of SRC approved structure and payment of research allowance to Scientists, stipend to interns, incentives, student allowance, and Project casual wages supported by project funds. In addition to correct placement which affects basic salary, house and commuter allowances as well as increase in staff welfare costs that were catered for. Depreciation was due to under provision, repair and maintenance and administrative expenses exceeded ceilings due to increased unavoidable activities during the year under review.

- In relation to Board expenses, all expense items were under budgeted as did not account for full complement of 9 board members, and the 9 month period most board members were in place, and the additional director activities undertaken, mainly related to the orientation of new board members. The Board sitting allowances were revised upwards at end of Q3 2018/2019 financial year.

**2. Changes from original budget are a consequence of government variations through normal budgetary process for the development grant. 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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## XVI. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor 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.<br>on the external<br>audit Report | Issue / Observations<br>from Auditor  | Management<br>comments  | Focal Point<br>person to<br>resolve the<br>issue (Name<br>and<br>designation) | (Resolved /<br>Not<br>Resolved)<br>Status: | Timeframe:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|--|---|---|---|--|---|
| <b>2017/2018</b>                                 |   |   |   |  |   |
| <b>1</b>   | <b>Cash and cash equivalents</b>  |   |   |  |   |
| <b>1.1</b>                                       | <b>Un-reconciled differences in Fort Jesus Project Account</b><br><br>The Statement of financial position as at 30 June 2018 reflects an amount of Kshs. 124,896,704 in respect of cash and cash equivalents. Included in this balance is Kshs. 18,184,197 for Fort Jesus project account. It was however noted that, the bank reconciliation statements for the Fort Jesus Project account indicates a balances of Kshs. 983,628 resulting into unreconciled differences of Kshs. 17,200,568 between the two sets of records.  | The information has since been availed for audit review.  | Director General and Directors of NMK directorates.                           | Resolved                                   | Financial Year 2018/2019.   |
| <b>1.2</b>                                       | <b>Long Outstanding Reconciling Items</b><br><br>A review of bank reconciliations statements for 30 June 2018 revealed long outstanding unexplained reconciling items relating to stale cheques of Kshs. 450,549, direct bank debits of Kshs. 2,519,390 and unbanked amounts of Kshs, 519,375 respectively. The management indicates that out of the Kshs. 519,375 unbanked, Kshs.261,653 were funds misappropriated by staff. However, the management did not demonstrate any efforts to recover the lost funds. In the circumstances, it has not been possible to confirm the accuracy of the cash and cash equivalents balance of Kshs. 124,896,704 reflected in the statement of financial position as at 30 June 2018. | The stale cheques have since been addressed during the FY 2018/19 as well as the direct debits and credits. | Director General and Directors of NMK directorates.                           | Resolved                                   | Financial Year 2018/2019.   |

