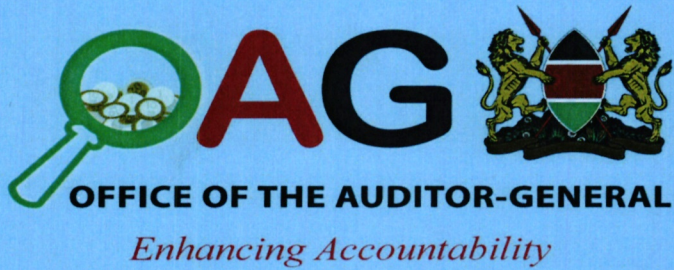


REPUBLIC OF KENYA



REPORT

OF

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 AUG 2021	DAY: WED (AM)
TABLED BY:	Hon. E Wangwe Maurity Whin
CLERK AT THE TABLE:	PK

THE AUDITOR-GENERAL

ON

KENYA NATIONAL LIBRARY SERVICE

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

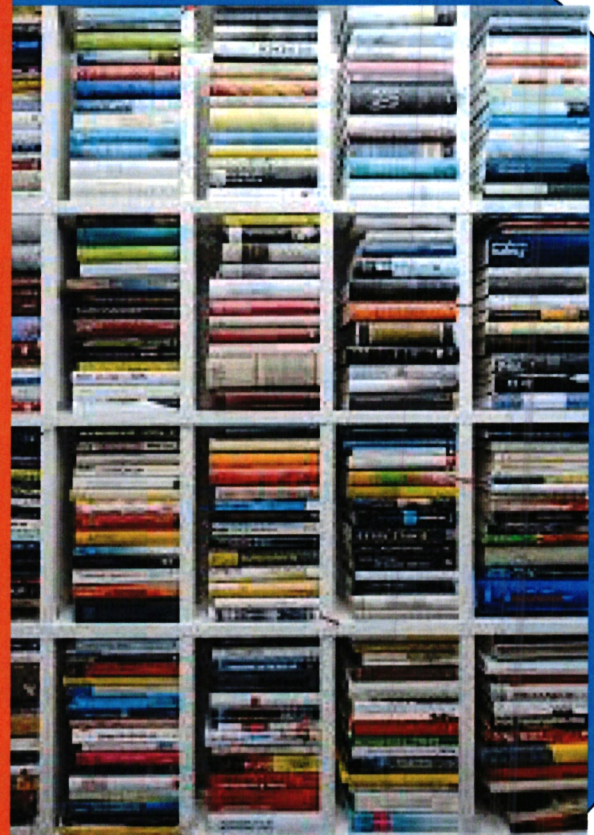




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kenya national
library service

**AUDITED ANNUAL
REPORTS AND
FINANCIAL
STATEMENTS FOR
THE FINANCIAL
YEAR ENDING 30TH
JUNE 2019**



ANNUAL REPORTS

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kenya National Library Service (knls) Board is a state corporation under the Ministry of Sports, Culture and Heritage which is for the time being responsible for the corporation. The Board was established by an Act of Parliament Cap 225 of the Laws of Kenya in April 1965. The entity is domiciled in Kenya and has 62 branches spread in 34 counties countrywide.

The Act gives the Board responsibility to manage both the National Library of Kenya and the Public Library System. Under the National Library of Kenya, the Board's key function is to preserve the national documentary heritage and to produce the Kenya national bibliography. Under the Public Library System, the principal objective of the Board is to provide library and information services to the Kenyan publics with a view to promoting a positive and sustained reading culture. The Board recognizes that information is a basic commodity in everyone's life, as it directly responds to their needs, through individual and community empowerment.

(b) Principal Activities

The principal activity of the Kenya National Library Service is to promote, establish, equip, manage, maintain and develop libraries in Kenya as a National Library Service;

Vision, Mission and Core Values of Knls

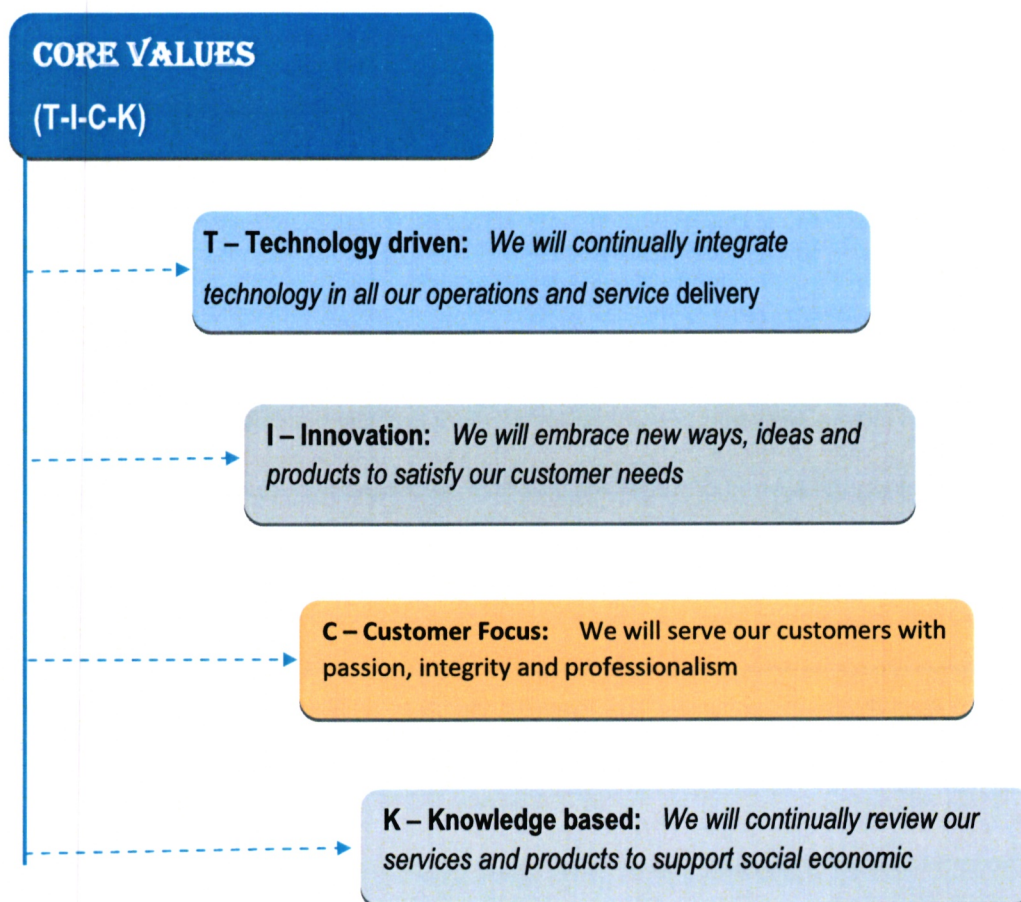
VISION

The hub of information and knowledge for empowerment

MISSION

To preserve the national documentary heritage and enable access to information and knowledge for transformation of livelihoods





(c) Key Management

The Kenya National Library Service day-to-day management is under the following key organs:

- Chief Executive Officer
- Deputy Director (Finance and Administration) and
- Deputy Director (Technical Services)

(d) Fiduciary Management

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

No. Designation	Name
1. Chief Executive Officer	Mr. Richard M. Atuti, OGW
2. Deputy Director (Finance & Administration)	CPA, Jack W. Emusolo
3. Deputy Director (Technical Service)	Mrs. Monicah Wangari Ngovi
4. Chief Human Resource Officer	Ms. Anne Magamboh
5. Principal Accountant (Head of Finance)	CPA, Julie Musandu
6. Principal Planning Officer	Mr. Cyrus Ndogo
7. Principal Procurement Officer	Ms. Janet Rotich
8. Principal Librarian (National Library Division)	Ms. Philomena Mwirigi
9. Principal ICT Officer	Mr. Alex Ombongi
10. Principal Public Relations Officer	Mrs. Nancy Ngugi
11. Senior Administrative Officer	Mr. Geoffrey Ruto
12. Principal Internal Auditor	Ms. Margaret Mwangi
13. Principal Librarian (CDBD)	Ms. Betty Kalugho
14. Principal Research & Development Officer	Dr. Charles Nzivo

(e) Fiduciary Oversight Arrangements

The overall oversight responsibility of knls rests with the Board of Directors as guided by the knls Board charter through its committees. It oversees the corporate governance, advises management in developing financial plans, determines the strategic direction of the corporation, goals and objectives as well as evaluating management's performance in pursuing and achieving those goals.

The following are the Board Committees and Board members to the various Board committees.

Name of the Committee	Members
Audit Committee	Mohamed Sheikh Aden - Chairman Kipkorir Keter * - Member Alice Manyala* - Member Loise Kaburu - Member
Finance & Projects Development Committee	Symon Yatich Namba - Chairman Dr. Zeddy Rop * - Member Alice Manyala - Member Jane N. Nzau * - Member
Human Resource & Service Delivery Committee	Patrisha M. Nekayia - Chairperson Jane Nzau - Member Dr. Zeddy Rop - Member
Marketing, Research & Resource Mobilization Committee	Sam Madoka - Chairman Loise Kathambi Kaburu - Member Kipkorir Keter - Member

*Board members who serve in more than one Committee.

