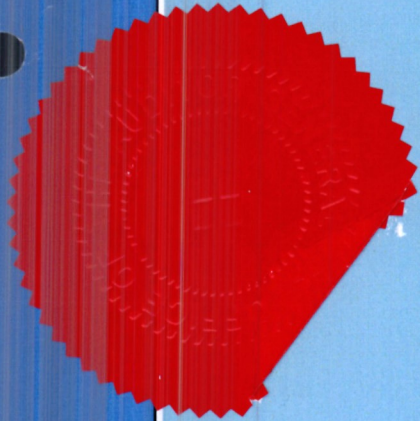
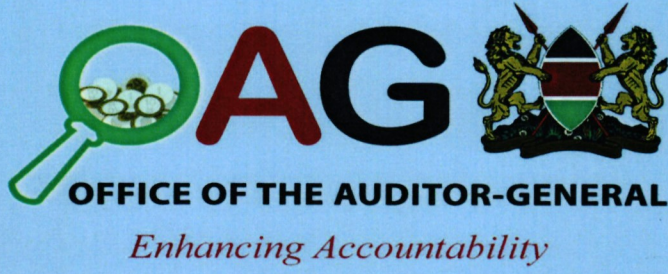



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REPORT

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THE AUDITOR-GENERAL

ON

NATIONAL MUSEUMS OF KENYA

**FOR THE YEAR ENDED
30 JUNE, 2020**

National Museums of Kenya

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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ANNUAL REPORT

& FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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



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Government of Kenya



NATIONAL MUSEUMS OF KENYA

WHERE HERITAGE LIVES ON

ANNUAL REPORT
& FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2020

Prepared in accordance with the Accrual Basis of Accounting Method⁻¹
under the International Public Sector Accounting Standards (IPSAS)

NATIONAL MUSEUMS OF KENYA

Annual Reports and Financial Statements
For the Year Ended June 30, 2020

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I. Key Entity Information And Management

(a) Background information

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

(b) Principal Activities

The principal activities of National Museums of Kenya are:

- i. Identification and documentation of national and world heritage sites, national heritage monuments including collections therein, taxonomy of plants and animals of national importance, hotspots-ecosystems, historical and ethnographical materials of national importance, archaeological and paleontological objects, ethno-biology (indigenous and traditional knowledge) of national importance and intangible heritage of national importance
- ii. Repository of reference collections of plants and animals of national, regional and international importance including DNA reference library, living collections of plants and animals, collections within national monuments, historical and ethnographical reference collections and those of national importance, archaeological and paleontological things, ethno-biology (indigenous and traditional knowledge)-Intangible Heritage of national importance
- iii. Protect and conserve heritage sites of national and world importance, national monuments including collections therein, historical and ethnographical collections of national importance, archaeological and paleontological things, indigenous and traditional knowledge, plants and animals of national importance
- iv. Transmit knowledge on taxonomy of plants and animals of national importance, hotspots- ecosystems, heritage site national and world heritage, national monuments including collections therein, historical and ethnographical collections of national importance, archaeological and paleontological things, ethno-biology (indigenous and traditional knowledge) of national importance through publications, public programmes and national exhibitions
- v. Research on taxonomy of plants and animals of national importance, hotspots- ecosystems, heritage sites national and world heritage, national monuments including collections therein, historical and ethnographical of national importance, archaeological and paleontological things, ethno-biology (indigenous and traditional knowledge) of national importance, behavioural sciences, Swahili language and connection to ancient and historical
- vi. International obligations: scientific authority and focal point for biological conventions (e.g. CITES, RAMSAR, Convention on Migratory species, CBD-specific thematic areas, IPBES). Management Authority – e.g. UNESCO World Heritage Convention, 1972 and heritage management development services

Our Mission

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

Our Vision

To be a global leader in heritage research and management.

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	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
Website: www.museums.or.ke

(h) Entity Bankers

- i. Kenya Commercial Bank
Sarit Centre, Westlands Branch
P.O. Box 14959
Nairobi, Kenya
- ii. Standard Chartered Bank of Kenya
Westlands Branch
P.O. Box 14438
Nairobi, Kenya.

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

THE BOARD OF DIRECTORS



Chairman Board of Directors

Hon. David Musila, MGH, Chairman of National Museums of Kenya Board of Directors, born on 24th February 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 3rd August 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 12th May 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 16th October 1968.

Holds Advanced Diploma in Project Planning and Management, 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 and Heritage

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

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



Board Member

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 Kibunjia, EBS, born on 13th January 1962, holds a Ph.D. and MA in Anthropology from Rutgers, The State University of New Jersey, USA and a BA in Archaeology & History from the University of Nairobi, Kenya. From 2009 to 2014 he was the founding Chairman of the National Cohesion and Integration Commission.

He is an Executive Director, has rich experience in heritage, anthropology, language, and was an external examiner in various Universities including University of Nairobi, Kenyatta and University of Dar es Salaam. Dr Kibunjia is a full Member of Institute of Directors, Kenya (IOD-Kenya).

MANAGEMENT TEAM



Dr. Mzalendo Nyaga Kibunja, 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, from 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 and a Diploma in Human Resources Management from the Kenya Institute of Management. She is the legal advisor to the NMK Board of Directors and management and responsible for Board secretariat services.

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



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

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

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

IV. CHAIRMAN'S STATEMENT

The National Museums of Kenya (NMK) is one of the leading visitor attractions in Kenya. Sadly, its activities have been impacted heavily by the Covid-19 pandemic. During this period, my team has continued to play a significant role in nurturing and cultivating the spirit of Heritage research and preservation through curation of our tangible and intangible heritage. As the Chairman of NMK Board, I am very proud of the designation given and intend to make NMK an excellent place where 'Heritage lives on' for Kenyans and the world.

Through focused fundraising efforts, NMK has secured funding from the Sports, Arts and Social Development Fund to a tune of Kshs. 107,275,346 for restoration works as shown below:

- i. Kshs. 64,133,600 for Restoration of Vasco Da Gama Pillar, Kilifi County.
- ii. Kshs. 4,100,000 for Rehabilitation of Tom Mboya Statue, Nairobi County.
- iii. Kshs. 528,000 for Rehabilitation of Dedan Kimathi Statue, Nairobi County.
- iv. Kshs. 8,713,746 for Renovations of Jaramogi Oginga Odinga Mausoleum, Siaya County.
- v. Kshs. 18,200,000 for Replacement of Asbestos at the NMK Natural Science Block, Nairobi County.
- vi. Kshs. 11,600,000 for Artists Stimulus program during the Covid -19 pandemic

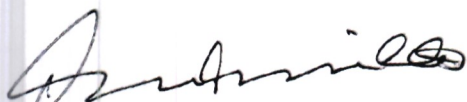
This funding will greatly enable us restore our monuments and mausoleums that are of great historical significance in Kenya. The monuments and mausoleums had undergone extreme deterioration and were not telling the heritage management story. This generous support will enable the public and posterity appreciate and enjoy our heritage greatly once restoration work is complete. It is a fact that our sites and monuments continue to tell the Kenya story to the world, serve as a source of civic pride, and act as a focal point for our communities. The aesthetic enjoyment gained from our statues is priceless and this is why a legacy of pristine management of our national heritage is close to my heart.

During this period, I prioritized and encouraged safe working practices amongst my researchers and scientists at NMK. In this regard, an initiative of replacing the Natural Science block asbestos roofing was a priority. With the availability of funding, this will now be a reality as the poisonous asbestos roofing will be safely removed and replaced with modern roofing solutions. I am proud of our researchers and scientists and purpose to make their working conditions safe and conducive as they share their amazing discoveries and inventions they share with the public.

In addition, the Government of Kenya identified and designated the Institute of Primate Research (IPR) a Directorate under NMK as a testing and research hub for SARS Corona-19 Virus. This national responsibility enabled NMK to secure funding of Kshs. 249,700,000. IPR will support the Ministry of Health in Covid-19 research efforts through molecular detection, testing and generation of data on Covid -19 with the aim of vaccine development.

In the year ended, NMK Board guided the institution in reviewing the 2015-2019 Strategic plan and consequently, developed 2020-2022 Strategic Plan which was aligned to Vision 2030 and Big 4 agenda. This was a key exercise to guide the institution stepwise in order to achieve NMK's agenda towards Heritage Research and Management while fulfilling its National and International obligations.

Finally, on behalf of the NMK Board of Directors, I comment the NMK management and staff for their commitment and dedication to the ideals of NMK which has no doubt enabled the institution to continue carrying out its mandate, despite the huge challenges posed by the COVID19 pandemic. May the Almighty God continue to guide us as we serve our beloved country.



Mon. David Musila
Chairman Board of Directors

V. DIRECTOR GENERAL'S STATEMENT

The National Museums of Kenya (NMK) is a public corporation that is composed of 28 museums and 340 monuments distributed in all the 47 Counties. Its attractions are some of the most visited in Kenya. NMK not only appeals to the Domestic tourist but is also a huge attraction to International travelers, Heritage, Science and Art enthusiasts. Unfortunately, because of the onset of COVID 19 pandemic we have had to close our doors to all our Museums and Monuments occasioning a huge financial deficit that we are struggling to plug. This period has been a season for reflection for the Board of Directors, Management and Staff to carry out our objectives and to make decisions on how to manage the Museums and serve the public adequately post Covid-19 pandemic. Looking into the future, we anticipate to reopen the Museums for our visitors with strict adherence to Ministry of Health COVID- 19 pandemic safety guidelines.

Before the pandemic as an institution, we have had a busy year at NMK albeit the obvious challenges facing Museums around the World. I am elated to report that we managed to complete the Kshs.560 Million Fort Jesus Sea wall project. This project was aimed at protecting Fort Jesus that is listed as one of the UNESCO World Heritage sites. The Fort Jesus sea wall is now secure from the strong waves of the Indian Ocean that had caused the cliff from which Fort Jesus stands on to erode over the years threatening it to sink. Fort Jesus Museum continues to be one of the most outstanding adequately preserved examples of 16th Century Portuguese military fortifications.

In our quest to preserve our archeological Sites and Monuments, NMK submitted over 25 funding proposals during this period for renovation, restoration and building works to the Sports, Arts and Social Development Fund. We were able to secure funding of Kshs. 107,275,346 for renovation works and mural artists namely; Jaramogi Oginga Mausoleum, Tom Mboya Statue, Dedan Kimathi Statue, Vasco Da Gama Pillar and replacement of asbestos of the Natural Science Block. In addition, NMK secured Kshs. 21.0 Million for rehabilitation of Kenyatta House Maralal and Lokituang'.

In the spirit of devolution, NMK continues to collaborate with County Governments in Heritage Research and Management through signing of Memorandum of Understanding with the aim of strengthening capacity at County level. NMK has been fortunate to sign specific MOU's with the County Government(s) of Makueni, Migori, Meru, Kajiado and Nandi respectively just to mention a few.

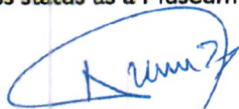
In addition, NMK undertook a countrywide Kshs. 11.6 Million Covid-19 Mural Project. This enabled development of public awareness artworks on Covid-19 and related effects by vulnerable visual artist groups in Kenya. The artists provided an opportunity to display their artistic skills using murals. With concerns of citizens facing the Covid-19 pandemic, NMK took a lead role under our parent Ministry in supporting artists' works reflecting a need to help communities understand debate and challenge the Covid-19 concerns.

As a registered research institution, I am proud to report that NMK is currently undertaking over 70 research projects under its wings. This has been made possible through the focused leadership and management of NMK that has enabled our researchers and scientists to secure research grants from donors spread all over the world. Quite notably and of great National importance, Institute of Primate Research, a directorate within NMK has been accredited by the Government as a Covid-19 research and testing hub. Consequently, the Government of Kenya endowed NMK Kshs. 249.7 million for this noble task.