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|       |   |  |   |                 |                                  |    |  |   |    |  |   |    |   |   |    |  |   |   |   |       |     |  |  |  |                         |  |
|-------|---|--|---|-----------------|----------------------------------|----|--|---|----|--|---|----|---|---|----|--|---|---|---|-------|-----|--|--|--|-------------------------|--|
| 2     | <p><b>Transfers from the State Department of Culture and Heritage</b></p> <p>The statement of financial performance for the year ended 30 June 2018 reflects Kshs. 1,025,893,500 as grants received from the State of Department of Culture and Heritage while the audited financial statements of the State Department reflects a total Kshs. 1,008,396,750 as having been transferred to the National Museums in the same year. The resultant difference of Kshs. 17,496,750 was not explained/ or reconciled.</p> <p>Consequently, it has not been possible to confirm the source and the purpose of the extra funding of Kshs. 17,496,750 as at 30 June 2018</p>  | <p>The tabulations and copies of bank statements have since been availed to the auditors for review.</p> | <p>Director General and Directors of NMK Directorates</p> | <p>Resolved</p> | <p>Financial Year 2018/2019.</p> |    |  |   |    |  |   |    |   |   |    |  |   |   |   |       |     |  |  |  |                         |  |
| 3     | <p><b>PROPERTY, PLANT AND EQUIPMENT</b></p> <p>The statement of financial position as at 30 June 2018 reflects property, plant and equipment balance of Kshs. 3,094,520,320, out of which Kshs. 1,575,127,445 is in respect of value of one hundred and fifty (150) parcels of land spread across the country. As previously reported, only forty three (43) parcels had title deeds while the remaining 107 parcels had either partial or no ownership documents at all as follows:</p> <table><tr><td>S/NO</td><td>No. of parcels of land</td><td>Status</td></tr><tr><td>1</td><td>56</td><td>Gazetted heritage sites reserved for Museums but have no ownership documents</td></tr><tr><td>2</td><td>23</td><td>Surveyed but have not been registered in the name of National Museums of Kenya</td></tr><tr><td>3</td><td>12</td><td>Land without documents but in use by the National Museums</td></tr><tr><td>4</td><td>10</td><td>Not surveyed but have letters of allotment</td></tr><tr><td>5</td><td>6</td><td>Proposed sites for Museums development but not gazetted</td></tr><tr><td>Total</td><td>107</td><td>With partial or no ownership documents</td></tr></table> <p>Further, the property, plant and equipment balance excludes the carrying amount for parcels of land allocated to the Museums by the National and County Governments at no consideration, which have not been valued for inclusion.</p> <p>In the circumstances, it has not been possible to confirm ownership, accuracy, security, valuation of the 107 parcels and the property, plant and equipment balance of Kshs. 3,094,520,320 as at 30 June 2018</p> | S/NO   | No. of parcels of land                                    | Status          | 1                                | 56 | Gazetted heritage sites reserved for Museums but have no ownership documents | 2 | 23 | Surveyed but have not been registered in the name of National Museums of Kenya | 3 | 12 | Land without documents but in use by the National Museums | 4 | 10 | Not surveyed but have letters of allotment | 5 | 6 | Proposed sites for Museums development but not gazetted | Total | 107 | With partial or no ownership documents | <p>The NMK Management appreciates the observation and will in near future seek support from relevant government institutions to have its properties in its name as well as ascertain the correct values.</p> | <p>Director General and Directors of NMK directorates.</p> | <p>Not yet resolved</p> | <p>This may take time to be resolved</p> |
| S/NO  | No. of parcels of land  | Status   |   |                 |                                  |    |  |   |    |  |   |    |   |   |    |  |   |   |   |       |     |  |  |  |                         |  |
| 1     | 56  | Gazetted heritage sites reserved for Museums but have no ownership documents                             |   |                 |                                  |    |  |   |    |  |   |    |   |   |    |  |   |   |   |       |     |  |  |  |                         |  |
| 2     | 23  | Surveyed but have not been registered in the name of National Museums of Kenya                           |   |                 |                                  |    |  |   |    |  |   |    |   |   |    |  |   |   |   |       |     |  |  |  |                         |  |
| 3     | 12  | Land without documents but in use by the National Museums  |   |                 |                                  |    |  |   |    |  |   |    |   |   |    |  |   |   |   |       |     |  |  |  |                         |  |
| 4     | 10  | Not surveyed but have letters of allotment   |   |                 |                                  |    |  |   |    |  |   |    |   |   |    |  |   |   |   |       |     |  |  |  |                         |  |
| 5     | 6   | Proposed sites for Museums development but not gazetted  |   |                 |                                  |    |  |   |    |  |   |    |   |   |    |  |   |   |   |       |     |  |  |  |                         |  |
| Total | 107   | With partial or no ownership documents   |   |                 |                                  |    |  |   |    |  |   |    |   |   |    |  |   |   |   |       |     |  |  |  |                         |  |



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|-----|--|--|--|-------------------------|--|
| 4   | <p><b>Loss of Revenue Due to Delayed Renovation of Ndemi Flats-Kilimani</b></p> <p>As previously reported, National Museums of Kenya purchased staff houses built in a plot measuring 0.5 hectares LR No. 2/36/18 on Ndemi Road in Kilimani in 1998 through mortgage scheme from the Housing Finance Corporation of Kenya. On the plot stands 20 apartments and one bungalow previously rented out to staff members from the year 2000 at a monthly rent rate of Kshs 40,000 and Kshs. 50,000 for the apartments and bungalow respectively.</p>  |  |  |                         |  |
| 4.1 | <p><b>Loss of Rental income</b></p> <p>On 31 March 2016, the management gave notice to all the staff members occupying the houses to vacate to allow the renovation of the premises and subsequent rent out at commercial market rates. Following this notice, all the houses were vacated by June 2016 but as at the time of the audit in January 2019, these premises were yet to be renovated due to what was explained as lack of the required funds. It was not clear why the vacate notice was given before securing the funds for renovation of the premises.</p> <p>Consequently, the National Museums of Kenya has been losing rental income of Kshs.850,000 per month and a total of Kshs. 26,350,000 had been lost from 1July 2016 when the houses were vacated up to January 2019.</p> | <p>The Management appreciates the observation and will embark on minimal repair in piece meal and have the houses occupied to avoid loss of rental income next financial year.</p> | <p>Director General and Directors of NMK directorates.</p> | <p>Not yet resolved</p> | <p>This may take time to be resolved</p> |