(f) Kenya National Library Service

P.O. Box 30573-00100
Kenya National Library Service Complex
Mumias Road/OIDonyo Sabuk Road Junction, Buruburu
Nairobi, Kenya

(g) Contacts

Tel. 020-2158352, 7786710 Fax: 2721749
Email: knls@knls.ac.ke
www.knls.ac.ke

(h) Kenya National Library Service Bankers

Kenya Commercial Bank
Milimani Branch
NSSF Building
P.O. Box 69695
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

BOARD OF DIRECTORS

The Board consisted of 11 members, including a non-executive Chairman and the Chief Executive Officer.

Hon. Noah Katana Ngala, EGH



Born in 1948, Hon. Katana Ngala is the Chairman of Kenya national library service with effect from 24th June 2016.

He served in various Ministries as an Assistant Minister and Minister between 1979 and 2002. These included Local Government and Urban Development, Office of the President, Co-operative Development, Tourism & Wildlife, Lands and Settlement Ministry of Home Affairs, Heritage and Sports. He has also served in various political parties.

Dr. Zeddy Chepkorir Rop

Born in 1968, Dr. Zeddy is the vice Chairperson of the Board since 21st October, 2016. She holds PhD (Art Education), PGDE in Education, M.A (Fine Arts), B.A (Fine Arts), Diploma (Textile Designing)

Experience: She has over 18 years as Lecturer in the department of Fine Arts and Design at Kenyatta University.



Symon Yatich Kimengich Arap Namba



Born in 1962, Mr. Yatich who became a board member from 21st October, 2016 is the Chairperson of Finance & Projects Development Committee. He holds B.A (Hons) - Economics, Geography and Political Science

Experience: He has vast experience in the public sector, having worked in different organizations including National Cereal and Production Board, various public schools, NHIF and also private institutions. He is also the Director of One Touch Marketing Ltd.

Hon. Mohamed Sheikh Aden

Born in 1944, Hon. Mohamed is the Chairperson of Audit Committee. Since 21st October, 2016. He holds a Diploma in Journalism and has many years of experience.

Experience: Starting his career over 40 years ago in the public service, Mohamed has worked under the provincial administration, served as a Member of Parliament and in political party leadership and as an Assistant Minister. He has served as a leader in various capacities and worked in unifying leaders from the North Eastern part of the Country. He always strives to put the interests of the people at the fore-front in order to ensure they access the best services from the government.



Patrisha Nekayia Mbaria



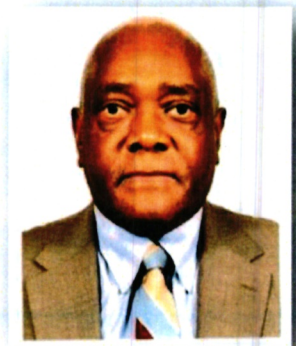
Born, in 1977, Patrisha is the Chairperson of Human Resource & Service Delivery Committee. She became a board member with effect from 21st October, 2016. She holds a Certificate in Business Management, Cert in Theological Education by Extension, Cert of specialized leadership/pastoral

Experience: She has served as a Pastor for many years with passion due to her great interest in matters of Christian religion.

Sam Mshimba Madoka

Born in 1952, Mr. Madoka is the Chairperson of Marketing, Research & Resource Mobilization Committee with effect from 21st October, 2016. He holds Business Diploma, Marketing Diploma, Film Production Diploma.

Experience: Sam begun his career over 45 years ago where he worked with Ogilvy & Mather E.A Ltd which was and Still is a prominent company in the creative and advertising sector. Later he became a Senior Account Director and TV Producer. He has served for over 25 years in top management leadership and as a consultant under different capacities. Through his employment, he worked on the development of commercials and advertisements for Barclays, Coca Cola Kenya, Beechams Kenya, Johnson & Johnson, BAT, Barclays, Beta Healthcare, Standard



Chartered, East African Breweries, Population Service International and Kenya Airways among others. He is currently a Creative Communications Consultant at Down to Earth Communications Ltd.

Loise Kathambi Kaburu



Born in 1978, Madam Kaburu, became a board member with effect from 21stOctober, 2016. She holds MBA (Strategic Management), Dip in Information Technology(imis), Bachelor of Education (Science)

Experience: Loise draws her experience widely from the education Sector. She started her career as a teacher and rose to be an administrator, revenue manager and a director of administration at Fineken Holdings Limited. Currently, she is an Executive Director (Administration) at Zetech University.

Kipkorir Keter

Born in 1976, Mr Kipkorir holds a Bachelor of Business Management (Finance Option), CPA Sec. 1-5. He became a board member with effect from 21st October, 2016.

Experience: He has vast experience in Public Education Institutions as a Finance Officer.



Alice Manyala



Born in 1960, Madam Manyala was appointed as the Alternate Director to the Cabinet Secretary, National Treasury from May 2017, but attendance commenced in September 2017. She holds a Post Graduate Diploma in International Relations and Bachelor of Arts Degree both from the University of Nairobi.

Experience: She is a career Civil Servant with long experience of over 30 years as a Foreign Service Officer and an Administrator in the Ministries of Foreign Affairs and the National Treasury and Planning.

Jane N. Nzau

Born in 1958, Madam Jane N. Nzau became an alternate board Member representing the Principal Secretary, Ministry of Sports, Culture and Heritage with effect from 28th June 2018. She holds a Masters degree in International Studies, Degree in Political Science, National Security among others.

Experience: She is a career Civil Servant with a long experience as an Administrator in various Government Ministries including Cabinet Office, East Africa Community, Office of the President etc.






Richard Masaranga Atuti, OGW










Born in 1962, Mr. Richard is the Chief Executive Officer of Kenya National Library Service and Secretary to the board. He holds MA, B.A, & Post Graduate Diploma-Library & Information Science – Makerere University.

Experience: He has a great wealth of experience with over 27 years in Public Services 18 of which in Senior Management level in the knls Board.

MANAGEMENT TEAM

No	Passport size photo & Name	Area of Responsibility	Key Professional/academic Qualifications,
1.	<p>Richard Masaranga Atuti, OGW</p> 	Chief Executive Officer	<ul style="list-style-type: none"> • MA, BA, • Post Graduate Diploma-Library & Information Science – Makerere University.
2.	<p>CPA Jack Wafula Emusolo</p> 	Deputy Director (Finance & Administration)	<ul style="list-style-type: none"> • Executive MBA, • BBA (Finance Option), • CPA (K)
3.	<p>Monicah Wangari Ngovi</p> 	Deputy Director (Technical Services)	Masters in Education: Library Studies

4	<p>Anne Magamboh</p> 	<p>Chief Human Resource Officer</p>	<ul style="list-style-type: none"> • MA HRM (UK), • BBA (Marketing Option), • IHRM, CIPD (UK)
5.	<p>Nancy Ngugi</p> 	<p>Principal Public Relations Officer</p>	<ul style="list-style-type: none"> • Master of Arts in Communication, • Bachelor of Arts Economics and Philosophy
6	<p>CPA Julie Musandu</p> 	<p>Principal Accountant</p>	<ul style="list-style-type: none"> • MBA – Strategic Management, • B.Com (Accounting Option), • CPA(K)
7	<p>Cyrus Ndogo</p> 	<p>Principal Planning Officer</p>	<ul style="list-style-type: none"> • MA (Project Planning and Management), • MBA-HRM, • B.Com Admin.

8.	<p>Philomena Mwirigi</p> 	<p>Principal Librarian – National Library Division</p>	<ul style="list-style-type: none"> • MA (Information and Library Management), • Bachelor of Library Studies (BLS)
9.	<p>Alex Nyaribo Ombongi</p> 	<p>Principal ICT Officer</p>	<ul style="list-style-type: none"> • Master of Science in Computing, • Postgraduate Diploma in Computing, • Bsc in Information Technology
10	<p>Geoffrey Ruto</p> 	<p>Senior Administrative Officer</p>	<ul style="list-style-type: none"> • Masters in Commerce, • B.Com(Banking Option)
11.	<p>Margaret Wanjiku Mwangi</p> 	<p>Principal Internal Auditor</p>	<ul style="list-style-type: none"> • B.Com(Hons), Accounting Option • CPA(K), • ICM Diploma (Risk Management)

<p>12.</p>	<p>Janet Chepkemoi</p> 	<p>Principal Supply Chain Officer</p>	<ul style="list-style-type: none"> • MBA (Strategic Management) • B.Com (Procurement & Business Logistics) • KISM, CIPS, NPLA
<p>13.</p>	<p>Betty Kalugho</p> 	<p>Principal Librarian – Collection Distribution Books Department</p>	<ul style="list-style-type: none"> • Msc. Library & Information Studies, • Bachelor of Science (Information Science)
<p>14.</p>	<p>Dr. Charles Nzivo</p> 	<p>Principal Research & Development Officer</p>	<ul style="list-style-type: none"> • PhD Library Science • Msc. Information Science • BA (Anthropology)

CHAIRMAN'S STATEMENT



I have the honor to present the Kenya National Library Service Board's Annual Report and Financial Statements for the Financial year ended 30th June

2019. During this period the knls Board was able to perform its mandate that included:

CORPORATE PERFORMANCE

During the year under review, the overall performance of the Board maintained an upward trend. This was achieved through the Government's support as well as development partners' contribution towards specified library projects. Increased reading promotion activities conducted throughout the knls branch network also enhanced the utilization of library facilities by the public. Other programmes and activities geared towards community empowerment also enhanced the performance of the Board. About 8.3 million clients were physically served across the knls libraries countrywide.