In the coming year, some of the projects that NMK aims to undertake are:

- i. Construction of National Art Gallery of Kenya (NAGOK)
- ii. Sea wall backfilling and beautification
- iii. Restoration of the Vasco Da Gama Sea Wall
- iv. Repairs and maintenance of our Sites and Monuments remain a key focus area

In addition, in order to remain relevant and to continue to be an active player in government business, NMK has revised its Strategic Plan and aligned it to the Big 4 and Vision 2030 National Agenda. The 2020-2022 Strategic Plan continues to underscore that the greatest resource to the success of this great Research Institution are my staff. The selfless dedication of the NMK board, Management and Staff towards NMK achieving and maintaining our world-class status as a Museum is greatly appreciated.



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

Date:

VI. Review of The National Museums of Kenya Organizational Entity's Performance For FY 2019/2020

National Museums of Kenya has 3 strategic pillars and 8 objectives within its Strategic Plan for the FY 2020/2021-2022/2023. These strategic pillars are as follows:

- i. Pillar 1: Sustainable Heritage Development and Management
- ii. Pillar 2: Innovative Research
- iii. Pillar 3: Sharing of Knowledge

NMK develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. NMK achieved its performance targets set for the FY 2019/2020 period for its 3 strategic pillars, as indicated in the table below:

NMK's Strategic Pillars and Objectives

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 1: Sustainable Heritage Development and Management	Enhancing innovative and sustainable research, development, preservation, conservation, modernization and access to antiquities, sites and monuments for the benefit of the country humanity.	101 Sites identified in 47 Counties	Identify two key sites/monuments in each of the 47 counties to empower communities to economically benefit from the sites	This has already been done through public notice in newspaper.
		101 sites interpreted and information materials developed	Research and document historical significance of each of the 101 site/monument, including 7 World Heritage Sites and gazette any of the site/monuments that have not been gazetted	Information on the importance of these sites is already known and developed. However most of them still require interpretation on site and publications such as brochures
		1 coffee table book published and 47 sites integrated into tourism circuits	Develop a coffee table book and tourism circuits for 101 Sites and monuments	A proposal was made to the Sports, Arts and Social Development Fund but was put on hold, as there were other competing needs.
		100% digitization of museums, sites and monuments	Develop a digital programme for digitization of museums, sites and monuments	Partly done through collaboration with Google Arts & Culture.
		50 NMK staff and identified 7 local communities trained	Train 50 NMK staff and 7 communities in digital heritage monitoring	NMK staff at Nairobi Gallery and Kisumu Museum trained.
		3 underutilized sites and monument developed and opened for economic potential	Mapping out the economic potential of 3 underutilized sites & monuments	Lokitaung, Maralal and Thimlich Ohinga being enhanced as potential underutilised sites with funds from Sports, Arts & Social Development fund and County of Migori.
		100% art works mounted on the NMK boundary wall and signage within NMK campus improved	Design, develop and mount art works on the NMK boundary wall and improve signage within NMK campus for branding and improving image of NMK	A proposal on the same has been sent to the Aga Khan Foundation. However, Two Murals to be developed on the NMK Boundary wall through the 100M artists stimulus program.
		Complete identification of institutions and individuals holding Kenya's artefact unlawfully	Identify international institutions and individuals holding Kenya's artefact unlawfully as well as identify the artefacts/collections	Identification of over 20,000 artefacts already done. Process continues
		100% completion of backfilling and restoration of phase II of Fort Jesus sea wall	Develop designs, BQs and undertake backfilling and restoration of Phase II of Fort Jesus Sea Wall	Designs and BQs completed and a proposal sent and accepted by the Sports, Arts and Social Development Fund. Contract already awarded to Gateway Innovations.
		100% rehabilitation of 12 Sites and mausoleums linked to national heroes	Repair, interpret and develop programs around 12 sites and mausoleums linked to national heroes	Maralal, Lokitaung, Kapenguria, Tom Mboya Statue, Dedan Kimathi Statue, Ronald Ngala, Jaramogi Odinga Mausoleum and Uhuru Gardens.
25 temporary exhibitions, 2 permanent exhibitions, 30 educational and public programmes and 2 cultural festivals	Conceptualize and actualize 25 temporary exhibitions, 2 permanent exhibitions, 30 educational and public programmes and 2 cultural festivals	21 temporary exhibitions, 56 educational and public programmes, 1 cultural		

National Museums of Kenya Annual Reports & Financial Statements for the Year Ended June 30, 2020

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		100% development of STEM Curriculum, Lab and 3 festivals	Develop STEM curriculum as well as establish 1 STEM laboratory and 3 STEM Festivals at NMK for promotion of innovation in STEM	This is underway through Education Department with collaboration from the Smithsonian and Dr. Chris Lepre. Also a proposal sent to Chandaria Foundation on creation of a STEM Lab.
		A concept paper and designs for the National Art Gallery of Kenya approved 50% of identified stakeholders engaged	Conceptualize, prepare design and engage stakeholders to develop a National Art Gallery of Kenya (NAGOK) to empower and promote the creative industry	Concept reviewed to have project undertaken in Two Phases as per directives from CS. Also, a Cabinet Memo completed and sent to the CS, Sports, Arts and Heritage.
		A feasibility study and business plan completed	Undertake feasibility and business studies for NAGOK	Process is ongoing.
		1 Mashujaa travelling exhibition and 1 outreach programme	Develop 2 Mashujaa travelling exhibition and 1 outreach programme to celebrate Kenya's heroes and target new audiences	Since the creation of the Heroes Council, which is based at MOSCH, this has been handed over to that council and one NMK staff seconded to assist.
		KHTI actualized and training initiated	Actualize KHTI through registration, development of curriculum and agreements with relevant stakeholders	No longer KHTI but NMK-Heritage Training Institute. This name is already registered and also the institute has been approved by TVETA to implement training of 2 courses- Wood works and Dress making. Other courses are being developed to the TVETA acceptable standards.
		KHTI and Swahili Pot enhanced with 3 digital programmes in heritage management for youth	Develop 3 digital programmes with the youth at KHTI and Swahili Pot for heritage management and promotion	A proposal was developed and sent to ICCROM and this is awaiting the easy on travel and Covid-19 issues to be implemented. It has been accepted by ICCROM.
		Nine (9) NMK Staff and 60 externals trained and 3 annual curators meeting held	Train 9 NMK Staff and 60 externals in in museology studies for skills development and hold curator's annual meeting each year	Annual Curators meeting was postponed indefinitely due to Covid-19. Funding from both NMK and County of Migori had been approved.
		1 underwater heritage site developed and 15 youth trained	Develop and map one (1) underwater heritage site and train 15 youth for promotion of underwater heritage tourism in the Blue Economy	MIDA Creek Project completed
		Preparation of enlisting Gede historical site on a World heritage list. Borana Conservancy extended onto Kenya World Heritage list	Under take research and prepare nomination dossiers for Gede and Borana Conservancy for listing and extension onto the World heritage list	Proposal for funding for nomination of Gede reviewed and awaiting submission to UNESCO. Desk Top research for Borana Conservancy underway.

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		2 training workshops and 2 seminars held and 100 trained	Hold a training workshop and a seminar in underwater heritage management every year, revise Kenya's tentative list to World Heritage List, engage with other stakeholders in ratification of both the Conventions on protection of underwater heritage and illicit trafficking of cultural objects, attend and actualize obligations of World Heritage especially annual reports and UNESCO meetings and reporting procedures	Proposal was approved for funding for this through UNESCO, Nairobi Office. However, the training period was postponed due to Covid-19
		1 title deeds secured and 1 site fenced	Initiate stakeholder efforts of securing NMK assets which are under threat Secure NMK assets through 3 title deeds Fence 3 sites	Not undertaken due to lack of finances as a result of Covid-19.
		100% of identified museums and assets devolved and staff transferred	Unbundle the museum functions, identify the museums and assets to be devolved and hold meetings and workshops with relevant Counties and IGRTC to agree on unbundled museum function, museums and assets to be devolved.	Final document on museums to be devolved prepared and submitted to the Board for approval and onwards transmission to IGRTC.
		National monument and antiquities management policy completed	Develop a register of sites, monument and antiquities of national importance, develop modalities and procedure including activities and budgets to develop a National Monument & Antiquities Management Policy, develop criterion for identifying monuments and antiquities of national importance and hold stakeholder meetings and workshops to develop the National Monument and Antiquities Policy	Not undertaken due to Covid-19. This also requires funding especially for stakeholder engagements.
		3 workshops and seminars and participation in 5 national exhibitions and festivals	Participate in realization of Ministerial activities	Only one (1) program undertaken with the Ministry. This is the involvement of NMK in the 100Million Artists Stimulus Program in which NMK engaged 413 visual artists within all the 8 regions of Kenya in creating educative murals related to Covid-19, its effects and preventive measures.
		100% completion and installation of production line for automation and fabrication of products constructed	Research, document and package traditional/historical construction skills and designs for skills development on infusion of traditional housing development into modern housing technology and set up of a production line for automation and fabrication of products	Not undertaken due to limited funding and also Covid-19.

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		50 youths trained and 3 communities enhanced in the production of products to be used in affordable housing	Train youth and enhance communities in the production of products to be used in affordable housing such as Lamu doors	A proposal is underway on this aspect. This will be done through NMK-HTI.
		15 traditional/ historical products developed and promoted. Hundred and 50 youth and 10 communities trained in production of traditional/ historical products in manufacturing sector.	Research, develop and promote traditional/historical products such as wood carvings, basketry etc. to enhance the economy, train youth and communities in production of traditional/historical products in enhancing the manufacturing sector	Not undertaken due to limited funding and also Covid-19. However, training courses still ongoing at NMK-HTI.
Pillar 1: Sustainable Heritage Development and Management	Coordinating innovative research, policy planning, formulation, implementation, monitoring and evaluation for supporting sustainable heritage development for the benefit of the country and humanity.	Economic review data on heritage development incorporated in government statistical reports	Coordinating Economic planning, analysis, and review of government policies, strategies, and programmes on heritage development	Done through the State Department of Culture annually.
		10 harmonized NMK's Policies and programmes on bio-medical, natural and cultural heritage per year.	Reviewing and aligning NMK's policies and programmes with national, regional and international policies for enhancing economic and social development	Not yet developed and harmonized.
		10 Product specific policies and programmes on bio-medical, natural and cultural heritage approved by the Board	Reviewing and preparing sectoral and product specific policies and programmes on bio-medical, natural and cultural heritage developed	Not yet developed.
		Annual NMK MTEF	Reviewing and harmonizing NMK's MTEF with National MTEF	This Annual activity was accomplished in collaboration with our State Department of Culture's Planning Unit together with other Sectoral and sub-sectoral stakeholders.
		Annual risk management assessment	Undertaking risk assessment and preparing a risk management framework	Having completed preliminary pre-migration training of key staff on ISO 9001:2015, the Risk Management Framework will primarily borrow from the ISO 9001; 2015 Documents developed.
		Annual progress reports on the implementation status of the strategic plan	Facilitating the implementation of NMK strategic plan in collaboration with directorates	NMK's Strategic Plan 2020-2022 has been developed having been an actively collaborative effort involving senior staff, Heads of Directorates and the Board Members

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		Digitized repository on national regional and international statistics on bio-medical, natural and cultural heritage	9.1 Assist in centralizing national, regional and international statistics on bio-medical, natural and cultural heritage	Not yet
		Annual performance contracting evaluation	Coordinating the process of performance contracting	The PC for FY 2019/2020 was successfully negotiated, vetted and developed with the guidance of The State Department of Culture's Planning Unit and The Performance Contract Management & Monitoring Unit. It was subsequently implemented and subjected to NMK Board's approval on a quarterly basis.
		Integrated M&E system approved by the Board	Designing and implementing an integrated monitoring and evaluation system	
		Annual evaluation	Coordinating, evaluation of the performance of the directorates and overall NMK's impact on social and economic development	
Pillar 1: Sustainable Heritage Development and Management	Improving human health and bio-diversity through advances in basic and preclinical innovative research and non-human primate conservation for the benefit of humanity.	3 funded projects	Develop proposals for funding research projects	3 funded projects initiated
		1 contract research projects contracted	Market IPR as AAALAC accredited facility offering commercial contracted research services	No contract research undertaken
		10 commercial diagnostic services provided	Provide commercial diagnostic and pathology services to researchers and the public	Diagnostic Centre converted to COVID-19 detection and testing centre
		2,000 veterinary services processed and charged	Process and charge requests for specialized veterinary services	Specialized veterinary service provided to OI Pajeta Ranch
		40,000 visitors on nature trail	Identify, develop and market nature trail recreational activities	25000 visitors received in the nature trail. Repairs done to the trail. Cleaning improved through increase in staff
		10 conferences at the resource centre	Market the resource centre/ facility at agreed cost	2 conference events held
		240 bee hives installed with 80	Install beehives in Oloolua forest for production and sale of honey	Funds released for installation of bee hives