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|-------------------|---|---|--|-------------------------|--------------------------------------|
| <p><b>4.2</b></p> | <p><b>Loss of Ownership Documents</b></p> <p>Title documents for Ndemu Flats on plot LR No. 2/36/18 measuring 0.5 Ha were in 1997 used to secure a mortgage amounting to Kshs.90 million from the Housing Finance Company of Kenya Limited (HFCK). Upon completion of the mortgage, HFCK returned the title documents to NMK, which were later reported, lost.</p> <p>The management thereafter on 3 September 2014 engaged M/s Nyamweya Mamboleo Advocates to prepare documents for title replacement at a cost of Kshs. 79,668. However, as at the time of the audit in January 2019, the ownership documents had not been replaced despite obtaining certified conveyance documents confirming that NMK is the registered proprietor of L.R NO. 2/36/18.</p> <p>In reiew of the foregoing, it has not been possible to confirm the security and ownership on the Ndemu Flats parcel of land No. L.R 2/36/18 measuring 0.5 Ha purchased at a cost of Kshs. 90 million</p> | <p>The Management has since availed to the auditors a certificate of postal search which revealed that NMK is still the registered owner of the land as well as a certified conveyance certificate issued by the Land Registrar confirming that NMK is the registered proprietor of L.R. NO.2/36/18</p> | <p>Director General and Directors of NMK directorates.</p> | <p>Resolved</p>         | <p>Financial year 2018/2019</p>      |
| <p><b>5</b></p>   | <p><b>Going Concern / Sustainability of Services</b></p> <p>As similarly reported in the previous years, the statements of financial position for the year ended 30 June 2018 continued to reflect a negative working capital of Kshs. 79,479,341 while the statement of changes in net assets for the same period reflects a negative balance of Kshs. 302,592,425 in respect of revenue reserves.</p> <p>In view of the foregoing, the National Museums of Kenya operated with a negative working capital during the ear under review and the financial statements have been prepared on assumption of continuing financial support from Government, and the Museums bankers and its creditors.</p>   | <p>The Management confirms liquidity challenge and will work within budgetary limits to address the negative balance in the statement of changes in net assets</p>  | <p>Director General and Directors of NMK directorates.</p> | <p>Not yet resolved</p> | <p>In subsequent Financial Years</p> |

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|-------------------|---|--|--|-------------------------|---|
| <p><b>6</b></p>   | <p><b>Construction of Fort Jesus Sea Wall Protection - Mombasa<br/>Delayed Completion of Fort Jesus Sea Wall</b></p> <p>As previously reported, National Museums of Kenya on 24 May 2017, entered into a contract agreement with M/s Yangguang Property Design and Manufacturing Limited at a contract sum of Kshs. 497,641,850 for construction of the proposed section of Sea Wall Protection for Fort Jesus World Heritage site Mombasa. The contract period originally was to run for six (6) months, but due to financial challenges and the dynamics of the project, it was agreed that the contract period be extended to twelve Months (12) beginning 12 June 2017 to 20 June 2018.</p>   | <p>The information has since been availed for audit review</p>   | <p>Director General and Financial Controller</p>           | <p>Resolved</p>         | <p>Current Financial Year 2018/2019</p> |
| <p><b>6.1</b></p> | <p><b>Current status</b></p> <p>During the site visit on 4 March 2019, it was observed that only 65% of the works had been certified while the contract period of 12 months had expired on 20 June 2018 with major works like construction of the wall to minimize the flow of sea tides partially done and other works not started.</p> <p>Documents verified indicated that the total costs for the project amounted to Kshs. 543,106,763 including consultancy and supervisory services against a budgetary provision of Kshs. 300,000,000. As at the time of inspection on 4 March 2019, a total of Kshs. 325,380,759.80 had been paid to both the supervisor and to the contractor. No evidence has been presented to show that the delayed project will be completed with no cost implications.</p> | <p>The management has since availed documents for audit review to confirm that the delayed project has been completed with no cost variation to the contractor</p> | <p>Director General and Directors of NMK directorates.</p> | <p>Not yet resolved</p> | <p>Financial Year 2018/2019</p>         |