CORPORATE GOVERNANCE

Good governance continues to be an important pillar in our operations at all levels. knls has a properly constituted Board of Directors with four Board Committees and properly set out terms of reference for each. The Board has a Charter that contributes in guiding the Board's operations. In addition, all the directors have undergone training on Mwongozo organized by SCAC which is "a critical building block in entrenching principles and values of public service and best practices in corporate governance." All employees have also signed

a code of conduct that expresses the knls' corporate values and commitments.

BOARD SELF EVALUATION

In order to establish the success with which the Board has performed its governance role in the stewardship of the Corporation, knls Board conducted its self-evaluation exercise for the Financial year 2017/2018 on 14th September 2018. The process was guided by the State Corporations Advisory Committee (SCAC) as outlined in Mwongozo. Members were both corporately and individually rated. The CEO's performance was also evaluated by the Board. Evaluation for 2018/2019 is scheduled to be conducted in year 2019/2020.

STRATEGIC DIRECTION

To ensure smooth implementation of the Board's mandate, the 2018/2019 PC Targets were anchored on the strategic objectives as outlined in the knls Board 2017-2022 Strategic Plan. This was achieved through various specific activities aimed at improving service delivery to the public and enhancing a positive reading culture among Kenyans. The Government's Big Four were also incorporated in the Board's Strategic Plan (SP) as appropriate. Mid Term review of the SP to determine and assess the level of implementation and the gaps therein.

ICT

We believe in a connected digital society, where data flows at speed, connecting people, communities and things to the internet. Technologies help to make lives easier, healthier, smarter and more fulfilling.

Thus, opportunities and promise of a better digital future should be accessible to all and

ensure that even the more vulnerable are not left behind on the journey towards that future. Technology helps to bridge the divide that exist and helps people to contribute equally and fully to national development.

During the year under review, knls installed and operationalized the open-source Integrated library system (KOHA) in 11 branch libraries namely; Koru, Embu, Kericho, Kakamega, Wundanyi, Kilifi, Kithasyu, Naivasha, Meru, Isiolo and Murang'a. to ease provision of library services and operations. The programme will continue to be rolled out in the other branches in the year 2019/2020.

VISION 2030 FLAGSHIP PROJECT

Implementation of the National Library of Kenya Vision 2030 flagship project that commenced in April 2012 continued during the year under review. The Board received funds to facilitate the ongoing construction of the library project at Community Area. The Board was able to enhance the completion rate from 75% achieved in 2017/2018 to about 83% in the year 2018/2019. The Board remains optimistic that funds would be available to facilitate its completion in the Financial year 2019/2020.

FINANCIAL POSITION

The support received from the Government and development partners enabled the Board to deliver on its mandate, implement specific library programmes and eventually produce solid results.

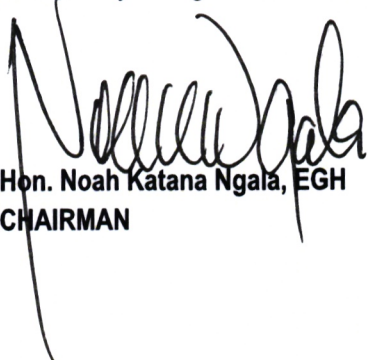
The Board was able to successfully revalue its Land, Buildings and Movable assets to the year ended 30th June 2018. The same has been

incorporated in the Financial Statement for the year ended 30th June 2019. As a result, the net value of Property Plant and Equipment has increased from Kshs.1.24B to Kshs.5.07B. This in turn has had an impact to the overall performance in the Statement of Financial Performance with a book deficit of **Kshs.112M**. It is envisaged that this will improve with the completion of the ongoing project and full occupation of the proposed rental spaces.

LOOKING AHEAD

Going forward, the Board is determined to focus her efforts on key programmes that would facilitate Kenyans to realize the big four pillars that have been declared as the government priority. Enabling access to relevant and timely information to the public will indeed stimulate the innovative and creative capabilities among different individuals.

On behalf of the board, I would like to thank the Government, development partners, library customers and all other stakeholders for their efforts in ensuring knls delivers solid results. I look forward to working together as we endeavor to generate increased growth in the years ahead. I would also like to acknowledge, with appreciation, the invaluable support I continue to receive from my colleagues on the Board, knls Management and Staff, which has helped to implement the knls strategies successfully throughout 2018/2019.



Hon. Noah Katana Ngala, EGH
CHAIRMAN

REPORT OF THE AG. CHIEF EXECUTIVE OFFICER



It is my pleasure to report on the achievements of the Financial year 2018-2019 that were realized through implementation of various programmes and activities across the knls branch libraries countrywide.

During the year under review, the Board prioritized the library programmes and expenditure to address some of the emerging issues arising from increased library usage of the available resources. These programmes included automation of library operations, enhancing usage of technology and digital content in the libraries, staff/clients capacity building, reading promotion campaigns, strengthening partnerships and participation in international forums among others.

PERFORMANCE CONTRACTING

knls Board developed the PC targets for the financial year 2018/2019 using the prescribed guidelines issued by the Office of Performance Management and Coordination. PC targets, which were derived from the Board's 2017-2022 Strategic Plan were cascaded to all departments/branches for ease of implementation. The Board participated in the vetting exercise and eventually signed the PC with the Cabinet Secretary.

ANNUAL STOCKTAKING

During the year under review, the Board closed all its 62 libraries between 24th – 29th June 2019 for Annual Stocktaking exercise. The exercise was aimed at evaluating the status of physical existence of library collections (information materials i.e. books and non-book library collections) and ascertain any loss and physical condition of the materials. Data collected from all libraries has been incorporated as part of the Annual Financial Statements Report and as part of the Board's assets.

FINANCIAL STEWARDSHIP

Knls Board continued to enjoy the goodwill of the Government through the Ministry of Sports, Heritage and throughout the year. The Board received the outlined periodic grants from the exchequer to facilitate provision of library and information services to the public. As is detailed in the financial statements in this report, all the monies channelled to the Board was appropriately utilized for the approved programmes and activities. The key sources of knls Board's revenue during the year under review were the Government of Kenya through the Exchequer, Appropriation in Aid and donor funding. Donor funds are conditional and were therefore devoted to specific projects as guided by the Partnership Agreements signed by both the donor and knls.

During the year under review, knls collected **Kshs.64,104,206**. Appropriation in Aid as compared to **Kshs.56,275,848** in the previous financial year depicting 14% growth. The Board also received recurrent grants from the exchequer totaling to **Kshs.660,430,000** (100%) of the total expected Recurrent grant income for the FY'2018/2019. For Development Grant, the Board received **Kshs.300,000,000** (100%) of the total allocated grant. The

Statement of Financial Performance FY 2018/2019 has a book deficit of **Kshs.112,284,051** as compared to a deficit of **Kshs.89,513,759** during the previous FY 2017/2018. This is as a result of the incorporation of the revaluation results on the Non – current assets of the Board to 30th June 2019.

STRATEGIC DIRECTION

In the spirit of ensuring comprehensive implementation the knls Board's 2017-2022 Strategic Plan, all library programmes and activities were anchored on the outlined strategic objectives. The 2018/2019 PC Targets were achieved through various specific activities aimed at improving service delivery to the public and enhancing a positive reading culture among Kenyans. The Government's Big Four Agendas were also incorporated in the Board's Strategic Plan (SP) as appropriate. Mid Term review of the SP to determine and assess the level of implementation and the gaps therein will be carried out in the next Financial Year 2019/2020.

BIG FOUR

Knls greatest desire is for Kenyan people everywhere to have access to information and knowledge for empowerment. Knls believes that knowledge is at the core of human progress; endeavour and well-being. Access to relevant information and knowledge will enable Kenyans to participate and contribute to the nation's socio-economic transformation and development agenda.

The knls Board therefore has aligned its strategies to the Government's strategic thinking as articulated in Kenya's Vision 2030 and the "big four pillars" i.e. manufacturing, universal healthcare, affordable housing, and food security. During the year under review, a total of 9,000 books on subjects of health and food security have been acquired and

distributed to 5 knls branches i.e. Nairobi, Nakuru, Isiolo, Kabarnet and Embu.

i) Improving Smallholder farmers' livelihoods and food security through profitable and sustainable agricultural production systems

Knls Kilifi partnered with Sustainable Village Resource (SVR) training community members on strategies to enhance food security through environmental literacy. SVR specializes in building capacities for urban-based farming in regenerative ecosystems. These are food production systems that do not require digging, pesticides, insecticides, weeding, or continuous watering.

Dzitsoni library partnered with the County government of Kilifi through the Department of Agriculture at the Sub-county level in the Kenya Cereals Enhanced Programme-Climate Resilient Agricultural Livelihood Window (KCEP-CRAL). The main focus is to contribute to the reduction of rural poverty and food insecurity of smallholders in the ASALs by developing their economic potential, while improving their natural resources management capacity and resilience to climate change in an increasingly fragile ecosystem.