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		Operational knowledge management centre (software installation)	Develop a knowledge management centre, to provide services to researchers, staff and public	Knowledge centre operational. Software not yet installed
		36 education visits to IPR research facilities	Market research programmes to education institutions and charge education tours	15 educational visits received
		1 primatology field schools in 3 years	Conduct primatology field school in partnership with American Universities	School postponed due to travel restrictions
		2 consultancy services undertaken	Identify and bid for consultancy opportunities	No consultancy service provided
		10 marketing events for Smugel and Smuscan products	Market Smugel and Smuscan in the region and develop control over production, distribution and sales	4 marketing events held
		15 Snake venom quality analysis completed	Receive anti-venom and test for quality and efficacy against African snakes	No venom received for analysis
		2 training programmes completed	Mount short-term practical courses and joint post-graduate training programmes for research students, staff and provide attachments/ internships	Research attachments/ internships provided to 100 students
		Asbestos in buildings replaced with alternative roofing materials		Asbestos replaced in 6 buildings
		3 Harmony breeding cages constructed for breeding over 300 monkey	Construct harmony cages for colony breeding of monkeys, acquire a monkey breeding stock and commercialize breeding of research laboratory animals	Proposal submitted to sports and social development fund for funding
		Production of venom from at least 5 groups of poisonous Kenyan snakes	Develop and optimize animal models for snake venom research and produce anti-venom	Animal models in Rabbits, Cattle, Camels and baboons done
		STEM training laboratory completed and equipped	Construct and equip a biology laboratory for STEM training	Not done
		3 scientists trained in new programme areas	Train 9 scientists in cancer research, stem cell research and synthetic biology	Proposals submitted for funding
		Resource mobilization officer is hired and the office fully operational	Advertise and hire a competent resource mobilization officer	Officer not yet recruited

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		Water from IPR borehole is supplied to the radioactive facility	Commercialize IPR borehole water	Water is being supplied to radioactive waste processing facility
		Incinerator, instrumentation centre commercialized	Commercialize services of the instrumentation centre and incinerator and provide biobank services at a fee	Overhaul of incinerator approved to enable commercialization
		1 Oloolua Marathon events	Organize Oloolua forest marathon for staff and the public	Not yet planned
Pillar 1: Sustainable Heritage Development and Management	Enhancing institutional capacity (human, financial and infrastructure) for effective management of sustainable biomedical, natural and cultural heritage for the benefit of the country and humanity	i) NMK Act of 2006 reviewed and enacted. ii) 5 international obligations ratified. iii) 22 volumes of Kenya Law report volumes updated.	Institutionalizing policy and legal governance for enhancing decision making and accountability	1. Draft Heritage and Museums Bill, 2020 prepared 2. 22 laws of Kenya volumes updated in October 2019 3. Process of ratifying UNESCO Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property initiated through Ministry of Sport, Heritage and Culture
		i) Monthly internal audits undertaken and 100% implementation of recommendations implemented by Directorates and offices. ii) 20% reduction of financial management information risks	Ensuring compliance with government and international standards for enhancing FMIs accountability and transparency	1.1 Finance operations audit review and report 1.2 Procurement activities review and report 1.3 Review of organizational operations; security, transport and maintenance. 1.4 Review of regional Museum financial management and operational activities; Fort Jesus Museum and Sites, Nyeri Museum, Olorgesailie prehistoric site, Nairobi National Museum, Karen Blixen, Uhuru Gardens and Nairobi Gallery Museums, Meru Museum, Narok Museum and Kisumu Museum and sites. 2. Follow up with management on implementation status and updating the 'Audit Implementation Tracking Log' 3. Secretarial support to Quarterly Board Audit Committee Meetings

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		30 casts produced	Producing heritage objects for exhibition, sale and information dissemination	97 casts were produced.
		i) 20% increase in infrastructure and facilities development. ii) Maintenance of infrastructure and facilities retained at 80%. iii) Perimeter wall around NMK completed.	Developing and maintaining infrastructure development and facilities	Infrastructure facilities not yet due to financial constraints and the perimeter wall around NMK almost done.
		i) Security communication control system acquired and installed. ii) CCTV surveillance system installed at NMK headquarters and Karen Blixen.	Improving security and safety of NMK staff and property improved	Not yet done
		i) 100% adherence to Public Procurement and Disposal Act of 2016 for procuring goods and services. ii) Adherence to 100% time repayments for procuring goods and services. iii) Optimal value from disposal of obsolete and unserviceable items	Procuring goods in compliance with Public Procurement and Disposal Act of 2016	Quarterly reports submitted to Public Procurement Regulatory Authority (PPRA)
		i) Marketing policy approved by the board. ii) Digital heritage multi-media products developed and commercialized. iii) Digital online marketing of collections, products and services iv) 20% increase in sales for NMK products and services.	Undertaking marketing of NMK products and services in collaboration with Directorates and stakeholders	Not yet developed
		i) ERP implemented and networked. ii) Internet band width upgraded to 100 MB for optimal system research. iii) System and network uptime of 99%. iv) 100% E-ticketing in all museums and sites.	Automating and upgrading NMK operations, systems and processes	Not yet implemented

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		i) 5% of NMK's activities financed through CSR annually. ii) Annual customer satisfaction survey. iii) 10% increase in sales of NMK products and services through luncheons, exhibitions and trade fairs.	Establishing corporate communications, corporate responsibilities and customer relations for enhancing NMK's service delivery	Not yet implemented due to the Covid-19.
Pillar 1: Sustainable Heritage Development and Management	Attracting and retaining talented productive work force through merit based system and ensuring proper career development and progression.	Operational directorates/ departments for Natural products industry. Policy research, planning, monitoring and evaluation. Research and innovation centre. Museum enterprise development and marketing centre.	Developing organizational structures functions and staffing requirements and job descriptions for the new directorates, programmes and Centres.	Not yet done.
		NMK revised and developed policies and procedures approved by the Board and implemented and all staff trained	Review existing and develop new policies and procedures in HRMD and coordinate review and development of policies for technical operations in line with government requirements and international standards and staff trained	Not yet developed.
		Optimal HR establishment	succession plan developed based on human resource audit	Not yet done.
		Staff to be trained identified	Training needs assessment conducted	Not yet done.
		Approved work plans and performance contracts	Develop work plans and performance contracts	Work plans in place
		Staff productivity and performance enhanced by 20%	Implementation of work plans and performance contracts	Work plans and performance contracts being implemented.
		Compliance to 30% government affirmative action	Carry out gender mainstreaming audit and implement	Gender mainstreaming being implemented.

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 1: Sustainable Heritage Development and Management	Institutionalizing innovative mechanisms for enhancing NMKs revenue base for sustainable heritage management and development	25% and 32% annual increase on internal and external revenues respectively.	Establishing mechanisms for ensuring that directorates generate Seventy percent (70%) of their total income from internal and external sources	16% of the total income was generated from internal sources.
		Accounting system, reviewed, approved and implemented	Institutionalize the SunSystem within NMK	SunSystem institutionalized at the Headquarters.
		Operationalized system that complies with international standards.	Ensuring that all financial operations and reporting comply with the SunSystem requirements	Financial operations and reporting comply with the SunSystem requirements.
		Staff of NMK directorates trained	Train staff on the harmonized consultancy and administration overhead policies.	Not yet developed
		Monthly revenues from consultancies remitted to NMK Finance.	Ensure that revenues collected by the directorates in consultancies are remitted to finance department in line with the guidelines.	Ksh. 15,025,000 collected.
		Revised policies and procedures on operations of the cost centres for the directorates approved and implemented and staff trained	Develop a policy and procedures on operations of the cost centres for the directorates.	Not yet developed
		Directorates cost centres approved and implemented	Train and institutionalize the policy and procedures for cost centres within the directorates	Not yet developed
		Mechanisms developed, approved and implemented	Develop a mechanism for ensuring that NMK's policies, procedures and systems are reviewed in line with the changing government systems.	NMK'S financial policies not yet developed.
		Training needs assessment undertaken and staff trained on I-tax	Carry out periodic capacity building exercises on tax compliance.	Four (4) Capacity building initiatives undertaken in 2019/2020 Financial Year.
		Tax returns approved and filed	Facilitate tax returns and payments for institutional tax obligations	PAYE, VAT and other tax overheads paid.
20% increase in commercialization, patenting and marketing of NMKs products	Establishing the Museum Entrepreneurship Development and Marketing Centre in collaboration with Directorates	Not in place		

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 2: Innovative Research	Enhancing innovative and sustainable research, development, preservation, conservation, modernization and access to antiquities, sites and monuments for the benefit of the country humanity	50 field studies and excursions	Conduct field studies on both cultural and natural heritage	56 field studies conducted.
		20,000 objects/ specimens acquired and repatriated	Acquisition of specimens for reference, including repatriation of Kenyan artefacts held overseas	15,013 object/ specimen documented.
		1,000,000 Collections	Curate, update and maintain collections	2,357 new collections brought into the Museums. 19 specimens already in the Museums whose state was not good were repaired.
		20 datasets developed and maintained	Curate and maintain reference data bases/data sets	20 datasets were developed and maintained.
		1 Fumigation exercise and active pest control exercise carried out	Implement routine and integrated pest control	1 fumigation exercise conducted.
		3 languages, 1 Cultural practices and 1 Aspect of history	Document cultural practices, linguistics, history and art	Documented heritage cultural aspects including the northern dialects.
		80 publications, 1 science conferences, 1 Science expos, and 2 exhibitions	Dissemination of research findings	93 publications were done 14 workshops, conferences and seminars held.
		60,000 records Digitized	Standard and digitize heritage data/ collections	66,649 records were digitized
		1 data portals developed	Develop and maintain data portals	Not Yet developed.
		Operational National Collection Centre (NCC)	Establish a National Collection Centre including EIA, bills of quantities and procuring a developer	Not yet constructed.
		100% implementation of required international obligations on heritage management	Identify target treaties, conventions and MOU relevant to heritage management, evaluate the status of heritage resources covered by these treaties, conventions and MoUs and implement required international obligations	a) Re-assessing the IUCN Red list status of 10 endemic species of Kenya for publication in the IUCN red listing: June: Updating comments from reviewers b) IUCN - National Biodiversity Threat Assessment - Amphibians - Expert Opinion-May.
		2 surveys and documentation excursions	Survey of the neglected and underutilized food and medicinal resources among the minority and marginalized communities	

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		1 survey reports on adaptation to climate change completed	Establish the effects of climate change on tangible and intangible cultural heritage	
		20 Business opportunities identified	Identify potential value addition business opportunities along the supply chain	
		150 SMEs assisted to venture into value addition business	Assist potential and existing SMEs to venture into value addition business and link them with financial institutions, BDS providers and markets	
Pillar 3: Sharing of Knowledge	Developing research based and competitive NPI by harnessing sustainable cultural, natural and technological, entrepreneurial opportunities for the benefit of the country and humanity.	3 lists of prioritized natural products for nutritional, personal care and medicinal categories, 5 feasibility study reports and commercialization framework	Identify, document and prioritize through feasibility studies on natural products for commercialization.	Feasibility studies on commercialisation of Aloe have been done and report generated and submitted by the consultant. Feasibility studies on AIV have been done and the consultant has already submitted final report and study data.
		50 personnel trained in IK documentation, preservation and utilization	Build capacity through training in indigenous knowledge (IK) documentation, preservation and utilization in 12 selected Counties (Marsabit, Kitui, Busia, Kwale, Kirinyaga, Kajiado, Siaya, Kiambu, Makeni, Samburu, Meru, Kericho)	47 personnel trained in two counties.
		150 SMEs assisted to venture into value addition into NPI products	Prepare and deploy product-specific go-to-market plans	2500 producers and small traders were enabled to venture in production and marketing of African indigenous vegetables.
		NPI strategic plan, resource mobilization and marketing strategies approved by the board and implemented.	Reviewing NPI strategic plan (2018-2022) in line with NMKs strategic plan (2020-2022), preparing a resource mobilization strategy and marketing strategy	NPI's strategic goals were recasted and anchored in the NMK's strategic plan 2020 -2022 as a special programme of NMK.