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|-------------------|--|---|--|------------------------------------|--------------------------------------|
| <p><b>6.2</b></p> | <p><b>Restoration/Rehabilitation of the Reclaimed Land</b></p> <p>Restoration/rehabilitation and beautification of the reclaimed land of approximately two (2) acres was not included in the original contract. This being a tourist and world heritage site, the reclaimed land would remain an ugly site if backfilling is not done to restore and beautify the land.</p> <p>Failure to restore/rehabilitate the reclaimed land by backfilling and compacting would amount to wastage of Kshs. 543,106,763 spent on the sea wall project.</p>  | <p>The auditors concern has been noted by the NMK Management which has since obtained bill of quantities by the Ministry of Public Works to use them for bidding of resources</p>   | <p>Director General and Directors of NMK directorates.</p> | <p>Not yet to obtain resources</p> | <p>In subsequent Financial Years</p> |
| <p><b>7</b></p>   | <p><b>Consultancy Services for Design and Estimates</b></p> <p>As previously reported, National Museums of Kenya on 5 August 2016 entered into a contract with M/s Coperk Consultants Limited for provision of consultancy services for design and estimates for a section of Sea Wall protection for Fort Jesus at a contract sum of Kshs.16,414,913 inclusive of tax. The contract ended on 24 November 2016 and the full amount of the contract was paid. However, the completion date was not indicated in the contract document.</p> <p>Addendum 1 – Impact, Environmental and Social Assessment</p> <p>As previously reported, on 7 December 2016, NMK signed an addendum to the earlier contract with M/s Coperk Consultants Limited to carry out Heritage Impact Assessment and Environmental and Social Impact Assessment at a contract sum of Kshs. 3,500,000.</p> | <p>The Sea wall project faced financial challenges at the start of the project. As at the time of the audit visit, it was as stated. However, by closure of Financial year 2018/2019, the work in progress was overall complete. The budgetary provision for construction works documents has since been availed for audit review</p> | <p>Director General and Directors of NMK directorates.</p> | <p>Resolved</p>                    | <p>Financial Year 2018/2019</p>      |

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|------------------------------|---|---|--|------------------------------|--------|-------------------------|-----------|------|-----------|------------------|------------|-------|------------|--|--|-------------------------|
| 7.1                          | <p><b>Addendum 11 – Supervision of the Sea Wall Protection Construction</b></p> <p>As previously reported, the National Museums of Kenya signed another consultancy contract with M/s Coperk Consultants Limited on 24 May 2017 through negotiation for full supervision of the Sea Wall construction at a contract sum of Kshs.25,500,000. However, the contract document did not specify the completion date.</p> <p>A review of the matter in December 2018, disclosed that a total of Kshs. 49,613,412 had been paid to M/s Coperk Consultants Limited in respect of the design, impact assessment and supervision against an overall reported progress of 65% while the contract period had expired on 20 June 2018.</p> <p>Although the Management had indicated that the contract period had been extended up to 30 June 2019 at no extra cost to facilitate completion of the project no evidence was made available to support the extension and no cost implications.</p> <p>In view of the foregoing, propriety and value for money in the expenditure on the sea wall project and consultant payments could not be confirmed.</p> | <p>The Management has since availed schedules of payments and contracts for design works, Environmental Impact Assessment and supervision works for audit review.</p> | <p>Director General and Directors of NMK directorates.</p> | <p>Resolved</p>              |        |                         |           |      |           |                  |            |       |            |  |  |                         |
| 7.2                          | <p><b>Trade and other Payables from Exchange Transactions</b></p> <p><b>Pending Bills</b></p> <p>The statement of financial position as at 30 June 2018 reflect a balance of 238,303,687 in respect to trade and other payables. Included in this amount are payables worth Kshs38,321,129, which were not analysed or supported with schedules as shown below.</p> <table><tr><td>Item</td><td>Kshs.</td></tr><tr><td>Payments received in advance</td><td>78,000</td></tr><tr><td>Provision for Royalties</td><td>1,056,356</td></tr><tr><td>PAYE</td><td>7,112,560</td></tr><tr><td>Contract Account</td><td>30,074,213</td></tr><tr><td>Total</td><td>38,321,129</td></tr></table> <p>In the circumstances, it has not been possible to confirm the accuracy and validity of the trade and other payables totalling Kshs. 38,321,129 as at 30 June 2018.</p>  | Item  | Kshs.  | Payments received in advance | 78,000 | Provision for Royalties | 1,056,356 | PAYE | 7,112,560 | Contract Account | 30,074,213 | Total | 38,321,129 | <p>The Management is working on the schedules for the said amount to be availed for audit review during the 2018/2019 financial audit.</p> | <p>Director General and Directors of NMK directorates.</p> | <p>Not Yet resolved</p> |
| Item                         | Kshs.   |   |  |                              |        |                         |           |      |           |                  |            |       |            |  |  |                         |
| Payments received in advance | 78,000  |   |  |                              |        |                         |           |      |           |                  |            |       |            |  |  |                         |
| Provision for Royalties      | 1,056,356   |   |  |                              |        |                         |           |      |           |                  |            |       |            |  |  |                         |
| PAYE                         | 7,112,560   |   |  |                              |        |                         |           |      |           |                  |            |       |            |  |  |                         |
| Contract Account             | 30,074,213  |   |  |                              |        |                         |           |      |           |                  |            |       |            |  |  |                         |
| Total                        | 38,321,129  |   |  |                              |        |                         |           |      |           |                  |            |       |            |  |  |                         |