The three year programme is funded by the Government of Kenya, European Union and IFAD. In Kilifi County, the programme is implemented in six sub-counties namely Magarini, Malindi, Kilifi North, Rabai, Kaloleni and Kilifi South except Ganze sub-county. Dzitsoni is in Kilifi South sub-county in Chasimba Ward a corn belt zone.

ii) Poultry Management training

An agribusiness and Poultry management training took place on 8th June 2019 at knls Nakuru branch. The program seeks to promote entrepreneurship in the field of agribusiness in the various sectors. The training focused on poultry and sought to equip interested persons with skills on effective poultry keeping and management skills in order to maximize the yield and draw maximum benefits.

READING PROMOTION ACTIVITIES

knls libraries across the network organized various reading promotion activities to improve the reading culture among the Kenyan communities. The activities were aimed at creating awareness on services provided and gain goodwill among the stakeholders and the general public. Below are some of the activities.

- a. Launch of new library services/programmes at various knls libraries
- b. Participation in International Literacy Day Celebrations, International Women's Day Celebrations among others
- c. Participation in reading aloud event for pupils living with Dyslexia
- d. Tamasha la Kiswahili under the theme "Kiswahili na Teknolojia". This was to promote the reading culture, talent, authorship and general usage of Kiswahili in the country.
- e. Nurturing the boy child program which targeted the boy child on matters of discipline, life skills, building self-esteem, challenges faced and how to overcome them.

YOUTH EMPOWERMENT AND SOCIAL ADVOCACY INITIATIVES

Knls libraries are engaging the youth in meaningful activities with a view to keeping them away from idleness and other social vices. For example:

- "Youth in Straight talk" where youth speak out on challenges they undergo and possible solutions
- Youth Mentorship program aimed at raising awareness on how to plan their life, identify their focus and avoid engagement of activities that may deter achievement of their goals.

- Sensitizing school girls on reproductive health awareness on sexual reproductive health and H.I.V. Aids Awareness.
- Introduction online examinable courses such as: Peer to Peer University and Learn My Way online platform courses to encourage the youth to advance their skills.
- Tree planting activities in commemoration of the World Environmental Day were carried out in 6 knls branches namely; Laikipia, Kithyasyu, Dzitsoni, Kisumu, Meru and Nakuru

APPRECIATION

In deed the management have accomplished a lot during the year under review, and are grateful to the new partnerships that we have gained and the ones that we have strengthened. I also do appreciate the support offered to Management by the Board. To all our colleagues I say thank you for your team spirit and commitment. All these efforts harnessed together mean that, in 2019/2020, we can continue to provide quality and timely information services to the public for knowledge and empowerment.



Jack W. Emusolo
Ag. Chief Executive Officer

**At the time of approval of the Financial Statements by the Board, the former Chief Executive Officer's tenure had lapsed on 31st August 2019. As a result, the Annual Report and Financial Statements were signed by the Ag. Chief Executive Officer – Mr. Jack W. Emusolo.*

CORPORATE GOVERNANCE STATEMENT

Kenya National Library Service Board operates under Cap 225 Laws of Kenya and embraces the principles of good governance that is engraved in the culture of integrity, accountability and transparency. The principles and standards adhered to by the Board have been developed with close reference to the Mwongozo Code of governance for state corporations, issued by the State Corporations and Advisory Committee (SCAC). The Board which is guided by the knls Board Charter through its Committees oversee the corporate governance, advises management in developing financial plans, determines the strategic direction the corporation, goals and objectives as well as evaluating management's performance in pursuing and achieving those goals. The Library is managed under the direction of the Board of Directors whose responsibility is to supervise the operations of management and ensure that the interest of the organization and all its stakeholders are promoted and protected.

Board Composition

The Board consists of eleven directors; out of whom (8) are independent non-executive directors including the Chairman, two (2) Directors are representatives of the Parent Ministry and the Representative of The National Treasury and the remaining Director is the Chief Executive Officer of knls.

The appointment was done Vide Kenya Gazette Notice No. 8753 dated 26th October, 2016; for a period of three (3) years, with effect from the 21st October, 2016 for the (8) independent non-executive directors including the chairman. The Alternate Director representing National Treasury was appointed from May 2017 and Alternate Director Parent Ministry was appointed on 28th June 2018. The appointments comprised five (5) Females and six (6) (Males).

Role and Functions of the Board

The Board:

- (a) Determines the organization's mission, vision, purpose and core values
- (b) Sets and oversee the overall strategy and approve significant policies of the organization
- (c) Ensures that the strategy is aligned with the purpose of the organization and the legitimate interests and expectation of its shareholders
- (d) Ensures that the strategy of the organization is aligned to the long term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs
- (e) Approves the organizational structure
- (f) Approves the annual budget of the organization
- (g) Monitors the organization's performance and ensure sustainability
- (h) Enhances the corporate image of the organization
- (i) Ensures availability of adequate resources for the achievement of the organization's objectives
- (j) Hires the CEO on such terms and conditions of service as may be approved by relevant government organ(s) and approve the appointment of senior management staff
- (k) Ensures effective communication with stakeholders.

Succession Planning

Knls Board has an established succession management plan geared to ensuring continuity of business operations at all levels of the Board and Management. The term of the Chairman, and the Alternate Representatives from Parent Ministry and National Treasury are scheduled to end at different times from the other eight Board Members. Therefore, there will be continuity of the Board.

The Board Strategic objectives in its current Strategic Plan is to “strengthen institutional capacity by upholding mobilization and development of human capital”

The objectives of knls Succession Plan are therefore to;

- i) Ensure continuity of knls
- ii) Ensure timely placement of employees to take up roles of their predecessors
- iii) Ensure suitable employees are available to fill the vacancies when they fall due
- iv) Help in monitoring of staff skills development
- v) Support allocation of resources for the talent development process

Board Evaluation and Performance

In accordance with the Code of Governance for State Corporations - Mwongozo under Article 1.12, knls Board conducted its self-evaluation exercise for the Financial year 2017/2018 on 14th September 2018. The process was guided by the State Corporations Advisory Committee (SCAC) as outlined in Mwongozo. Members were both corporately and individually rated. The CEO's performance was also evaluated by the Board. Evaluation for 2018/2019 is scheduled to be conducted in year 2019/2020.

Role of the Chairman and Chief Executive Officer

The separate roles of the Chairman and the Chief Executive Officer are clearly defined in the Board Charter which was approved by the board. Except for the strategic direction and general policy guidance, the board has delegated the conduct of the day to day business to the Chief Executive Officer.

Committees of the Board

The Board has four standing committees with specific delegated authorities and terms of reference. These are Audit Committee, Finance & Project Development Committee, Human Resource & Service Delivery Committee and Marketing, Research & Resource Mobilization Committee. The various Committees and their TORs as guided by the knls Board Charter are outlined below:

a) Audit Committee

- i. Assisting the Director /Chief Executive Officer in enhancing internal controls in order to improve efficiency, transparency and accountability.
- ii. Reviewing audit issues raised by both internal and external auditors.

- iii. Resolving unsettled and unimplemented Public Accounts and Public Investments Committees' (PAC/PIC) recommendations.
- iv. Enhancing communication between management, internal and external audit and fostering an effective internal audit function.
- v. Reviewing and approving the audit charter where applicable and the internal audit annual work plans.
- vi. Reviewing the internal and external audit findings and recommendations and proposing corrective and preventive action where necessary.
- vii. Reviewing the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- viii. Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Director/Chief Executive Officer.
- ix. Conduct Risk Based Audits (RBA) to provide reasonable assurance that risks management processes and structures put in place by management are functioning effectively and recommending appropriate risk mitigation measures where necessary.
- x. Review and evaluate Annual Appropriation Accounts and Statements of assets & Liabilities before they are submitted to Controller and Auditor General by finance department.

b) Finance & Project Development Committee

- i. Assist the full board in overseeing formulation, review and implementation of financial policies and procedures.
- ii. Receive and review budgets from management, and recommend to the full board for approval.
- iii. Review and recommend proposed projects and work plans to the full board for approval.
- iv. Review and recommend quarterly and annual financial reports prepared by the management to the full board for approval
- v. Receive and review capital assets disposal inventory and recommend to the full board for approval and disposal

c) Human Resource & Service Delivery Committee

- i. Review, consider and recommend to the Board for approval all the Human Resource policies relating to terms and conditions of service for employees.
- ii. Oversee, monitor and evaluate implementation of all the approved human resource policies by the management.
- iii. Review and recommend Human Resource Management Committees' reports on discipline, raining and any other human resource report for Board's approval.
- iv. Receive and review changes proposed by management on the organization structure, performance management system, compensation guidelines and recommend to the Board for approval.