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

- i. Preparation of annual implementation plans for the period 2020-2022 by all offices and directorates
- ii. Translation of the annual implementation plans into annual performance contracts and annual monitoring plan
- iii. Development and issuance of progress reports at all levels

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

VII. CORPORATE GOVERNANCE STATEMENT

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

BOARD OF DIRECTORS

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

BOARD MEETINGS

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

BOARD COMMITTEES

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

The Audit Committee

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

The Finance and Establishment committee

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

Research Committee

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

Ad hoc committee (as and when formed)

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

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

INTERNAL CONTROLS

These are processes for assuring achievement of the organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. This involves everything that controls the risks of the organization and relates to authorization and approval of transactions, segregation of duties, supervision and monitoring of the activities, proper record keeping, ICT controls, valuation, custody and physical safeguards of the assets of the organization. It is the means by which the organization's resources are directed, monitored, and measured. It plays an important role in detecting and preventing fraud and protecting the organization's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or intellectual property such as trademarks).

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

The Management

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

Board of Directors

Management is accountable to the Board of Directors, who provides governance, guidance and oversight. Effective Board members are objective, capable and inquisitive. They also have knowledge of the entity's activities and environment and commit the time necessary to fulfil their Board responsibilities. Management cannot at any one point in time override controls and ignore or stifle communications from subordinates, enabling a dishonest management, which intentionally misrepresents results to cover its tracks. Existence of a strong active Board particularly when coupled with effective upward communications channels and capable financial, legal and internal audit functions is often best able to identify and correct such a problem.

CUSTOMER SERVICE CHARTER

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

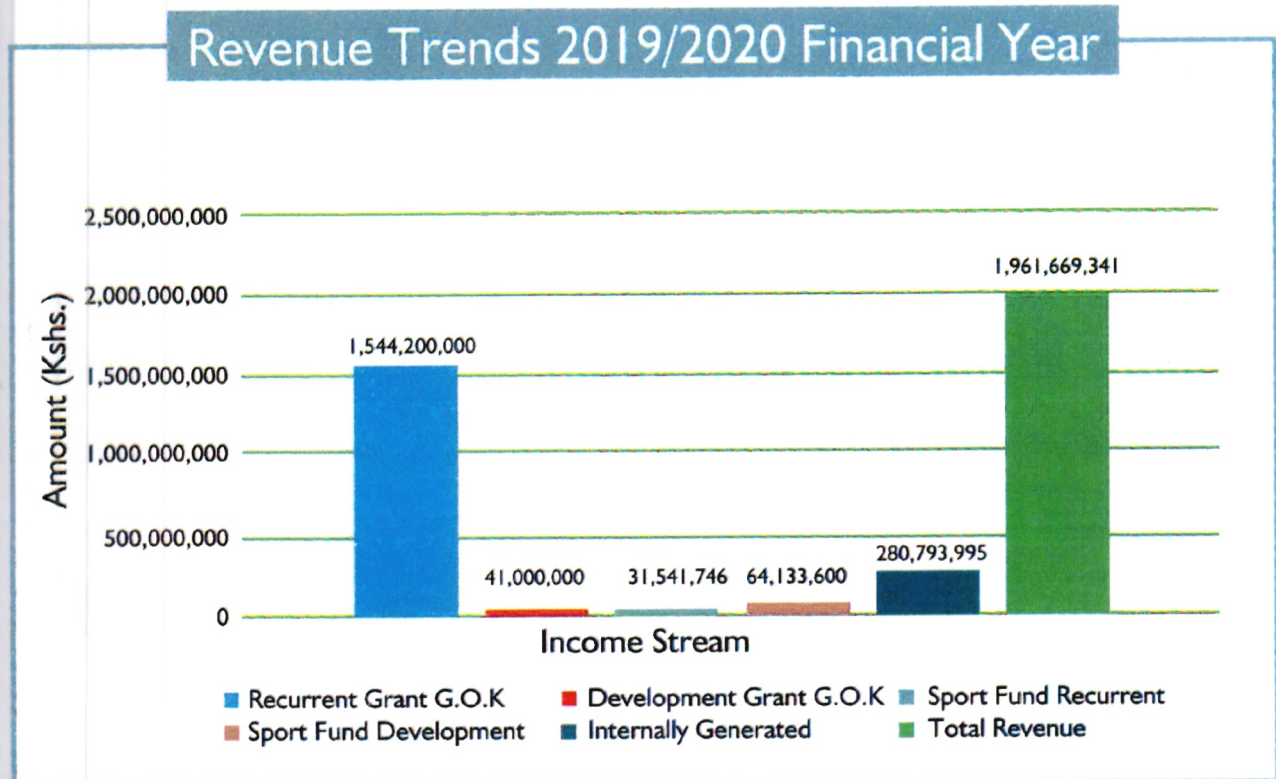
DIRECTORS' ALLOWANCES AND LOANS

The aggregate amount paid to Directors allowances for services rendered during 2019/2020 financial year are disclosed in the notes to the financial statements. There were no Directors loans at any time during the year.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The Entity's Operational and Financial Performance

The National Museums of Kenya internally generated revenue for twelve months stood at Kshs. 280,793,995, Government of Kenya recurrent and development grants at Kshs 1,544,200,000 and Kshs 41,000,000 respectively. In addition, the National Museums of Kenya secured funding from the Sports, Arts and Social Development Fund of Kshs. 31,541,746 and Kshs. 64,133,600 for recurrent and development 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 chart below.



TRENDS IN REVENUE GENERATION

Demand for efficient revenue collection

NMK has witnessed a decrease in all revenue collection points during the financial year as a result of closure of its revenue streams due to government directive given the global pandemic situation. However, NMK has put in place a few mechanisms which improved efficient revenue collection and still explores on how to install and operationalize the Enterprise Resource Planning System.

Electronic Fund Transfer

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

CHALLENGES AND OPPORTUNITIES

Physical infrastructure and Equipment

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

Title Deeds

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

Automation of an Enterprise Resource Planning System

The National Museums of Kenya having several revenue stations across the country still operates manually. This makes it difficult to ascertain the total receipts and expenditure at any given period. This may lead to loss of revenues through pilferages at the various collection points hence posing a challenge for management to put or improve on their internal controls timely.

Marketing

The year 2019/2020 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

Bee Keepers Meeting

In October 2019 a meeting Hyrax Museum organized Bee Keepers meeting that was attended by Hyrax museum staff, the keeper for central and western region and the Nakuru County bee keepers.

Day of the African Child

This event was organized by Hyrax Hill Museum and took place on 16th June 2020. Preparations for the event were held through zoom meetings led by the Curator Hyrax Hill Ms. Lillian Amwanda, and children participation preparation led by Ms. Rachael Nawate to ensure the days' theme is well rehearsed through Poems, spoken words, and artwork. Hyrax Creativity club children theme was: "Access to a Child-Friendly Justice System in Africa". It was an online celebration through zoom video meeting, live streaming from KBC channel one. Also, was shared on our website and Hyrax Hill Museum face book page.

IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

1. PROMOTING COMMUNITY UTILIZATION OF MUSHROOMS FOR IMPROVED FOOD AND NUTRITIONAL SECURITY, AND INCOME GENERATION

The involvement of National Museums Kenya emanates from the need to integrate underutilized indigenous edible mushrooms into the food and health system to stimulate economic development. The institution is on the forefront promoting the use of indigenous mushrooms to diversify food sources and income generation. The institution is promoting utilization of mushrooms by supporting mushroom cultivation and harvesting of indigenous mushrooms from the wild. Mushroom cultivation is gaining popularity in Kenya from rural, peri-urban to urban communities, and large scale to small scale farmers. The National Museums of Kenya supports mushroom farming communities by supplying spawn, training and providing advisory services.

Consumption of wild edible mushrooms is common. There are over 50 indigenous edible mushrooms in Kenya. The most commercialized species are the *Termitomyces* spp. In western Kenya and *Cantherellus* spp in coastal Kenya. It is not possible to cultivate these species therefore; they are harvested from the wild. The National Museums is working with communities to develop strategies on conservation of production sites, sustainable harvesting methods and developing standards on quality control to prevent contamination and poisoning from mushrooms.

In the southern African region, the sale of wild edible mushrooms is a major livelihood. This potential has not been fully exploited in Kenya. NMK has been mapping sites to promote sales.

2. SUPPORTING COASTAL COMMUNITY GROUPS AND SCHOOLS IN THEIR ENVIRONMENTAL PROTECTION AND FOOD SECURITY INITIATIVES

The Mijikenda of coastal Kenya maintain several dozen sacred forests known as Kayas. Due to their cultural and biological significance, many of them have been gazetted as National monuments. The National Museums of Kenya has been working with the local communities for several decades to preserve this important national heritage.

Recognizing the big responsibility, the communities around kayas have been preserving these forests, the NMK has been assisting environmental and agriculture clubs in schools around kayas [see school photos] and also community groups (see community photos) to grow local fruits and vegetables. For the last three years (2018-2020), the NMK has assisted clubs in 9 schools located near the main Kayas (Giriama, Kinondo, Mtwakara, Rabai, Kauma, Ribe, Jibana, Kambe and Chonyi) with environment and traditional food educational material. Titles donated include:

- Mboga za watu wa pwani
- How to grow and use traditional vegetables (mchicha, mnavu, mwangani, mitoo, kanzira sukuma and kikoshu).
- Traditional food plants of Kenya
- Useful Kenya Trees and Shrubs

Community groups around four kayas (Kinondo, Mtwakara, Rabai and Kauma) have been given various seeds of traditional vegetables and fruits to grow.

Kenya's coastal counties of Kilifi, Mombasa and Kwale are home to the Mijikenda communities, a set of nine coastal groups speak related languages and share similar origins and culture. The region is one of the most bio-diverse in Africa. Diversity is particularly high in coastal sacred forest groves, known as Kaya forests and are spread over the three counties. Out of the 60 Kayas known, 42 are under some form of legal protection, as forest reserves under Kenya Forest Services (KFS) or national monument under National Museums of Kenya (NMK) or both.

Most are in Kilifi and Kwale counties and only one is in Mombasa County. Each of the Mijikenda communities has several of such sacred Kaya forests as they are viewed as abodes for ancestors. Kayas are overseen by a council of elders and each county has a chairman. Despite their sacredness, Kaya forests represent centres of both biodiversity and culture including indigenous knowledge and are important for maintaining biodiversity in the surrounding farmlands amidst a rapidly changing landscape. Kaya forests are important sources of non-timber forest products, fruit, vegetables,

mushrooms and medicinal plants. Tree cutting is prohibited. They serve as refugia for about endangered species of both plants and animals according to IUCN classification, many of which are food plants and crop wild relatives. Kayas epitomize the history and culture of the Mijikenda and are now listed in the UNESCO World Heritage Sites.

Beneficiaries

- i. 4 Farmer groups all with about 80 women, 30 men; 4 youth groups with about 32 members
- ii. 4 Kaya forest management committees with about 40 members
- iii. 9 Primary schools with 25 teachers mentoring pupils (about one third women), about 270 pupils consisting of 150 girls and 120 boys.