8

### Unremitted Statutory Deductions.

Trade and other payables totalling Kshs.238,303,687 also includes an amount of Kshs.90,091,030 in respect of unremitted statutory deductions as itemized below

| Statutory Deductions | Amount<br>Kshs.   |
|----------------------|-------------------|
| PAYE                 | 7,112,560         |
| Pension              | 69,019,668        |
| VAT (6%)             | 13,958,802        |
| <b>Total</b>         | <b>90,091,030</b> |

The management was in breach of Part IV (1) of the Kenya Revenue Authority Act, which requires employers to remit deductions on or before the 9th day of the month following pay-roll month.

In consequence, NMK risks being charged penalties and interest for late remittance at a rate of 20% and 2% per month respectively for the period amount remains outstanding

The Management has availed documents for audit review on unremitted statutory deduction. In addition, the Management has managed to secure funds to settle the pension deduction during the financial year 2019/2020

Director General and Directors of NMK directorates.

Not Yet resolved

Financial Year2018/2019

8.1

### Inaccurate Project Deposits

Project deposits are funds received from various donors and used to carry out research activities by NMK scientists. Analysis of project deposit provided at Note 18 to the financial statements disclosed a balance of Kshs.108,601,088 which differs from our analysis of various project cash books balance of Kshs. 65,097,575 as shown below:

| Bank Account     | Account No.     | Bank Balances<br>Kshs |
|------------------|-----------------|-----------------------|
| Natural Products |                 |                       |
| Industry HQs     | 108035107901    | 8,439,534             |
| IPR Predict      | 102044700004    | 1,492,802             |
| CNHP Project A/C | 01020-447000-02 | 586,203               |
| Dollar IPR       | 87020-447000-00 | 7,763,813             |
| Seed for life    | 01080-351078-02 | 13,590,307            |
| IPR MMUST        | 108044700000    | 8,363                 |
| IPR Project      | 01020-447000-00 | 13,867,547            |
| Dollar HQs       | 87080-351079-00 | 1,942,723             |
| Project HQs      | 01080-351078-00 | 17,406,283            |
| <b>Total</b>     |                 | <b>65,097,575</b>     |

The resultant difference of Kshs. 43,503,513 has not been explained or reconciled.

The Management confirms that not all projects are charged the 12.5%administration overhead as some donors have their own policy which is less than what we charge while others have no provision for such costs. Each project has its own ledger showing cash in and out flows. The variance between project deposits and cash balances was due to inter transfers of Kshs. 31,976,197.30, historical unreconciled bank charges of Kshs. 839,391.70 and outstanding imprest of Kshs. 10,687,924 which overstated the project deposits since the expenditure can only be deducted from the deposits after full surrender of the imprest.

Director General and Directors of NMK directorates.

Not Yet resolved

In subsequent budgeting cycles.



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|------------------|---|--|--|-------------------------|--|
| <p><b>9</b></p>  | <p><b>Receivables</b></p> <p><b>Long Outstanding Rent on Income</b></p> <p>The statement of financial performance as at 30 June 2018 reflect an amount of Kshs.12, 645,128 as receivable from exchange transactions. Included in this figure is Kshs. 8,182,682 relating to staff rent arrears that have been outstanding for a long time with some dating back to 2013/2014 financial year</p> <p>The management did not demonstrate any efforts towards recovery of the rent arrears.</p>   | <p>The Management has since availed documents to show effort made and schedules indicating outstanding staff rent arrears.</p> | <p>Director General and Financial Controller</p>           | <p>Resolved</p>         | <p>Current Financial Year 2018/2019</p>  |
| <p><b>10</b></p> | <p><b>Deferred Development Grants</b></p> <p>As previously reported, note 17 in the financial statements reflected balance of Kshs. 322,432,079 referred to as brought forward deferred development grants. Included in this amount is Kshs.277,532,795 that relate To government development, grants received in earlier years for development projects, but instead expended on recurrent expenditures i.e. salaries. A review of the matter in the year ended 30 June 2018 revealed that deferred development grants reduced to Kshs. 198,512,759 resulting to unexplained movement of Kshs. 79,020,036.</p> <p>The Management had earlier written a letter dated 20 October 2014 to the then Principal Secretary, Ministry of Sports, Culture and the Arts seeking for post-facto-authority to regularize the deferred grants but no action appears to have been taken on the matter. A review of the matter during the year under audit showed that the position had not changed.</p> <p>Consequently, the propriety and accuracy of the deferred development grants balance of Kshs. 198,512,759 as at 30 June 2018 could not be confirmed.</p> | <p>The Management still working on the schedule to show movement of the deferred grant as at to date.</p>                      | <p>Director General and Directors of NMK directorates.</p> | <p>Not yet resolved</p> | <p>Current Financial Year 2018/2019.</p> |