- v. Review management's proposals for appointment of union employees and recommend for approval by the Board.
- vi. Advise the Board on the criteria for identifying, recruiting and appointment of managerial staff and recommend candidates to the full board for approval.
- vii. Ensure in consultation with the Board and the CEO that succession plans are in place at all levels and review such plans regularly.
- viii. Review recommendations regarding any other issues related to Human Resource Management.

d) Marketing, Research & Resource Mobilization Committee

- i. Advise on formulation, implementation and review of communication, marketing and resource mobilization policies, strategies and plans.
- ii. Provide guidance on the application of customer-focused marketing strategies that will achieve increased readership levels.
- iii. Offer expertise on formulation, strengthening and sustenance of partnerships with stakeholders to enhance the quality of library and information service delivery to the public.
- iv. Advise on development and implementation of Corporate Identity Manual to realize consistent reinforcement of knls brand.

Board Meetings Held in the Year

The board normally meets at least once every quarter and is chaired by a non-executive Chairman. The Board Members therefore hold regular scheduled meetings throughout the year and consultative meetings are held as and when necessary. At every meeting of the full board the chair of each committee presents a report on its activities, decisions and recommendations of the respective committees since the date of the previous meeting for further consideration and approval where necessary.

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The table below details board membership and attendance as per scheduled board meetings during the year;

BOARD MEMBERS ATTENDANCE FY 2018/2019			
No	Name	Designation	Meetings attended
1	Hon Noah Katana Ngala, EGH	Board Chairman	20
2	Dr. Zeddy Rop*	Board Vice Chairman and Member – Finance & Projects Development Committee, Human Resource & Service Delivery Committee	35
3	Hon Mohamed Sheikh Aden	Chairman – Audit Committee	23
4	Simon Yatich Namba	Chairperson – Finance and Projects Development Committee	30
5	Patrisha M. Nekaiya	Chairperson – Human Resource & Service Delivery Committee	22
6	Sam Madoka	Chairperson – Marketing, Research & Resource Mobilization Committee	22
7	Loise Kathambi Kaburu	Member – Marketing, Research & Resource Mobilization Committee	23
8	Alice Manyala*	Alt Rep. - The National Treasury - Member Finance & Projects Development Committee and Audit Committee	28
9	Kipkorir Keter*	Member – Marketing, Research & Resource Mobilization Committee	25
10	Jane N. Nzau*	Alt Rep. - Member Finance & Projects Development Committee, Human Resource & Service Delivery Committee	32
11	Richard Atuti, OGW	Board Secretary	42

* Board Members who serve in more than one Committee

knls Board held the following meetings during the year under review:

TYPE	Meetings held
Finance & Projects Development Committee	5
Human Resource & Service Delivery Committee	5
Audit Committee	5
Marketing, Research & Resource Mobilization Committee	5
Scheduled Full Board	5
Special Finance & Projects – National Library of Kenya &	7

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Headquarters site inspection	
Board Evaluation	4
Special Full Board	1
Board Tour to Coastal Region libraries	6
performance management	1
Special Human Resource & Service Delivery Committee	3
	47

Conflict of Interest, Code of Conduct & Ethics

knls has fully adopted the Code of Ethics that is enshrined in the Mwongozo which is the Code of Governance for State Corporations. The code of ethics entails among other things declaration of Conflict of Interest which must be embraced by both the Board and the employees of the organisation. The Board members are required to avoid conflict of interest and deal at arms - length and with integrity in any matter that relates to knls. The Board has put various measures in place to ensure there is no conflict of interest amongst its directors and staff.

The Board has put in place Anti-Corruption Policy in line with EACC guidelines and a Code of Conduct & Ethics that binds both the board and the employees. A Board member who identifies an area of conflict of interest shall be required to disclose any actual or potential conflict of interest to the Board. The same is registered in the Conflict of Interest Register.

Board Remuneration

The non-executive Board members are paid taxable sitting allowances as approved by the Chief of Staff and Head of the Public Service following guidelines from the State Corporations Advisory Committee. The sitting allowance is paid when a member attends meetings of the Board or Committees. The Chairman of the Board is paid honoraria at a rate approved by the Government on monthly basis.

Transport expenses are reimbursed on travel for board business at the prevailing AA rates. The members are also entitled to outpatient and inpatient medical cover and a personal accident cover as applicable.

MANAGEMENT DISCUSSION AND ANALYSIS

knls' OPERATIONAL AND FINANCIAL PERFORMANCE

1.0 OPERATIONAL PERFORMANCE

During Financial Year 2018/2019 knls implemented various projects and programmes that were mostly focused on enabling access to library and information services; thus improving the reading culture of Kenyans. While some of the programmes were sponsored by the knls Board through funds received from the exchequer, others were sponsored by donors and other development partners through specific partnership agreements. These included:

1.1 READING PROMOTION

In order to raise the profile of knls and create awareness about services provided and gain goodwill among the stakeholders and the general public, knls carried out various activities.

1.1.2. International Literacy Day Celebrations –September 2018

i) knls Kwale - 6th September 2018

Knls Kwale in partnership with Book Aid International (BAI) marked the 52nd International Literacy Day celebration on Thursday the 6th September 2018 at Ukunda show ground in a fun filled event. The theme for this year was “**kuimarisha kisomo kwa Ukuzaji wa Maarifa**” meaning “**Promoting Reading for skills development**”. The flagging off was done by the chief guest Mr Ramadhan Masudi Bungale. Activities during the event included shading, painting, drawing, poems, mashairi, spelling and quickfire questions. Eleven primary schools, three secondary schools and two adult learners groups participated. An estimated 600 children and 150 adults attended the event.



ii) knls Nakuru – 8th September 2018

The International Literacy Day celebration at knls Nakuru was held on 8th September 2018. The colourful event was officiated by Nakuru County Director Ministry of Culture, Madam Alice Gekonde who acknowledged the positive impact of the library in promoting the youth in the country through talent development, life skills training and literacy development programs. The event was supported by USAID under the tusome program. 24 public primary schools participated in the event where 2 of the schools were special needs institutions for hearing and visual impairment. The goal of the event was to raise awareness on the importance of literacy in promoting dignity, human rights, community empowerment and societal development. A total of 311 adults and 240 children participated in the event.



1.1.3 21st Nairobi International Bookfair-26th to 30th September 2018



The 21st Nairobi International Bookfair fair was held from 26th to 30th September 2018 at the Sarit Centre Expo Hall Westland's Nairobi, Kenya. The theme for this year's Bookfair was "**Books for Nurturing Skills**". The Bookfair event attracted 55 local exhibitors and 15 international exhibitors. The guest of honour was the Former Prime Minister, Hon Raila Odinga who appealed to publishers to put more emphasis on the production of e-books and audio books which offer additional alternatives to book lovers.

Knls participated in the event through National Library division and Nairobi Area Library. Awareness was raised among the publishers and authors on the issuance of ISBN and the need for publishers to deposit copies of their publications as legal deposits. Over 26000 visitors were attracted to the five-day event drawn from institutions, authors, book lovers and the general public.

1.1.4 Kisumu Bookfair – May 22 - 25, 2019

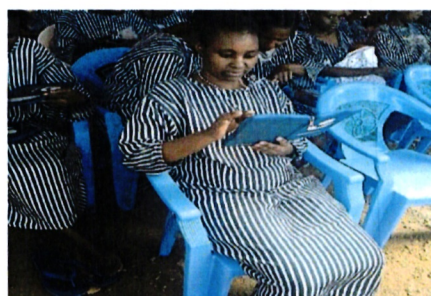
Kenya Publishers Association (KPA) organized the Kisumu County Bookfair which was held at Jomo Kenyatta Grounds from 22nd - 25th May 2019. knls participated in the exhibition through knls Kisumu branch and through the National Library Division. The knls Director also graced the bookfair and addressed the publishers present.

1.1.5 National Cultural Celebrations at Kisumu (19th – 23rd Sept 2018)

Knls participated in the Kenya National Commission for UNESCO (KNATCOM) National cultural celebrations that were held at Jomo Kenyatta Sports ground at Kisumu County. The theme for the celebrations was; "**Enhancing national cohesion, identity and pride**". The event sought to showcase the rich and diverse culture of the people in that region and boost tourism for sustainable development, as well as build linkages for collaboration. The TKK collection attracted lots of attention which were books used in the 70s & 80s which were available in diverse vernacular languages. Among the key guests who visited the knls stand was our parent ministry's Chief Administration Secretary Mr. Hassan Noor Hassan.

1.1.6 Celebrating International Women's Day

Thika Library joined other Kenyans in celebrating the International women's day on 8th March 2019 by



offering library outreach services to Thika Women's Prison. The day's attendance was approximately 500 people. The theme for the day was "**balancing for better**" which entails building a gender balanced world, thinking equal and innovating for change. The inmates were trained on how to use the e-readers

and had an exciting session as they learnt new skills.

The prison management appreciated knls and agreed that knls should have an e-reading session at the prison once a week for more interactions with the digital devices. The day's events were sponsored by the Rotary Club of Thika in collaboration with other stakeholders.

1.1.7 9th International Puppetry Festival 2018 – Nairobi Area Library (17th – 21st October 2018)



knls through Nairobi Area Library hosted the launch of the puppetry festival whose theme was **“Towards Breaking Barriers”**. The theme emanates from a conscious desire to deconstruct the idea of the place and the space of the performances through the cross-border and intercultural puppets. Key guests present included Eyal David, Israel's Deputy Ambassador. *The festival* brought together puppeteers from Germany, Finland, Romania, Uganda and Kenya with their unique methods of puppetry that are influenced by origin and culture of the people. Knls also hosted a family show on 19th October

which was graced by the Finnish Ambassador Ms **Tarja Fernández**.