NO.	NAME OF KAYA & COMMUNITY	COUNTY	PRIMARY SCHOOL
1.	Kaya Fungo (Giriama)	Kilifi	Gogoraruhe Pri. School
2.	Kaya Kauma	Kilifi	Jaribuni Pri School
3.	Kaya Chonyi	Kilifi	Vwevvesi Pri. School
4.	Kaya Jibana	Kilifi	Mngamboni Pri. School
5.	Kaya Kambe (Mbwaka)	Kilifi	Maereni Pri. School
6.	Kaya Ribe	Kilifi	Ribe Pri. School
7.	Kayas Mudzimuvya	Kilifi	Isaac Nyondo Pri. Sch
8.	Kayas Mtswakara	Kwale	Miyani Pri. School
9.	Kaya Kinondo	Kwale	Makongeni Pri. School

Community assistance has gone to communities in four of the nine Kayas – Kaya Kinondo, Kaya Mtswakara, Kaya Mudzi Muvya and Kaya Kauma (Mdachi) – mainly in form of seeds and educational material. 48 species of plant seeds, comprising fruit (24) vegetables (18) and other uses (6) have been collected.

3. NMK CONTRIBUTION TO THE KNOWLEDGE OF NON-BEE POLLINATORS WITH A FOCUS ON BUTTERFLIES AND MOTHS IN TAITA HILLS, TAITA TAVETA COUNTY, KENYA.

Since January 2017, the NMK through the Zoology Department has been undertaking activities with the local communities living around Ngangao, Chawia, Modangache and Sagalla forests blocks of the Taita Hills Forest, Taita Taveta County. This is under a JRS Biodiversity Foundation Funded Project whose initial phase was for three years, January 2017 – December 2019 and an additional one-year phase from January – December 2020. The project is entitled: Assessment of Lepidoptera Pollinator Species Diversity Data in East Africa and is regional covering Kenya, Uganda and Tanzania.

At the community level, the project has collaborated with the Dawida Biodiversity Conservation Centre (DABICO), a local community based and managed conservation centre. The project has held awareness training workshops and experiential learning experiences for the community on the role of butterflies and moths in pollination of crops and wild plants.

The NMK at the community's request have established butterflies and moths' exhibitions. These have become a key attraction at the Centre for students, government officials and the general public. They include butterfly banners and a butterfly and moths insect display boxes with a theme on **Vipepeo Wetu, Urithi Wetu (Our butterflies, our heritage)**.

The NMK in collaboration with the Taita Hills Community have established a pollination Garden at the DABICO Centre.

4. TRAINING FARMERS ON THE IMPORTANCE OF POLLINATORS AND BEEKEEPING

The Goal is to provide a solution to the issues and promote a practical strategy for environmentally compactful agricultural productions system that increases crop quality and yields among large and small scale farms in Kenya through use of managed bees and natural enemies by moving them from one place to another.

The project has so far achieved the following CSR activities within the communities in Kirinyaga, Embu and Meru:

- i. Trained farmers in pest and disease control
- ii. Promote best use of pesticide in agricultural production
- iii. Promote income generation through bee keeping after training Farmers
- iv. Build capacity in pollination and bio-vectoring Technology

X. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020, which show the state of the Organizations affairs.

Results

The results of the Organizations for the year ended June 30, 2020 are set out on page 39 to 42

Board of Directors

The members of the Board of Directors who served during the year are as shown on page 6 to 9

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

XI. 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, 2020.

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, 2020 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 30th March 2021 and signed on its behalf by:


Director General

REPUBLIC OF KENYA



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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL MUSEUMS OF KENYA FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Museums of Kenya set out on pages 39 to 75, which comprise of the statement of financial performance for the year ended 30 June, 2020, the statement of financial position, the statement of changes in net assets, the statement of cash flows, the statement of comparison of budget and actual amounts, the notes to the financial statements 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 matter 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, 2020, and 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. Fraudulent Payment - Non-Recognition of Revenue

As disclosed in Notes 3(a) and 5 to the financial statements, the statement of financial performance reflects revenue from non-exchange transactions amounting to Kshs.1,890,979,358 which constitutes development grants from the State Department for Sports, Culture and Heritage amounting to Kshs.41,000,000. However, examination of records revealed that the National Museums received an amount of Kshs.10,000,000 through its bank account held at Standard Chartered Bank but the money was not receipted or reported in the financial statements. The State Department had disbursed the amount and requested the National Museums to pay on their behalf for media communication. The amount was paid to a local company but no records were availed to show how the company was procured and the services offered. It has not been explained why the State Department for Sports, Culture and Heritage could not pay its creditors

directly instead of seeking to pay through the National Museums and why Management made the payment without any supporting documents.

In the circumstances, the validity of the payment amounting to Kshs.10,000,000 could not be ascertained

2. Revaluation of Property, Plant and Equipment

As disclosed in Note 14 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.3,522,281,770 which includes land with a book value of Kshs.1,575,127,445 which has not been valued since 1990s. However, as previously reported, the National Museum of Kenya has one hundred and fifty (150) parcels of land spread across the country, out of which only forty-three (43) parcels had title deeds. The remaining 107 parcels have no ownership documents.

Further, the property plant and equipment net book value of Kshs.3,522,281,770 includes heritage assets whose value could not be verified due to lack of fixed assets register. The National Museums has not disclosed the heritage assets that have future economic benefits or service potential other than their heritage value, and those heritage assets whose future economic benefit or service potential is limited to their heritage characteristics. In addition, the National Museums has not disclosed other heritage assets matters such as the measurement basis, method used, gross carrying amount and accumulated depreciation at the end of the period.

In addition, included in property, plant and equipment balance of Kshs.3,522,281,770 is Work-In-Progress balance of Kshs.709,465,851 as at 30 June, 2020. However, examination of records show that the construction works had been completed and the site handed over to National Museums Kenya vide certificate of completion No. NMK/FJ/15/2016 as at 30 June, 2020. However, the total cost of the Sea Wall was still included in the work in progress.

Consequently, it has not been possible to confirm whether property, plant and equipment balance of Kshs.3,522,281,770 as at 30 June, 2020 is fairly stated.

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

Key Audit Matters

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

Other Matter

Prior Year Unresolved Issues

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: AG.4/16/3 Vol.1(9) dated 24 June, 2020.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delayed Completion of Phase III Construction Works

During the year under review, Management awarded a contract to a construction firm for construction of phase three of a boundary wall at its Headquarters at a contract sum of Kshs.16,579,210 inclusive of VAT. The contract was set to expire within sixteen (16) weeks upon commencement of the work. However, the contract period had lapsed and the project was not complete as at 30 June, 2020.

Consequently, value for money on this project may not have been obtained.

2. Delayed Construction of Ablution Block at the Institute of Primate Research

The National Museums of Kenya awarded a contract for the construction of an ablution block at the Institute of Primate Research in Karen at a contract cost of Kshs.4,310,000. According to the contract documents, the contract was to take a period of 12 weeks from 8 July, 2019 to 7 October, 2019. Included in property, plant and equipment net book value of Kshs.709,465,851 is Kshs.2,044.178 being the second certificate payment made to the firm. However, in a letter dated 7 October, 2019, the contractor requested for an extension period of 8 weeks citing extra works done on an alternative access route to enable heavy vehicles passage with materials to the site.

Review of the progress on 20 January, 2020 revealed that the project was largely incomplete while the total amount of work certified as at 30 June, 2020 was

Kshs.5,001,150 exceeding the contract sum by Kshs.691,150 for which no authorization document was provided for audit review.

Consequently, value for money on the expenditure Kshs.2,044,178 could not be established.

3. Proposed Construction of Vasco Da Gama Pillar Sea Wall

During the year under review, the National Museums of Kenya entered into contract with a local firm to carry out environmental and social impact assessment on the proposed construction of Vasco Da Gama Pillar sea wall at a contract sum of Kshs.3,420,000 inclusive of tax for a contract period of one (1) month. Management made an advance payment of Kshs.1,710,000 to the firm. However, the authenticity of the advance could not be ascertained due to the fact that National Museums of Kenya did not advertise for the services nor make use of any prequalified suppliers contrary to the Public Procurement and asset Disposal Act, 2015.

In the circumstances, Management is in breach of the 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, except for the matter described in the Basis for Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Loss of Revenue

As previously reported, on July, 2017, the National Museums of Kenya evicted all the tenants from their building, Ndemi flats, to enable for repairs works to be undertaken. At the time of the eviction, the monthly rental income was estimated at Kshs.850,000. However, the building has remained vacant for over four (4) years resulting to a loss estimated loss of Kshs.40,800,000 as at 30 June, 2020. The building continues to deteriorate through wear and tear due to natural weathering and disuse. It has not been explained why Management evicted the tenants without undertaking planning adequately for the commencement of the repair works.

In the circumstances, the existence of effective assets management policy to safeguard and manage public resources cannot be established

2. Long Outstanding Receivables from Exchange Transactions

As disclosed in Note 12(a) to the financial statements, the statement of financial position reflects receivables from exchange transactions amounting to Kshs.20,065,402 which includes trade receivables of Kshs.8,391,777 out of which Kshs.7,303,397 have been outstanding for long time with some dating back to 2013/2014 financial year. No provision appears to have been made for the doubtful debts

Consequently, the recoverability of the receivables from exchange transactions of Kshs.7,303,397 as at 30 June, 2020 could not be confirmed.

3. Trade and Other Payables

As disclosed in Note 15 to the financial statements the statement of financial position reflects a balance of Kshs.130,482,003 in respect of trade and other payables which includes outstanding bills amounting Kshs.33,335,805 with some dating far back to 2010. No explanation was given why the bills were not cleared during the year to which they relate. Further, the balance includes an amount of Kshs.34,439,410 which was explained as retention fee for contractors for projects dating back to 2012.

In the circumstances, the National Museums risk litigation and payment of penalties and interests for overdue accounts should any of the creditors resort to court to enforce repayment.

4. Fixed Asset Register

As disclosed in Note 14 to the financial statements, property, plant and equipment balance of Kshs.3,522,281,770 includes an amount of Kshs.3,384,291,303 being the opening net book value of the fixed assets. However, Management did not provide an asset register disclosing the items description, location, serial number, date purchased, source, cost price, additions, depreciations and disposal to enable their verification. Further, schedules to support the opening balances were not availed for audit verification.

Further, the Enterprise Resource Planning used for inventory management could not generate customized reports with contents like assets acquired, acquisition cost and acquisition date, assets disposal and value disposed, assets revalued and the revaluation amount to support the assets balances. The system depreciates the fixed asset from date of purchase which is contrary to the Policy as disclosed in the financial statements where newly acquired assets are not depreciated in the year of purchase.

Consequently, the existence of an effective assets management system capable of safeguarding and the assets cannot be established.

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 were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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 National Museums' ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to liquidate the National 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 following the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors responsible for overseeing the National 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 if and when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and 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 policies and procedures may deteriorate.