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|    |   |  |   |                  |                                   |
|----|---|--|---|------------------|-----------------------------------|
| 11 | <p><b>Direct Procurement</b></p> <p>Examination of National Museums of Kenya records for the year ended 30 June 2018 revealed that goods and services worth Kshs. 11,770,217 bought through direct procurement method contrary to Section 103 subsection 2(a) of the Public Procurement and Disposal Act, 2015.</p> <p>In the circumstances, it has not been possible to confirm if expenditure totalling Kshs.11,770,217 was a proper charge to public funds as the related goods and services were not procured competitively.</p>  | The Management appreciates the observation and will comply with procurement regulation and procedures as recommended | Director General and Directors for NMK Directorates | Not yet resolved | Current Financial Year 2019/2020. |
| 12 | <p><b>Unresolved Prior Year Matters</b></p> <p><b>Unreconciled Bank Balances</b></p> <p>As reported in 2016/2017, various banks were overdrawn by a total of Kshs.29,392,242. However, examination of certificates of bank balances did not reflect any evidence of overdrawn accounts. In addition, the figures shown in the bank reconciliation statements and certificates of bank balances in respect of the accounts differed.</p> <p>A review of the matter in the year under audit, revealed that these accounts reflected positive balances of Kshs.3,864,619, Kshs.17,073,477 and Kshs.2,667,722 respectively. However, no reconciliations were provided as evidence of the movement from the negative to the positive balances.</p> |  | Director General and Directors for NMK Directorates | Resolved         | Current Financial Year 2019/2020. |

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|------|--|---|--|-------------------------|---------------------------------------|
| 12.1 | <p><b>Delayed Completion and Handover of Mashuja Square Project at Uhuru Gardens</b></p> <p>As previously reported, the construction of Mashujaa Square Project at Uhuru Gardens awarded at a contract sum of Kshs. 74,855,472 with a completion date of 31 December 2013 had not been completed and handed over despite total expenditure of Kshs.196,655,446 on the project as at 30 June 2016 inclusive of interest claims by the contractor and the project manager. Although the project manager was overpaid in respect of interest claims by Kshs. 37,228,832, information available indicate that the project manager had refused to vacate the site claiming more interest. A review of the matter as at 30 June 2018, established that the project had not been completed and handed over to NMK.</p>  | <p>The management appreciates the observation made by your office regarding the state of the various heritage sites and monuments in relation to their restoration.</p>   | <p>Director General and Directors for NMK Directorates</p> | <p>Not yet resolved</p> | <p>In subsequent Financial years.</p> |
| 12.2 | <p><b>Security of National Heritage Assets</b></p> <p>As previously reported, the state affairs of the following historical sites if not urgently addressed, will impact negatively on irreplaceable National Heritage in the following manner:</p> <p>a) Vasco da Gama Pillar -Malindi      The Pillar faces extinction due to effects of high sea tides</p> <p>b) Portuguese Chapel-Malindi      The Chapel was renovated by a neighboring private developer but has no ownership documents</p> <p>c) Malindi Ethnographic Museum      Part of the land surrounding is under occupation by illegal inhabitants who are now laying claim on the land</p> <p>d) Lamu Museum      The National Museums land has been encroached by private developers and the local community</p> <p>e) Shimoni Museum      The station has been neglected and the historical building is dilapidated while the grave sites are at the risk of being washed into the high tides. Part of the land has been encroached on a permanent wall erected by the department of fisheries. The site has not been allocated funds to independently fund its recurrent activities.</p> | <p>National Museums of Kenya Management has consistently continued to seek for additional specific funding for rehabilitation of monuments. During the year under review, The National Treasury only funded ongoing projects to ensure their completion. However, following the sports fund, there is a commitment through Ministry of Sports and Heritage to allow funds on yearly basis to take care of the monuments and we hope this commitment will stand.</p> |  |                         |                                       |