1.1.8 German Language Day - NAL April 29, 2019

Nairobi Area Library organized a German Language Day in partnership with the Goethe Institut at the junior section library auditorium on April 29th 2019. The main goal was to raise awareness and promote the use of the resource materials that have been availed by Goethe Institut to the library for use by those who intend to learn/ are learning the German language



Left: The audience follows keenly the presentation of the day language



Right: A young girl presents a Poem in German

1.1.9 10th Sigana International Storytelling Festival – Buruburu 30th May 2019.

knls Buruburu in partnership with Zama Leo ACT hosted the Annual Sigana International Storytellers Festival at the knls Buruburu branch. The Sigana International Storytelling Festival is designed to bring together storytellers at both Amateur and professional levels across Africa, Asia, Europe and the world with a view of creating a platform for discussions, workshops and performances.



and twenty-eight teachers. Attracting attention using dramatic moves during his story telling session at the Sigana International Storytelling festival

This year's event attracted performers from Hawaii, USA, Cameroon and Kenya. The festival provides Kenyan audiences and lovers of the age-old sacred art of storytelling the rare opportunity to experience both home-grown and "international" performances. It also gives the participants a chance to share their diverse performance traditions, approaches, techniques and styles within the diverse setting. The audience exceeded the expected 300 children and the number was well over 600 children

1.1.10 Meru International Book Week - April 23-25, 2019



A read aloud activity by a pupil from Mutionjuri Primary school during the Meru International Book week

knls Meru branch in partnership with Jielimishe, SOS Children Village and Girls Education Challenge-UK Aid organized a Book Week with the theme "**Share a Story**" at Mucuune Primary School where several activities were lined up. knls Meru branch took advantage of the moment to share to the audience about the various library programs that are available for the public to benefit.

1.1.11 Kisumu Library Engages pupils with reading disabilities 10th May 2019

Kisumu Library organised a reading aloud event for pupils living with Dyslexia. It involved intensive sessions that introduce use of assistive technology for pupils to help them in reading and spelling before they were allowed to read books. The read aloud activity was meant to assess the reading ability after the intensive program.



Children with dyslexia participate in a read aloud activity that took place at the knls Kisumu's American Corner Section. The children that performed well were given books as gifts to motivate them

The event was attended by 40 people and was held at the American corner. Each child was issued a new book, courtesy of the **American embassy**, This was meant to encourage them to continue reading.

1.1.12 Outreach services with Kisii Children's home, June 4th 2019

On June 4th 2019 Kisii library took its outreach services to Kisii Children's home which is under the child welfare society of Kenya. The Children's home currently houses 120 children and teenagers who range from ages 6 to 17 years. In addition to these were 12 infants from as young as 3 months old to 1 year. The children had an opportunity to learn and play games with the BRCK kio kit, participate in read aloud activity and participate in songs and dance.

1.1.13 Tamasha la Kiswahili – 16th March 2019

The Tamasha la Kiswahili 2019 edition was held on 16th March 2019 under the theme "**Kiswahili na Teknolojia.**" The event seeks to promote the reading culture, talent, authorship and general usage of Kiswahili in the Country. Activities during this year's festival included; shairi (poems), spoken word, Kiswahili plays, narratives, dances. Interactive sessions with authors were the main attraction, where the audience had a chance to ask questions to authors of some of their favorite Kiswahili books.



Daisy Rono the Marketing Manager of Oxford University Press E.A shares their new Kiswahili publications with Pauline Kea and Mwalimu Wallah bin Wallah during the

Key guests present included; Ken Walibora, Swaleh Mdoe, Kinyanjui Kombani, Prof. Clara Momanyi, Dr. Hamisi Babusa, Munene Nyaga, Pauline Kea, Wallah bin Wallah, Dr. Mikhael Gromov, and Almasi Ndongili. Participating institutions include were from secondary schools and university insitutions.

The event received good media coverage including live coverage on Royal Media's Viusasa platform. The attendance comprised 285 students, 22 teachers, 31 adults who were members of the public, 19 staff members, 10 invited guests and 67 performers and artists.

1.1.14 Receiving donations from Desai Memorial Foundation

Through the partnership established with the Rotary Club of Nairobi and knls Gilgil last year, the library benefited with books worth Kshs.450,000. The foundation also donated children locally published books on 12th September 2019 where the chairmen from Desai Memorial Foundation Mr Suli Shah and Rotary Club of Nairobi, Dr. David Githanga graced the occasion. A total of about 300 books worth Kshs.300,000 knls team expressed joy for the support accorded which shall indeed go a long way in equipping the new section of Gilgil Library that is being constructed.

1.1.15 Book Donation by South African High commission

knls received a donation of 200 comic books on Nelson Mandela's life and legacy from the South African High Commission on 17th October 2018. The South African High Commissioner, Ms. Koleka Mqukwana had identified knls as a partner for Nelson Mandela Centenary Celebrations in Kenya.



Knls Board Chairman Katana Ngala (second left) and the knls Director Richard Atuti (third right) receives the book donations from Vuyisa Onabolu (third left), second Secretary of the South African High Commission at the knls New HQs

In her speech that was read by Ms. Vuyisa, the High Commissioner expressed utmost gratitude to knls for being part of the Centenary Celebrations and provide a platform for sharing the legacies of Nelson Mandela and Albertina Sisulu which were about making a positive impact on people's lives through selfless actions, particularly for children

and those that are disadvantaged or disenfranchised.

The Chairman of the board, in his address thanked the High Commissioner for the donation and hoped that this would be the beginning of more partnerships with the High Commission. The CEO in his remarks stated that the books would be part of knls journey in establishing a corner for biographies and collection of books on African leaders who have made impact to their nations.

1.1.16 Nurturing the boy child

On 16th November 2018, a program targeting the boy child was held at knls Murang'a library. The program brought together 51 boys which was an increase of 70% from the August workshop that had attracted 30 boys. The event sought to offer guidance to the boys on matters of discipline, life skills, building self-esteem, challenges faced and how to overcome them as well as sensitization on library services. The program was led by Pastor Harrison, Mr Githaiga from Karatina University and Mr Njuguna – a teacher from one of the well performing schools in Murang'a County. The boys equally had a chance to share their experiences in the participatory program and thanked the organizers for bringing them together.

1.1.17 Meru Library Receives an Innovation Award

knls Meru Library received an Innovation Award from Electronic Information for Libraries (EIFL) through the Public Library Innovation Award Program (PLIP) which seeks to recognize public libraries for undertaking technology-based innovative programs. Through this award program, the libraries that wins the award also receive a grant of 1,500 dollars. The award was in recognition of a program at the library dubbed '*empowering youth on Digital farming*'. The program started with the library organizing young people to take online farming lesson through the learning Circle. After the lessons, the group would further conduct practical's in a demonstration garden with the Library. Two other libraries recognized alongside knls Meru (Kenya) were from Bulgaria and Croatia.

1.2 LAUNCH EVENTS

1.2.1 Digital Connections Children's Corner – revitalization of children sections in five libraries

The Digital Connections Children's Corner project sought to improve the children spaces in libraries and to introduces them to technology in reading. After the improvement, there was need to raise awareness of the new revitalised sections of the library in order to attract more customers.

The launch was done in 5 knls branches as follows:

Date	Branch	Attendance	Chief Guest of honour
19th October 2019	Rambula	125 pupils	Ugunja Ward MCA
16th October 2019	Kinyambu library	150 pupils	Thange Ward MCA, Hon Nicholas Maitha
19th October 2019	Karatina Library	325 pupils	PA to the Area MP Ms. Mary Jane
19th October 2019	Timau Library	Eight primary schools	Senior Lecturer – MKU Mr. Wakiria
19th October 2019	Silibwet Library	302 pupils	Bomet County director of Culture Mr. Wilberson Kirui

Outcomes

- a) *Attraction of potential support from interior administration, county governments, CDF and other leaders.*
- b) *Publicity achieved and raised profile through attraction of leaders and community members through event*
- c) *Strengthened donor relations through appreciation of their investment efforts in knls*

1.2.2 Book Launch – “My Railway, My Story” – 26th September 2018

A book launch event was held at Nairobi Area Library on 26th September 2018 in conjunction with Chanjiang Publishing, a Chinese based publisher who was also exhibiting at the Nairobi International Bookfair. The Chinese based publisher committed to be donating 200 books on china language and culture per year to knls.

1.2.3 KIO-KIT Launches

The objective of the KIO-KIT is to help children improve their academic performance as well as make learning enjoyable in an era where people are getting fascinated through the use of technology in learning. The theme was “promoting digital literacy in the 21st century”. As part of the event, pupils are tested on the ability of opening the Kio-Kit tablet and locating specific content within the shortest time possible and the ability and confidence of the pupils in using the devices, listening skills and their knowledge ability

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Date	Branch	Participants	Chief Guest of honour
28 th September 2018	Muranga Library	200	Mr. Charles Kamau who came on behalf of the Kiharu Member of Parliament Hon Ndindi Nyoro,
13 th September 2018	Kisii Library	60 children, 53 adults	Mr Kilonzi, a teacher at KARI Primary school.
15 th September 2018	Rumuruti Library	407 pupils and 84 adults	Partners included – Jielimishe, I choose Life Africa Compassionate International and Sirai Management
31 st August 2018	Kericho Library	300	Mr. David Siele Chief of Staff, Public Service Board –Kericho County.