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

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

04 April, 2022

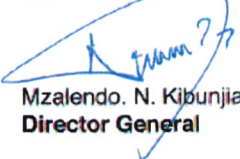
XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 2020

	Note	2019 - 2020 Ksh	2018 - 2019 Ksh
Revenue from non-exchange transactions			
Transfers from governments-			
Recurrent	3(a)	1,544,200,000	1,201,600,000
Sport Fund	3(a)	31,541,746	-
Development	16(b)	19,535,377	9,279,563
Project income	4	295,702,235	307,281,129
Total revenue from non-exchange transactions		1,890,979,358	1,518,160,692
Revenue from exchange transactions			
Other incomes	5	280,793,995	352,372,923
Total revenue from exchange transactions		280,793,995	352,372,923
Total revenue		2,171,773,353	1,870,533,615
EXPENSES			
Employee costs	6	1,383,380,519	1,122,340,039
Depreciation	7	32,432,325	29,792,836
Repairs and maintenance	8	32,891,938	19,628,761
Board of Directors	9	15,512,444	14,821,766
General expenses	10	557,551,112	518,422,281
Total expenses		2,021,768,338	1,705,005,683
Surplus for the year		150,005,015	165,527,932

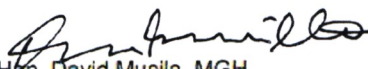
XIV. STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED JUNE 2020

	Note	2019 – 2020 Ksh	2018 - 2019 Ksh
Assets			
Current assets			
Cash and cash equivalents	11	431,406,546	114,181,240
Receivables from exchange transactions	12 (a)	20,065,402	21,615,130
Receivables from non - exchange transactions	12 (b)	41,047,036	307,579,528
Inventories	13	1,188,966	1,720,939
		493,707,950	445,096,837
Non-current assets			
Property, plant and equipment	14	3,522,281,770	3,384,291,303
Total assets		4,015,989,720	3,829,388,140
Liabilities			
Current liabilities			
Trade and other payables from exchange Transactions	15	130,482,003	223,275,533
Total current liabilities		130,482,003	223,275,533
Non-current Liabilities			
Deferred Development Grant	16	341,104,803	310,533,160
Project Deposits	17	172,216,219	128,424,347
Total non-current liabilities		513,321,022	438,957,507
Total liabilities		643,803,025	662,233,040
Net assets			
Reserves		3,222,181,680	3,001,627,168
Accumulated surplus		150,005,015	165,527,932
Total assets and liabilities		3,372,186,695	3,167,155,100

The Financial Statements set out on pages 39 and 40 were signed on behalf of the Board of Directors by:


Mzalendo N. Kibunja, PhD, EBS.
Director General


Namachanja Geoffrey
Financial Controller


Hon. David Musila, MGH
Chairman of the Board

XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2020

	Capital Reserve	Revenue Reserves	Revaluation Reserve	Total Kshs.
Balance as at 1st July 2018	2,995,884,407	(302,592,425)	14,635,150	2,707,927,132
Capitalized government grant (16b)	293,700,036	-	-	293,700,036
Total comprehensive income for the year		165,527,932	-	165,527,932
Balance as at 30th June 2019	3,289,584,443	(137,064,493)	14,635,150	3,167,155,100
Balance as at 1st July 2019	3,289,584,443	(137,064,493)	14,635,150	3,167,155,100
Capitalized government grant (16b)	55,026,580	-	-	55,026,580
Total comprehensive income for the year		150,005,015	-	150,005,015
Balance as at 30th June 2020	3,344,611,023	12,940,522	14,635,150	3,372,186,695

XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Notes	2019-2020 Kshs	2018-2019 Kshs
Cash flow from operating activities			
Net income from Museum operations		150,005,015	165,527,932
Adjustments for the year			
Depreciation	7	32,432,325	29,792,836
Operating Income before working capital changes		182,437,340	195,320,768
Increase/decrease in receivables		268,082,220	(296,837,835)
Increase/decrease in inventories		531,973	(150,120)
increase/decrease in payables		(92,793,530)	(15,028,154)
Development expenditure	16(b)	(19,535,377)	(9,279,563)
Net cash from operating activities		338,722,626	(125,974,904)
Cash flow from investing activities			
Purchase of property, plant & equipment	14	(170,422,792)	(319,563,819)
Net cash from investing activities		(170,422,792)	(319,563,819)
Cash flow from financing activities			
Development grant from GOK	16(a)	105,133,600	415,000,000
Project deposits		43,791,872	19,823,259
Net cash generated from financing activities		148,925,472	434,823,259
Net (decrease)/increase in cash and cash equivalents		317,225,306	(10,715,464)
Cash and cash equivalent as at 30th June 2019		114,181,240	124,896,704
Cash and cash equivalent as at 30th June 2020		431,406,546	114,181,240

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 2020

	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	Performance Difference	Percent
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Recurrent grant	1,150,600,000	393,600,000	1,544,200,000	1,544,200,000	-	
Development Grant	51,600,000	29,400,000	81,000,000	41,000,000	(40,000,000)	-49
Sport Fund - Recurrent	-	13,341,746	13,341,746	31,541,746	18,200,000	136
Sport Fund - Development	-	-	-	64,133,600	64,133,600	100
Other incomes:						
Internally Revenue	298,000,000	82,579,590	380,579,590	280,793,995	(99,785,595)	-26
Project Revenue	-	144,791,535	144,791,535	295,702,235	150,910,700	104
Total income	1,500,200,000	663,712,871	2,163,912,871	2,257,371,576		
Expenses						
Employees Costs	1,210,932,364	143,900,000	1,354,832,364	1,383,380,519	28,548,155	2
Depreciation	33,799,083	-	33,799,083	32,432,325	(1,366,758)	-4
Repairs & Maintenance	15,592,874	13,341,746	28,934,620	32,891,938	3,957,318	14
Remuneration to Board of Directors	15,303,394	2,290,980	17,594,374	15,512,444	(2,081,930)	-12
General Expenses	172,972,285	474,780,145	647,752,430	557,551,112	(90,201,318)	-14
Total expenditure	1,448,600,000	634,312,871	2,082,912,871	2,021,768,338		
Surplus for the period	51,600,000	29,400,000	81,000,000	235,603,238		

NB: 1. The surplus for the period as reflected indicates the development grant budgeted for the financial year 2019 - 2020

2. Notes to variance explanations as set out on page 64

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

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

ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 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. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> (a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. (b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. (c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

Standard	Effective date and impact:
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

Summary of significant accounting policies

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

Transfers from government entities

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

Government Grants

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

Project income

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

c) Taxation

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

d) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

Interest income is accrued using the negotiated rate.

Rental income

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

e) Property, Plant and Equipment

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

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

f) Exhibits and Collections

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

g) Purchase of Animals

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

h) Financial Instruments

(i) Financial Assets

Initial recognition and measurement

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

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

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

Derecognition

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

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit as appropriate. The National Museums of Kenya determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of borrowings, plus directly attributable transaction costs.

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

i) Employee Benefits

(i) Short term

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

(ii) Retirement Benefits

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

j) Nature and Purpose of Reserves

(a) Capital Reserve

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

Reserve funds enable the organization to maintain the common areas with a reduced risk of special assessments and minimize the impact of financial challenges. The fund establishes and preserves reserves for a strong financial position to meet future expenditures and reduce the potential for reduction in property values.

(b) Revenue Reserve

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

(c) Revaluation Reserve

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

K) Branches

The regional stations reports are incorporated in these financial statements.

l) Translation of Foreign Currency

Translations in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities, which are expressed in foreign currency, are translated

into "Kenya Shillings" at rates ruling at the date in the financial position statement. The resulting difference from the conversion and translation are dealt with in the financial performance statement in year, which they arise.

m) Research and Development

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

n) Budget Information

The annual budget for the period 2019/2020 was prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

o) Related Parties

The National Museums of Kenya regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the organization, or vice versa. Members of key Management are regarded as related parties and comprise the Directors Executive Team.

p) Comparative figures

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

q) Provisions

Provisions are recognized when the organization has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

r) Cash and cash equivalents

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

s) Inventories

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

t) Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date,

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

Useful lives and residual values

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

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

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

3(a) TRANSFERS FROM OTHER GOVERNMENTS

Description	2019-2020 KShs	2018-2019 KShs
Unconditional grants		
Operational grant		
- Recurrent	1,544,200,000	1,201,600,000
- Development	41,000,000	415,000,000
Sport Fund		
- Recurrent	31,541,746	-
- Development	64,133,600	-
Total	1,680,875,346	1,616,600,000

3(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund KShs	Total grant income during the year KShs	2018-2019 KShs
Ministry of Sports	1,544,200,000	-	-	1,544,200,000	1,201,600,000
Ministry of Sports	19,535,377	30,571,643	55,026,580	105,133,600	415,000,000
Sport Fund	31,541,746	-	-	31,541,746	-
Total	1,595,277,123	30,571,643	55,026,580	1,680,875,346	1,616,600,000

Note: The grant of Kshs. 105,133,600 comprises of GOK grant and Sport Fund Grant of Kshs. 41,000,000 and Kshs. 64,133,600 respectively.

4. PROJECT INCOME	2019-2020 KSH	2018-2019 KSH
Project Income HQ	123,709,402	160,059,161
Project Admin income	19,226,954	7,343,428
Project income IPR	152,765,879	139,878,540
Total	295,702,235	307,281,129
5. OTHER INCOMES		
Admission fee	203,432,498	258,231,921
Rental income	22,613,088	31,756,296
Sale of publications and artifacts	9,319,015	16,595,327
Sale of soft drinks	1,133,392	1,666,981
Sale of casts	586,926	3,596,132
Sundry income	43,709,076	40,526,266
Total	280,793,995	352,372,923
6. EMPLOYEE COSTS		
Salaries	977,028,065	935,095,643
Gratuity and pensions	323,889,542	108,825,970
Medical	53,792,731	49,372,729
Training	24,845,982	17,026,715
Staff welfare and uniforms	3,824,199	12,018,982
Total	1,383,380,519	1,122,340,039
7. DEPRECIATION EXPENSE		
Property , plant and equipment(note 14)	32,432,325	29,792,836
Total	32,432,325	29,792,836

8. REPAIRS AND MAINTENANCE

Vehicle expenses- Maintenance/spares	9,653,999	7,123,378
Equipment repairs and maintenance	4,718,694	6,520,370
Maintenance of buildings	8,314,732	2,927,911
Maintenance of monuments	8,750,753	2,975,232
Cage maintenance	606,925	77,870
Boat Maintenance	1,200	4,000
Cage construction	845,635	-
Total	32,891,938	19,628,761

9. BOARD EXPENSES

Lunch	558,000	777,496
Phone Expenses	70,000	60,000
Insurance	1,086,799	652,784
Sitting allowance	7,080,000	5,620,000
Accommodation/per diem	3,057,600	4,169,600
Air fare	357,065	844,044
Board meeting Expenses	812,790	1,039,873
Mileage	1,370,190	1,097,969
Honoraria for Chairman	1,120,000	560,000
Total	15,512,444	14,821,766

10. GENERAL EXPENSES

Administrative costs	42,839,872	26,458,731
Transport and travel expenses	184,193,898	198,971,485
Contracted professional services	47,278,772	25,618,296
Office and other expenses	141,061,401	133,437,919
Advertising and publicity	8,555,786	5,652,389
Telephone and postage	13,237,489	13,357,046
Electricity and water	21,773,956	25,512,376
Purchases and other direct inputs	98,609,938	89,414,039
Total	557,551,112	518,422,281

11. CASH AND CASH EQUIVALENTS

Current accounts	431,389,496	112,095,182
Others(cash at hand)	17,050	2,086,058
Total	431,406,546	114,181,240

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

Financial Institution	Account Number	2019-2020 Kshs.	2018-2019 Kshs.
a) Current Account			
Nairobi Museum, SCB Westland	0108035107801	33,811	559,229
Recurrent HQs, SCB	0108035107900	11,325,016	5,166,562
Development HQs, KCB	1106829379	2,505,578	5,641,398
Salaries, SCB Westland	0108033746400	110,614,154	49,593
Commercial , SCB Westland	0108035436500	1,322,662	959,293
Fund A/C, SCB Westland	0108034593700	5,843,123	2,416,409
Project HQs, SCB Westland	0108035107800	22,738,801	26,381,241
Lodwar, KCB Lodwar	1107592267	142,605	3,626
Karen Blixen Savings, SCB Karen	0152092944700	1,234,510	1,213,794
Dollar HQs, SCB Westland	8708035107900	3,334,511	3,249,784
Karen Blixen Recurrent, SCB Karen	0102044888600	544,793	133,670
Natural Products Industry HQs, SCB Chiromo	0108035107901	16,001,650	13,617,295
Sports Fund , KCB Lamu	1104778343	86,071,252	12,276
Recurrent IPR, SCB Karen	0102044700001	141,711,161	3,588,472
Dollar IPR, SCB Karen	8702044700000	11,433,813	8,811,981
IPR Project, SCB Karen	0102044700000	1,591,524	10,839,993
CNHR Project A/C, SCB Karen	0102044700002	713,616	574,143
IPR MMUST, SCB Karen	0108044700000	1,374,531	-
IPR Predict, SCB Karen	0102044700004	-	310
IPR GCC ,SCB Karen	0102044700003	183,181	335,878
IPR Snake bit, SCB Westland	0108035107802	9,540,073	14,241,953
Fort Jesus, KCB Treasury SQ. Mombasa	1106548876	23,441	725,175