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|                                     |  |  |  |  |  |
|-------------------------------------|--|--|--|--|--|
| f) Jumba La Mtwana<br>Museum-Mtwapa | The ruins are fast integrating with some of the was crumbling to the ground after having minimal restoration. The side bordering the ocean is fast being washed away by the high tides. There are also encroachments of the ruins by private individuals? Our inspection of the station on 18 April 2018 showed that the historical asset is under threat of extinction. |  |  |  |  |
| g) Meru Museum                      | The building is crumbling down due to poor maintenance and invasion of ants that have destroyed most of the wood works. No effort appears to have been made to restore the historical building.  |  |  |  |  |
| h) Njuri Ncheke Building –Meru      | The building is deteriorating fast and within imminent danger of collar under the weight of its roof. No efforts appear to have been made to forestall the threat of losing heritage asset.  |  |  |  |  |
| i) Kenyatta Houses -Lodwar          | The Museums is not properly secured with a perimeter fence for the purpose of demarcating the Museum property and other parcels in the neighborhood. National as well the County Government have put up permanent premises on the land without any documentation or lawful authority. There is also invasion by private developers who have put up permanent buildings.  |  |  |  |  |

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

| Date Received                                |                       | Where Recorded/ Recognized     |                      |                                    |                    |                 |             |                           |                                 |
|--|-----------------------|--------------------------------|----------------------|------------------------------------|--------------------|-----------------|-------------|---------------------------|---------------------------------|
| Name of the MDA/Donor Transferring the Funds | as per Bank Statement | Nature: Recurrent/ Development | Total Amount – KES   | Statement of Financial Performance | Capital fund       | Deferred Income | Receivables | Others - Must be Specific | Total Transfers During the Year |
| Ministry of Sports, Culture & Heritage       | 3.09.2018             | Recurrent                      | 237,900,000          | 237,900,000                        | -                  | -               | -           | -                         | 237,900,000                     |
| Ministry of Sports, Culture & Heritage       | 7.11.2018             | Recurrent                      | 237,900,000          | 237,900,000                        | -                  | -               | -           | -                         | 237,900,000                     |
| Ministry of Sports, Culture & Heritage       | 18.02.2019            | Recurrent                      | 237,900,000          | 237,900,000                        | -                  | -               | -           | -                         | 237,900,000                     |
| Ministry of Sports, Culture & Heritage       | 9.05.2019             | Recurrent                      | 237,900,000          | 237,900,000                        | -                  | -               | -           | -                         | 237,900,000                     |
| Ministry of Sports, Culture & Heritage       | 5.07.2019             | Recurrent                      | 250,000,000          | 250,000,000                        | -                  | -               | -           | -                         | 250,000,000                     |
| Ministry of Sports, Culture & Heritage       | 5.10.2018             | Development                    | 162,500,000          | -                                  | 162,500,000        | -               | -           | -                         | 162,500,000                     |
| Ministry of Sports, Culture & Heritage       | 23.10.2018            | Development                    | 20,000,000           | -                                  | 20,000,000         | -               | -           | -                         | 20,000,000                      |
| Ministry of Sports, Culture & Heritage       | 23.10.2018            | Development                    | 20,000,000           | -                                  | 20,000,000         | -               | -           | -                         | 20,000,000                      |
| Ministry of Sports, Culture & Heritage       | 28.01.2019            | Development                    | 162,500,000          | -                                  | 162,500,000        | -               | -           | -                         | 162,500,000                     |
| Ministry of Sports, Culture & Heritage       | 19.03.2019            | Development                    | 20,000,000           | -                                  | 20,000,000         | -               | -           | -                         | 20,000,000                      |
| Ministry of Sports, Culture & Heritage       | 10.05.2019            | Development                    | 5,000,000            | -                                  | 5,000,000          | -               | -           | -                         | 5,000,000                       |
| Ministry of Sports, Culture & Heritage       | 25.06.2019            | Development                    | 5,000,000            | -                                  | 5,000,000          | -               | -           | -                         | 5,000,000                       |
| Ministry of Sports, Culture & Heritage       | 8.07.2019             | Development                    | 20,000,000           | -                                  | 20,000,000         | -               | -           | -                         | 20,000,000                      |
| <b>Total</b>                                 |                       |                                | <b>1,616,600,000</b> | <b>1,201,600,00</b>                | <b>415,000,000</b> |                 |             | -                         | <b>1,616,600,000</b>            |

Director General



Date: 30th August 2019.