1.3. CAPACITY BUILDING PROGRAMS

1.3.1 E-Learning Programs

knls deepened capacity building of its staff in order to equip them with the relevant skills for better performance. knls staff benefited from Board’s training in collaboration with development partners in different areas of operation as follows;

a) Digital Connections Children Corner- Advanced Training for Children’s Librarians 25th-27th September 2018, Bankhouse Retreat Karen.



Kenya National Library Service (knls) and Book Aid International (BAI) are implementing the “*Digital Connections Children Corners Project*” which aims to improve access to high quality reading and learning support materials, in English and in local languages, for children aged approximately 6-12 years, in print and digital format, in selected libraries in Kenya.

Ten librarians underwent an advanced training on how to create vibrant children corners in a workshop held at Bankhouse Retreat Karen, Nairobi from 25th to 27th September, 2018. The workshop was facilitated by the BAI-projects officer.

b) WIPO Africa regional preparation workshop, knls Nairobi-11th June 2019

Knls and EIFL hosted a preconference workshop at the National Library on 11th June 2019. The preparation and strategy workshop comprised of 22 participants from 10 countries representing education unions, libraries, archives, museums and access to knowledge advocates. The meeting was held ahead of the WIPO Africa regional Seminar that was held at the Boma Hotel. The aim of the seminar was to analyse the situation of libraries, archives and educational institutions, and copyright limitations and exceptions in WIPO member states in Africa, and to define areas for action.

The objective of the pre-conference workshop was for the participants to prepare to lobby their governments for copyrights reforms on behalf of Education, Libraries, Archives and Museums. Knls was represented by the CEO in this meeting. The delegates also got a chance to tour the National Library.

c) Continuous Professional Development / Training-Of-Trainers (CPD/ToT) Initiative in Kenya

The overall goal of this initiative is to strengthen and further develop CPD systems for public librarians to enable provision of relevant services. Knls identified 19 trainers to go through subject training sessions with support from EIFL and eventually become TOTs. During the year, areas covered were:

- Design Thinking and Project Management
- Performance and Outcome Evaluation Training,
- Communication and Advocacy for Public Librarians

The projects were cascaded to other library staff during the year.

d) Kisumu Library Mobile app

Knls Kisumu with support from Goethe Institute has been implementing a digital project that aimed at empowering youth especially girls in Technology through training on coding and mobile application development. The library saw a need of developing this application due to the clientele they predominantly serve and to also tap on to customers who were not within the library environs. The launch of the kislib App was held on 27th November 2018 in Kisumu Library and the app is available on play store as KisLib App. (Kisumu Library Application). Some of the features of the app include:

- Digital library where one is allowed to borrow a maximum of 2 books for two weeks,
- capability of reading the borrowed books offline and support clients interaction with the librarian through calls or short texts.
- The app also has a feature on waste management within Kisumu County and will aid in reducing waste management within the county.

1.3.2. Capacity Building Support from Knls Partners

During the year under review knls staff members were invited by partners to participate in training for different programmes as follows:

i) Training on e-resources and internet searching skills, 25th - 27th September, Namibia

The training was facilitated by Kenya National Library Service and EIFL Public Library Innovation Programme Capacity Building Manager, Susan Schnuer. Seventeen trainers from public libraries in Namibia attended the three-day workshop organized by EIFL and Namibia Library and Archives Service (NLAS). The training took place at National Library in Windhoek, Namibia. A total of 17 trainees were selected by NLAS to become trainers within the NLAS network of 65 public libraries.

ii) Initiative for Young African Library Innovators 2018 workshop (IYALI) – Yogyakarta, Indonesia and WLIC in Malaysia - 20th to 29th August 2018



Three knls staff were among fifteen public librarians from 12 countries in Africa who participated in the IYALI workshop Indonesia and Malaysia. IYALI is an initiative of EIFL Public Library Innovation Programme (EIFL-PLIP), in collaboration with the African Library and Information Associations and Institutions (AFLIA) and the International Federation of Library Associations and Institutions (IFLA). The initiative aims to expose emerging public library innovators in Africa to experiences and gather ideas

from other developing and transition economy countries in world.

iii) Mentorship for Initiative Young African Library Innovators (IYALI)

The Librarian in charge of Kibera Library who is a mentor for IYALI programme was invited by EIFL to participate in the inaugural workshop for 15 young Librarians in Indonesia. The librarian shared her vast experience in working with communities especially in the underserved and underprivileged areas.

iv) Trailblazers: Librarians Making Change in Africa, Stellenbosch, Cape Town, 14th -20th October 2018

Three knls Librarians were selected to participate in the Trailblazers' program. Their participation was endorsed by knls Partner, EIFL based on the innovative activities they have been implementing in their respective Libraries. The programme is supported by Bill and Melinda Gates Foundation (BMGF).

The first convening meeting for the Trailblazers was held in Stellenbosch, Cape Town from 14th to 20th October 2018. The ultimate goal of the Trailblazers program is to support creation of a strong and vibrant public libraries in Africa through accelerating growth and connection among mid-career public librarians who are currently leading change in public libraries.

v) Design Thinking Camp at Aarhus Public Libraries, Dokk1, Aarhus, Denmark 28th April – 5th May 2019

Two members of staff from knls were nominated and sponsored by EIFL to attend a thinking camp at Aarhus Public Libraries in Denmark. This was a follow up of the CPD training on Design Thinking that was facilitated by Trainers from Aarhus. The purpose was for participants to learn more about design thinking and how the Danish public libraries had implemented it. They were taken through orientation of the Dokk1 library where they closely observed how users were the focal point of service delivery.

knls CEO Mr. Richard Atuti has been recognized among the inspirational people behind the transformation of Dokk1 with his name engraved on the wall of inspiration.



In the Middle: Carol and Sarah from knls exhibit their works during the visit to Denmark.

vi) American Spaces Kenya Workshop, US Embassy -10-12th June 2019

The workshop was organised for representatives of 4 American Spaces in Kenya with four participants from knls. The aim was to evaluate the impact made so far and to discuss new ideas that would enhance the performance of the American Spaces. Knls is a beneficiary of this programme and has established two spaces in Kisumu and Nakuru. The Embassy has continued to provide funds to the two libraries to hold empowerment programmes for library users. During the workshop, knls Team from Nakuru presented one of the success stories under the *Digitize Her* an initiative whose objective was to mentor, train, inspire young women with practical digital skills to jumpstart their careers and technology.

vii) American Friends of Kenya (AFK) National Conference

a) Knls Thika Library – 26th October 2018

Knls Thika Library has been in partnership with the American Friends of Kenya (AFK) since August 2009. To date, the library has received over 7,000 books and has absorbed a total of 5,983 books worth Ksh. 3,132,556 (approximately \$29,833). The rest have been donated to primary schools, secondary schools and tertiary colleges. In addition, the library has also benefited from library supplies including a photocopier, 2 reading tables, a laptop, 10 children chairs, library signage among other donation.

b) Knls Meru Library- 5th February 2019

An AFK Children's corner was launched in Meru library on 5th February 2019. This is indeed a demonstration of the solidity of the long standing relationship between knls Meru library and the AFK, that has continued to grow from strength to strength.

1.4 knls PARTICIPATION IN INTERNATIONAL MEETINGS/EVENTS

1.4.1 AfLIA Leadership Academy /African Public Libraries Summit & Ministerial Roundtable on Information Access, 1st to 6th July 2018, Durban, South Africa

The conference whose theme was *“Driving Development: African Public Libraries Delivering on the Development Agenda”* was attended by over 200 delegates mainly from Africa. The conference was opened by Hon. EN Mthethwa, The Minister of Arts and Culture, South Africa who observed that libraries guide the society by helping people to connect with the right books that can help them contribute to the social development of economies.

Knls was represented at the Summit by Librarians from Nakuru and Thika. The librarians presented a paper on the e-learning impact stories and a poster on the ICT training programs in Thika community library respectively.

The following recommendations were made during roundtable meeting with the Minister and Directors of national libraries in Africa. That;

1. The Kenya government should consider ratification and domestication of the charter for the African Cultural Renaissance as a matter of urgency.
2. The Kenya Government should consider waiving tax on the importation of books.
3. Kenya National Library Service to consider celebrating an anniversary since its establishment.
4. The Ministry in charge of Public and National libraries to work together in supporting the AU2063, SDGs and national Development goals.

1.4.2 International Federation of Library Associations and Institutions (IFLA) Satellite Conference in Singapore. – 23rd August 2018

The Librarian in charge of knls Meru, was sponsored by EIFL to participate in the above conference. The conference was hosted at Singapore's National Library Board, and brought together members of IFLA's "Children and Young Adults" (CYA) and "Library Services to People with Special Needs" (LSN) Sections. The focus of the conference was to discuss how to promote inclusive library services to children and young adults. Meru Library has been implementing activities for Children with Special Needs. The Library has been promoting use of information technologies, such as tablets and e-readers, to teach digital literacy to children with dyslexia, autism spectrum disorder and hearing impairment.