Fort Jesus Project, KCB	1106548809	1,125,063	1,506,213
Gede Ruins- KCB Malindi	1108000584	122,010	10,452,366
Lamu ,KCB Lamu	1104778173	128,786	20,937
Lamu Projects, KCB Lamu	1104778505	192,533	70,392
Meru, SCB Meru	0102063108500	181,968	58,848
Kapenguria, KCB Kapenguria	1106216474	163,691	367,322
Baringo, KCB Kabarnet	1103642324	918	3,109
Kisumu, SCB Kisumu	0102055059500	163,480	50,940
Narok, KCB Narok	1107720796	55,985	57,050
Nakuru Hyrax, SCB Nakuru	0152054858500	970,458	982,758
Kitale, SCB Kitale	0102036056900	798	3,172
TOTAL		431,389,496	112,095,182

11(b). OTHERS (CASH AT HAND)

STATION	30 JUNE 2020	30 JUNE 2019
	Kshs.	Kshs.
Headquarters	-	497,671
IPR	4,400	63,950
Lamu Museum	-	46,152
Fort Jesus Museum	-	324,650
Gede museum	-	62,190
Karen Blixen Museum	-	749,437
Kisumu Museum	-	59,240
Meru Museum	-	1,800
Kitale Museum	-	78,100
Nairobi Gallery	-	13,450
Jumba La Mtwana	-	8,008
Uhuru Gardens	-	84,400
Maralal	-	700
Rabai	-	12,490
Malindi	-	22,200
Mnarani	-	8,550
Narok	12,000	3,200
Kabarnet	-	200
Koobi For a	-	37,270
Kapenguria	-	12,400
Olorgesaille	650	-
TOTAL	17,050	2,086,058

12. (a) CURRENT RECEIVABLES

Description	2019-2020	2018-2019
Trade Receivables	8,391,777	5,574,655
Prepayments	10,166,257	14,533,107
Deposits	1,507,368	1,507,368
Total	20,065,402	21,615,130

12 (b) CURRENT RECEIVABLES

Description	2019-2020	2018-2019
Staff Debtors	20,547,036	17,579,528
GoK Grant	20,500,000	290,000,000
Total	41,047,036	307,579,528

13. INVENTORIES

Description	2019-2020	2018-2019
Publications	801,689	1,321,722
Crafts	355,340	311,779
Soft drinks	31,937	87,438
Total	1,188,966	1,720,939

14. WORKS IN PROGRESS, PROPERTY, PLANT AND EQUIPMENT

	PROPERTY		PLANT & EQUIPMENT				Total
	Land	Buildings	Work in Progress	Furniture	Computers	Vehicles	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
COST/ VALUATION							
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	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-
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
DEPRECIATION							
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
COST/ VALUATION							
As at 1st July, 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
Additions during the year	-	-	53,872,580	85,723,687	7,998,077	22,828,448	170,422,792
Completed works during the year	-	-	-	-	-	-	-
As at 30th June 2020	1,575,127,445	1,183,085,581	709,465,851	336,951,516	92,820,290	156,448,035	4,053,898,718
DEPRECIATION							
As at 1st July, 2019	-	152,839,029	-	181,618,634	68,489,845	96,237,115	499,184,623
Charge for the Year	-	10,302,466	-	8,701,149	4,083,092	9,345,618	32,432,325
As at 30th June, 2020	-	163,141,495	-	190,319,783	72,572,937	105,582,733	531,616,948
NET BOOK VALUES							
As at 30th June, 2020	1,575,127,445	1,019,944,086	709,465,851	146,631,733	20,247,353	50,865,302	3,522,281,770
NET BOOK VALUES							
As at 30th June, 2019	1,575,127,445	1,030,246,592	655,593,271	69,609,195	16,332,368	37,382,472	3,384,291,303

15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2019-2020	2018-2019
	Kshs.	Kshs.
Trade payables	79,408,929	85,997,116
Payments received in advance	1,338,000	1,068,000
Other payables	49,735,074	136,210,417
Total	130,482,003	223,275,533

16. (a) DEFERRED GOVERNMENT GRANT

Balance b/fwd.	310,533,160	198,512,759
G.o.K Development Grant received	105,133,600	415,000,000
Less amount spent 16(b)	(74,561,957)	(302,979,599)
Total	341,104,803	310,533,160

16. (b)

Capital expenditure	55,026,580	293,700,036
Revenue expenditure	19,535,377	9,279,563
Total	74,561,957	302,979,599

17. PROJECT DEPOSITS

Opening balance	128,424,347	108,601,088
Add receipts during the year	339,494,107	327,104,388
Total Deposits	467,918,454	435,705,476
Less expenditure (4)	295,702,235	307,281,129
Balance c/f	172,216,219	128,424,347

The 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		2019-2020	2018-2019
Transfers from Ministry of Sports, Culture and the Arts	Recurrent	1,544,200,000	1,201,600,000
	Development	41,000,000	415,000,000
Transfers from Sports, Arts & Social Development Fund	Recurrent	31,541,746	-
	Development	64,133,600	-
Total		1,680,875,346	1,616,600,000

(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:

	2019-2020	2018-2019
	Kshs.	Kshs.
Key Management Remuneration	31,095,481	36,029,681
Total	31,095,481	36,029,681

19. COMMITMENTS AND CONTINGENCIES

Capital Commitments

The organization in this financial year has no capital commitments. At the year end, the organization had the following contingent liabilities. National Social Security Fund (N.S.S.F) arrears amounting to Kshs. 155,214,718 which relates to unpaid contributions of Kshs, 14,543,360 being principal amount and accrued interest penalty of Kshs. 140,671,358 as tabulated by NSSF. Also pension arrears accrued previous interest amounting to Kshs. 331,774,273 which relates to previous accumulated interest of Kshs, 260,394,684 and accrued interest penalty during the year of Kshs. 71,379,589.

The organization was not able to settle all historical pending bills for recurrent and development as directed by The National Treasury due to the covid-19 pandemic, which at year-end stood at Kshs. 63,683,184.55 and are likely to attract penalties and litigations.

Operating Lease Rentals

The National Museums of Kenya has no operating lease rentals for the financial year 2019/2020

20. FINANCIAL RISK MANAGEMENT POLICIES

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

Significant Accounting Policies

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

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 2020, 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. 21,569,475 (2019: Sh.5,604,759) higher/lower.

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

Credit risk management

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

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

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

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

The amount that best represents the organization's maximum exposure to credit risk as at 30 June 2020 is as follows:

National Museums of Kenya Annual Reports & Financial Statements for the Year Ended June 30, 2020

	Fully Performing Kshs.	Past Due Kshs.	Total Kshs.
Bank Balances	431,389,496	-	431,389,496
Trade Receivables	8,391,777	-	8,391,777
Staff Debtors	20,547,036		20,547,036
Total	460,328,309		460,328,309

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

	Fully Performing Kshs.	Past Due Kshs.	Total Kshs.
Bank Balances	112,083,182	-	112,083,182
Trade Receivables	5,574,655	-	5,574,655
Staff Debtors	17,579,528		17,579,528
Total	135,237,365		135,237,365

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 2020

	Less than 1 Year Kshs.	Over 1 Year Kshs.	Impaired Kshs.	Total Kshs.
Payables	8,077,618			8,077,618
Payables		122,404,385		122,404,385
Total	8,077,618	122,404,385		130,482,003

As at 30 June 2019

	Less than 1 Year Kshs.	Over 1 Year Kshs.	Impaired Kshs.	Total Kshs.
Payables	15,285,371	-	-	15,285,371
Payables	-	207,990,162	-	207,990,162

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 In foreign Currency S	AMOUNT Kshs.
At 30 June 2020		
US dollar bank account HQs	31,583.54	3,334,511
Us dollar bank account IPR	121,071.80	11,433,813
At 30 June 2019		
US dollar bank account HQs	31,983.25	3,249,784
US dollar bank account IPR	88,119.81	8,811,981

As at 30 June 2020, 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. 1,476,832 (2019 Kshs. 1,206,176).

Capital Risk Management

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

	2019 - 2020 Kshs.	2018 - 2019 Kshs.
Revaluation Reserve	14,635,150	14,635,150
Retained earnings	12,940,522	(137,064,493)
Capital Reserve	3,344,611,023	3,289,584,443
Total funds	3,372,186,695	3,167,155,100
Total borrowings	-	-
Les: Cash and bank balances	431,406,546	114,181,240
Net debt (Excess cash and cash equivalents)	431,406,546	114,181,240

1. The financial statements reflect material difference between the budget and actual amounts. The internal revenue target as approved in the budget estimates was not realised due nationwide museums closure to visitors following covid-19 pandemic. This resulted to a shortfall of 26% from the approved set target.

There were budgetary cuts on development grants of Kshs. 40 million about 49% leading to stalling of capital projects implementation during the year under review. In addition, the organization received funds from the Sports, Arts and Social Development Fund to cater for recurrent and development expenses after the budget Cycle in the Financial Year 2019/2020.

The organization overspent on repairs and maintenance expenses by 14% as a result of renovations of the Natural Science Block whose proposal for funding was approved after the budget cycle and funds received late in the Financial Year.

In relation to Board Expenses, overall, they were within budgetary allocation. However, due to Covid-19 pandemic, the Board meetings were virtual hence minimal costs incurred leading to under expenditure of 12%.

The general expenses variance as depicted of negative 14% was as a result of Covid-19 related expenses not incurred during the period under review.

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

XIX. 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. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	(Resolved / Not Resolved) Status:	Timeframe: (Put a date when you expect the issue to be resolved)
2018/2019					
1.0	Cash and cash equivalents				
1.1	<p>Cash and Cash Equivalent – Long outstanding Reconciling Items</p> <p>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.</p>	The information has since been availed for audit review.	Director General and Directors of NMK directorates.)The issue has been resolved.	Financial Year 2018/2019.
1.2	<p>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.</p>	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 2019/2020.

2

Transfers from the State Department of Culture and Heritage

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 reflect 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.

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.

The tabulation has since been availed to the Auditors for review.

Director General and Directors of NMK Directorates

Resolved

Financial 2018/2019

3

PROPERTY, PLANT AND EQUIPMENT

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:

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

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.

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.