NATIONAL MUSEUMS OF KENYA  
Annual Reports and Financial Statements For the year ended June 30, 2019

**XVIII. Appendix 2: INTER-ENTITY TRANSFERS**

Entity Name: NATIONAL MUSEUMS OF KENYA

Break down of Transfers from the State Department of Sports, Culture and the Arts

FY 18/19

**a. Recurrent Grants**

|  | Bank Statement Date | Amount (Kshs)        | Indicate the FY to which the amounts relate |
|--|---------------------|----------------------|---|
| Ministry of Sports, Culture and Heritage | 3.09.2018           | 237,900,000          | 2018/2019                                   |
| Ministry of Sports, Culture and Heritage | 7.11.2018           | 237,900,000          | 2018/2019                                   |
| Ministry of Sports, Culture and Heritage | 18.02.2019          | 237,900,000          | 2018/2019                                   |
| Ministry of Sports, Culture and Heritage | 9.05.2019           | 237,900,000          | 2018/2019                                   |
| Ministry of Sports, Culture and Heritage | 5.07.2019           | 250,000,000          | 2018/2019                                   |
| <b>Total</b>                             |                     | <b>1,201,600,000</b> |   |

**b. Other Recurrent Grants**

|  | Bank Statement Date | Amount (Kshs)     | Indicate the FY to which the amounts relate |
|--|---------------------|-------------------|---|
| Ministry of Sports, Culture and Heritage | 7.09.2018           | 5,000,000         | 2018/2019                                   |
| Ministry of Sports, Culture and Heritage | 13.12.2018          | 5,000,000         | 2018/2019                                   |
| Ministry of Sports, Culture and Heritage | 18.02.2019          | 5,000,000         | 2018/2019                                   |
| Ministry of Sports, Culture and Heritage | 15.04.2019          | 5,000,000         | 2018/2019                                   |
| Ministry of Sports, Culture and Heritage | 17.09.2018          | 7,125,000         | 2018/2019                                   |
| Ministry of Sports, Culture and Heritage | 21.11.2018          | 7,125,000         | 2018/2019                                   |
| Ministry of Sports, Culture and Heritage | 18.02.2019          | 7,125,000         | 2018/2019                                   |
| Ministry of Sports, Culture and Heritage | 10.05.2019          | 7,125,000         | 2018/2019                                   |
| Ministry of Sports, Culture and Heritage | 5.07.2019           | 20,000,000        | 2018/2019                                   |
| <b>Total</b>                             |                     | <b>68,500,000</b> |   |



**NATIONAL MUSEUMS OF KENYA**  
Annual Reports and Financial Statements For the year ended June 30, 2019

**Entity Name: NATIONAL OF MUSEUMS OF KENYA**

**Break down of Transfers from the State Department of Culture and Heritage  
FY 18/19**

**c. Development Grants**

|   | Bank Statement<br>Date | Amount<br>(Kshs)   | Indicate the FY to<br>which the amounts<br>relate |
|---|------------------------|--------------------|---|
| Ministry of Sports, Culture and Heritage  | 5.10.2018              | 162,500,000        | 2018/2019   |
| Ministry of Sports, Culture and Heritage  | 23.10.2018             | 20,000,000         | 2018/2019   |
| Ministry of Sports, Culture and Heritage  | 23.10.2018             | 20,000,000         | 2018/2019   |
| Ministry of Sports, Culture and Heritage  | 28.01.2019             | 162,500,000        | 2018/2019   |
| Ministry of Sports , Culture and Heritage | 10.05.2019             | 5,000,000          | 2018/2019   |
| Ministry of Sports , Culture and Heritage | 25.06.2019             | 5,000,000          | 2018/2019   |
| Ministry of Sports, Culture and Heritage  | 19.03.2019             | 20,000,000         | 2018/2019   |
| Ministry of Sports, Culture and Heritage  | 08.07.2019             | 20,000,000         | 2018/2019   |
| <b>Total</b>                              |                        | <b>415,000,000</b> |   |

**NOTES:**

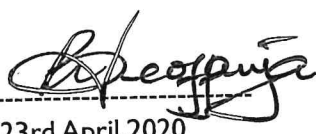
1.The National Museums of Kenya Confirms receipt of Kshs. 250Million the supplementary II Grants for financial year 2018/2019 received on 05/07/2019.

2.The National Museums of Kenya Confirms receipt of Kshs. 20Million for renovations of Tom Mboya Mausoleum for financial year 2018/2019 on 08/07/2019.

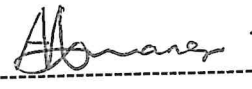
3.The National Museums of Kenya Confirms receipt of Kshs. 20Million the supplementary II Grants for the Natural Product Industry for financial year 2018/2019 received on 05/07/2019.

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

Financial Controller  
National Museums of Kenya

Sign   
Date: 23rd April, 2020

Head of Accounting Unit  
State Department of Culture  
and Heritage

Sign   
Date: 23rd April, 2020