The cost is substantial and requires government intervention to speed up the process, as Heritage Management is a big challenge. The National Museums of Kenya has previously engaged the National Land Commission and Ministry of Lands and will keep on seeking for their support to help resolve some of these issues

Director General and Directors of NMK Directorates

Not yet resolved

In subsequent Financial Years

4	Loss of Revenue Due to Delayed Renovation of Ndemi Flats- Kilimani.	<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>	<p>NMK Board of Directors, Director General and Directors of NMK directorates.</p>	<p>NMK BOD to dispose of Ndemi Flats</p>	<p>In subsequent Financial Years</p>	
4.1	Loss of Rental income	<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 1 July 2016 when the houses were vacated up to January 2019.</p>	<p>NMK Board of Directors, Director General and Directors of NMK directorates.</p>	<p>NMK BOD to dispose it off</p>	<p>In subsequent Financial Years</p>	
4.2	Loss of Ownership Documents	<p>Title documents for Ndemi 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 review of the foregoing, it has not been possible to confirm the security and ownership on the Ndemi 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>

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<p>5.0</p> <p>Going Concern / Sustainability of Services</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 year 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>Resolved</p>	<p>Financial Year 2018/2019</p>
<p>6.0</p> <p>Construction of Fort Jesus Sea Wall Protection - Mombasa Delayed Completion of Fort Jesus Sea Wall.</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 Directors of NMK Directorates.</p>	<p>Resolved</p>	<p>Financial Year 2019/2020.</p>
<p>6.1</p> <p>Current status</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 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 at about 91% 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>

<p>Restoration/Rehabilitation of the Reclaimed Land 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 observation has been noted by management</p>	<p>Director General and Directors of NMK Directorates</p>	<p>Resolved</p>	<p>Financial Year 2019/2020</p>
<p>Consultancy Services for Design and Estimates 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 Auditors observation was noted by management</p>	<p>Director General and Directors of NMK Directorates</p>	<p>Resolved</p>	<p>2019/2020</p>

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<p>6.2</p>	<p>Addendum 11 – Supervision of the Sea Wall Protection Construction</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 works completed and project has since been handed over to the client.</p>	<p>Director General and Directors of NMK Directorates.</p>	<p>Resolved</p>	<p>Financial Year 2019- 2020</p>												
<p>7.0</p>	<p>Trade and other Payables from Exchange Transactions</p>																
<p>7.1</p>	<p>Pending Bills</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 Kshs. 38,321,129, which were not analysed or supported with schedules as shown below.</p> <table data-bbox="263 1556 686 1747"> <thead> <tr> <th>Item</th> <th>Kshs.</th> </tr> </thead> <tbody> <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> </tbody> </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 schedules have since been completed and availed for audit review</p>	<p>Director General and Directors of NMK Directorates</p>	<p>Resolved</p>	<p>Financial Year 2018/2019.</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																

7.2 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 Kshs.
PAYE	7,112,560
Pension	69,019,668
VAT (16%)	13,958,802
Total	90,091,030

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 received financial support from the National Treasury and will now settled the unremitted pension. The PAYE amount is a journal voucher issue that will be resolved in the next financial year. Management has sought guidance from Kenya Revenue Authority as was amount not remitted before introduction of the itax.

Director General and Directors of Directorates

Pay As You Earn and Pension has been resolved while VAT partially resolved.

Financial Year 2019 - 2020

8.0 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 (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
Total		65,097,575

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

The resultant difference of Kshs. 43,503,513 was explained or reconciled and verified.

Director General and Directors of NMK Directorates

Resolved

Financial year 2018/2019

National Museums of Kenya Annual Reports & Financial Statements for the Year Ended June 30, 2020

9.0	Receivables				
9.1	Long Outstanding Rent on Income				
	<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>	The Management has since availed for audit review.	Director General and NMK Directors of directorates	Not yet resolved	In subsequent financial years
10.0	Deferred Development Grants				
	<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>		Director General and NMK Directors of directorates	Resolved	Financial Year 2018/2019
11.0	Direct Procurement				
	<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 information was availed for verification.	Director General and Directors of NMK Directorates	Resolved	Financial Year 2018 - 2019

12.0	Unresolved Prior Year Matters				
12.1	Unreconciled Bank Balances 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. 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.	There was erroneous keying of data and omission in previous years which have since been corrected through journal voucher which have been given for audit review	Director General and Directors of NMK Directorates	Resolved	Financial Year 2018/2019.
12.2	Delayed Completion and Handover of Mashuja Square Project at Uhuru Gardens 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.	The management appreciates the observation made by your office regarding the state of the various heritage sites and monuments in relation to their restoration.	Director General and Directors of NMK Directorates	Not yet Resolved	In Subsequent Financial Years.

12.3	Security of National Heritage Assets		Director General and Directors of NMK Directorates	Resolved	Financial Year 2018/2019.
<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>S/No. Site Observation</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 neighbouring 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>f) Jumba La Mtwana 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.</p> <p>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.</p> <p>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.</p> <p>i) Kenyatta Houses-Lodwar The Museums is not properly secured with a perimeter fence for demarcating the Museum property and other parcels in the neighbourhood. 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.</p>	<p>There was erroneous keying of data and omission in previous years which have since be corrected through journal voucher which have been given for audit review</p>	<p>Director General and Directors of NMK Directorates</p>	<p>Resolved</p>	<p>Financial Year 2018/2019.</p>

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSALs). I am independent of the National museums of Kenya in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. I have determined that there are no Key Audit Matters to report in the year under review.

Other Matters

Budget and Budgetary Performance

Receipts

The National Museums of Kenya had budgeted for receipts totalling to Kshs. 2,049,822,000 but actual receipts amounted to Kshs. 1,540,709,306 resulting to a shortfall of Kshs. 485,461,416 or 23.7% as itemized below:

Revenue Head Budget Kshs	Actual Kshs. Variance %	Excess/ (Shortfall) Kshs.
Recurrent-GOK		
Grants	847,936,000	965,900,000
	117,965,000	13.9
Development		
Grants-GOK	400,000,000	59,993,500
	(340,006,500)	-85.0
Internal Revenue	573,687,000	309,725,428
	(263,961,572)	46.0
Project Revenue	226,197,000	268,738,656
	541,656	0.2
Total 2,049,822,000	1,540,709,306	(485,461,416)23.7

The revenue shortfall of Kshs. 485,461,416 was largely attributed to shortfall in internal revenue and budget cuts by National Treasury.

Expenditure

National Museums of Kenya had budgeted for expenditure totalling to Kshs. 1,664,380,000 but the actual expenditure amounted to Kshs. 1,477,353,953 resulting to an under expenditure of Kshs. 187,026,047 or 11.2% as itemized below:

Expenditure	Budget Kshs. Variance %	Actual Kshs. (Over)/ Under Kshs
Employee costs	1,207,235,000	1,062,019,830
	145,215,170	12
Depreciation	38,548,000	33,136,356
	5,411,644	14
Repairs Maintenance	19,300,950	28,710,000
		9,409,050 4
Remuneration to Board of Directors	10,741,000	1,825,883
	8,915,117	83
General expenses	379,146,000	361,070,934
	18,075,066	5
Total 1,664,380,000	1,477,353,953	187,026,047 11

The failure to spend Kshs. 187,026,047 of the budgeted expenditure implies that the organization goals and objectives were not achieved as planned.

The Management is in agreement with your observation on revenue shortfall and its implications on the overall achievements of NMK goals and objectives. However, this was due to the political situation in the country that led to decline in revenue as June to October is always the peak season. In addition, The National Treasury issued a circular on austerity measures for all development grants by 75% cut and eventually only about 21.43% was released causing the variance. On Expenditure, the organization reduced its operations due to decline in revenue and also there was no board in place. The management will ensure conformity to budgetary guidelines while carrying out its activities to ensure organizational goals and objectives are achieved as planned.

Director General and
Directors of NMK
Directorates

Not yet resolved

In subsequent
financial years.

XX. Appendix I " Recording of Transfers from other Government Entities

Name of the MDA/Donor Transferring the Funds	Date Received As Per Bank Statement	Nature: Recurrent/ Development	Total Amount – KES	Statement of Financial Performance	Where Recorded/ Recognized				Total Transfers During the Year
					Capital Fund	Deferred Income	Receivables	Others - Must be Specific	
Ministry of Sports, Culture and Heritage	16.08.2019	Recurrent	287,650,000	287,650,000	-	-	-	-	287,650,000
Ministry of Sports, Culture and Heritage	7.11.2019	Recurrent	287,650,000	287,650,000	-	-	-	-	287,650,000
Ministry of Sports, Culture and Heritage	4.02.2020	Recurrent	287,650,000	287,650,000	-	-	-	-	287,650,000
Ministry of Sports, Culture and Heritage	18.05.2020	Recurrent	287,650,000	287,650,000	-	-	-	-	287,650,000
Ministry of Sports, Culture and Heritage	20.05.2020	Recurrent	249,700,000	249,700,000	-	-	-	-	249,700,000
Ministry of Sports, Culture and Heritage	29.06.2020	Recurrent	143,900,000	143,900,000	-	-	-	-	143,900,000

Name of the MDA/Donor Transferring the Funds	Date Received As Per Bank Statement	Nature: Recurrent/ Development	Total Amount – KES	Statement of Financial Performance	Where Recorded/ Recognized				
					Capital Fund	Deferred Income	Receivables	Others - Must be Specific	Total Transfers During the Year
Ministry of Sports, Culture and Heritage	4.02.2020	Development	10,500,000	-	-	10,500,000	-	-	10,500,000
Ministry of Sports, Culture and Heritage	4.02.2020	Development	10,000,000	-	4,106,178	5,893,822	-	-	10,000,000
Ministry of Sports, Culture and Heritage	7.07.2020	Development	10,500,000	-	-	-	10,500,000	-	10,500,000
Ministry of Sports, Culture and Heritage	7.07.2020	Development	10,000,000	-	-	-	10,000,000	-	10,000,000
Total			1,585,200,000	1,544,200,000	4,106,178	16,393,822	20,500,000		1,585,200,000



Director General
Date: 30th March, 2021

XXI. Appendix 2: INTER-ENTITY TRANSFERS

ENTITY NAME: NATIONAL MUSEUMS OF KENYA

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

FY 19/20

a. Recurrent Grants

	Bank Statement Date	Amount (Kshs)	Indicate the FY to Which the Amounts Relate
Ministry of Sports, Culture and Heritage	16.08.2019	287,650,000	2019/2020
Ministry of Sports, Culture and Heritage	7.11.2019	287,650,000	2019/2020
Ministry of Sports, Culture and Heritage	4.02.2020	287,650,000	2019/2020
Ministry of Sports, Culture and Heritage	18.05.2020	287,650,000	2019/2020
Ministry of Sports, Culture and Heritage	20.05.2020	249,700,000	2019/2020
Ministry of Sports, Culture and Heritage	29.06.2020	143,900,000	2019/2020
Total		1,544,200,000	

b. Other Recurrent Grants

Ministry of Sports, Culture and Heritage	16.08.2019	5,000,000	2019/2020
Ministry of Sports, Culture and Heritage	15.08.2019	7,125,000	2019/2020
Ministry of Sports, Culture and Heritage	7.11.2019	5,000,000	2019/2020
Ministry of Sports, Culture and Heritage	7.11.2019	7,125,000	2019/2020
Ministry of Sports, Culture and Heritage	4.02.2020	5,000,000	2019/2020
Ministry of Sports, Culture and Heritage	4.02.2020	7,125,000	2019/2020
Ministry of Sports, Culture and Heritage	18.05.2020	5,000,000	2019/2020
Ministry of Sports, Culture and Heritage	18.05.2020	7,125,000	2019/2020
Total		48,500,000	

c. Development Grants

	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
Ministry of Sports, Culture and Heritage	4.02.2020	10,500,000	2019/2020
Ministry of Sports, Culture and Heritage	4.02.2020	10,000,000	2019/2020
Ministry of Sports, Culture and Heritage	7.07.2020	10,500,000	2019/2020
Ministry of Sports, Culture and Heritage	7.07.2020	10,000,000	2019/2020
Total		41,000,000	

NOTES:

The National Museums of Kenya confirms receipt of Kshs.10.5million for financial year 2019/2020 received on 07/07/2020

The National Museums of Kenya confirms receipt of Kshs.10.0million for financial year 2019/2020 received on 06/07/2020

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

Financial Controller
National Museums of Kenya

Head of Accounting Unit
State Department of Culture and Heritage



Sign

Date: 30th March, 2021



Sign

Date: 30th March, 2021

XXII. Appendix 3: INTER- ENTITY TRANSFERS

ENTITY NAME: NATIONAL MUSEUMS OF KENYA

Break down of Transfers from the State Department of Sports.

FY 19/20

a. Recurrent Grants

	Bank Statement Date	Amount (Kshs)	Indicate the FY to Which the Amounts Relate
Ministry of Sports, Culture and Heritage	10.07.2019	8,713,746	2019/2020
Ministry of Sports, Culture and Heritage	10.07.2019	528,000	2019/2020
Ministry of Sports, Culture and Heritage	10.07.2019	4,100,000	2019/2020
Ministry of Sports, Culture and Heritage	10.02.2020	18,200,000	2019/2020
Total		31,541,746	

b. Development Grants

	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
Ministry of Sports, Culture and Heritage	05.06.2020	64,133,600	2019/2020
Total		64,133,600	

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

Financial Controller
National Museums of Kenya



Sign

Date: 30th March, 2021

Head of Accounting Unit
State Department of Sports.



Sign

Date: 30th March, 2021