1.4.3 Training of Trainers Workshop in Zambia 27th - 29th May 2019

Two knls staff attended the Training of Trainers workshop in Zambia from 27th May to 29th May. The training was facilitated by EIFL and consisted of 15 participants from Zambia and Uganda. The ToT training provided a great insight on how to be a good ToT trainer and got to carry out the ToT skills.

The workshop was insightful to the participants in addition they got confidence in their training abilities considering they had also undertaken the same continuous professional development training.



Left Ramune and Susan (right) from EIFL share a photo moment with Sarah Ogembo and Caroline Ngachaku (knls Staff) during a Trainer of Trainers Workshop held in Lusaka, Zambia

1.4.4 Public Libraries Seminar, Capetown, 30-31st May 2019



Purity Kavuri the Head Librarian knls Nakuru branch makes a presentation during the Public Library Seminar held in Capetown, South Africa

During the seminar sponsored by Encyclopedia Britannica, one of the Keynote speaker was from knls Nakuru. The main objective was to inspire librarians working in public & community libraries to engage with their communities for sustainable development using knls Nakuru case study. The theme of the seminar was 'Move Out & Connect'.

In her presentation, she shared the innovations programmes in Nakuru among them the e-learning programs such as the Mathwhizz, Learning Circles (P2PU), tablets and women empowerment. The participants were inspired by the success stories shared and gave a standing ovation to knls Director Mr. Richard Atuti & Board of Management for transforming the public & community libraries in Kenya through

partnerships. They felt challenged that Kenya National Library services has only 62 branches while South Africa had over 100 libraries that were well stocked but stagnant.

1.5 MEETINGS WITH PARTNERS

1.5.1 Kenya Copyright Board (KECOBO), 13th March 2019, Nairobi

The Kenya Copyright Board (KECOBO) reached out to knls with a view to develop what they referred to as "A Kenya Book Author Hall of Fame" in Kenya. A meeting to discuss the proposal was held on 13th March 2019 between the knls Director Mr. Richard Atuti and KECOBO Executive Director Mr. Edward Sigei at the KECOBO offices. KECOBO appreciated that the completion of the new library at Nairobi Area offers a great opportunity for the development of the Kenya book hall of fame. The partnership would mainly focus on:

- a. Consideration for development of a section at the National library that would provide an avenue for artists and authors to be recognized.
- b. Raising the profile of the National Library of Kenya as supporting cultural heritage and a source of National pride.
- c. Creation of an award system that would recognize the most prolific pioneers in the authorship and arts industry.

1.6 PROJECTS' MONITORING AND EVALUATION

1.6.1 Mid Term Monitoring-Digital Connections Children Corner Project, 13th-17th August 2018.

Knls in partnership with Book Aid International (BAI) is implementing a digital connections project in ten branches. Five branches have already received Kio Kit training, while five will receive support to establish and equip children's corners. Knls was required to ensure smooth implementation of the project and report to BAI on the progress. Follow up visits to Kericho, Silibwet and Rambula were conducted between 13th-17th August 2018.

1.6.2 Book Provision Impact Assessment

Book Aid International (BAI) and knls conducted an impact assessment of the Book Provision Programme

in Kenya on 17th to 21st September 2018. The main aim of this exercise was to capture evidence of significant and relevant changes experienced by beneficiaries as a result of being able to access books and information. The assessment was conducted in eight knls Branches

1.6.3 Continuing Professional Development (CPD) programme: Sensitization and Assessment

CPD sensitization and assessment workshop was conducted for Thirteen Libraries from 11th to 13th September 2018.

Knls in partnership with Electronic Information for Libraries (EIFL) has developed a Library self-assessment tool that will enable Librarians to assess libraries while the information will be used to help knls set Capacity building priorities.

The assessment rolled out in November 2017 as a pilot with 16 Libraries in Nyanza and Coast region. The results are being analyzed and will assist in mapping Libraries' capacity needs and developing a

Capacity Building roadmap. The process will also guide in selection of trainees to Cascade trainings under the CPD/TOT initiative with EIFL.

1.6.4 Digital Connections Children Corner Monitoring and Final Evaluation, 30th October-11th November 2018.

The Digital Connections Children's Corner Project has been running from April 2018 to October 2018. The project involved 10 libraries, 5 of which received Kio Kits. The remaining 5 receiving support to revamp their children corners. The project's final evaluation took place between 30th October 2018 to 11th November 2018. The main objective was to ascertain the impact of the project to the libraries users and to compile a final report to the donors.

1.6.5 Book Havens Final Evaluation 5th December 2018

Kenya National Library Service (knls), Book Aid International (BAI) and Mathare Youth Sports Association (MYSA) have been implementing a project titled "Book Havens: Library Spaces for Children in Mathare and Komarock informal settlements leading to establishment of Children's corners in five libraries. The final evaluation of phase 11 of the project in Komarock and mathare North was conducted on 5th December 2018. The purpose was to find out the level of success, the overall impact and the challenges noted during project implementation.

1.6.6 Evaluation of Learning Circles Project, 19th-26th March 2019

In partnership with EiFL and Peer to Peer University (P2PU), and with support from Open Society of East Africa (OSIEA), knls has been implementing a project titled "*Networked Growth of Learning Circles in East Africa*". Evaluation was conducted in 8 branches that implemented this project as follows: Kithasyu, Kinyambu, Kwale from 19th to 22nd March 2019; and Gilgil, Olkalou, Murang'a, Thika and Embu scheduled for 3rd to 5th April 2019. Learning circles have contributed immensely towards bridging the digital divide in the rural areas, as many are visiting libraries to access the available online courses. In the last one year, a total of 76 Learning circles with 1496 learners graduating in various subjects have been implemented in 15 libraries.

1.7 PROJECTS AND RESOURCE MOBILIZATION ACTIVITIES

1.7.1 Contributing to Food Security and Economic Growth

In line with the Government's 'Big Four' agenda, knls has made notable contribution in the area of food security. This has been achieved through implementation of various training and information provision programs within some of the knls branches, in partnership with agricultural experts. Below are highlights of programs undertaken in two of the knls branches.

1.7.2 Enhancing food security through environmental literacy

Kilifi community library partnered with Sustainable Village Resource (SVR) to train the community members on strategies to enhance food security through environmental literacy from 25th February to 1st March 2019 at knls Kilifi Library. SVR specializes in building capacities for urban-based farming in regenerative ecosystems. These are food production systems that do not require digging, pesticides, insecticides, weeding, or continuous watering.



Farmers at Kilifi library learning practical modern farming techniques in order to foster food security within the region

The library comes in handy to enable the community to access information for knowledge and transformation of livelihoods. This aligns well with the government's Big Four Agenda on Food Security and the second of the seventeen sustainable development goals (SDGs), which purposes to end hunger, achieve food security and improved nutrition, and promote sustainable agriculture.

Kilifi being in the category of Arid and Semi-Arid (ASAL) areas, the challenge is how to ensure food and nutrition security in a sustainable manner within the prevailing environments. The program mainly targets the Adult Literacy learners from Kilifi North sub county. They are expected to be the eco farm champions and TOTs. The project duration is one year starting from February 2019 to February 2020.

1.7.3 Improving Smallholder farmers' livelihoods and food security through profitable and sustainable agricultural production systems

Dzitsoni library has partnered with the County government of Kilifi through the Department of Agriculture at the Sub-county level in the Kenya Cereals Enhanced Programme-Climate Resilient Agricultural Livelihood Window (KCEP-CRAL). The main focus is to contribute to the reduction of rural poverty and



One of the farmers receives a certificate after successful training at Dzitsoni Library



Head Librarian Dzitsoni Branch receives farm inputs on behalf of the farmers.

food insecurity of smallholders in the ASALs by developing their economic potential, while improving their natural resources management capacity and resilience to climate change in an increasingly fragile ecosystem. This goal is pursued through:

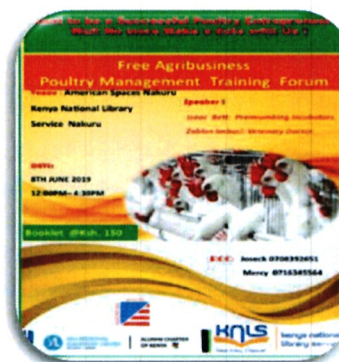
- Graduation of smallholder farmers in ASALs to commercially-oriented, climate-resilient agricultural practices through improvements in productivity, post-production management practices and market linkages for targeted value chains; and

- Empowerment of County Governments and communities to sustainably and consensually manage their natural resources and to build their resilience to climate change. The three year programme is funded by the Government of Kenya, European Union and IFAD.

The library's key role is to provide space for farmers' training and also serve as a center for distribution of farm inputs, and dissemination of information. A seed launch was conducted at the library on 29th March 2019.

1.7.4 Poultry Management training - knls Nakuru

An agribusiness and Poultry management training took place on 8th June 2019 at knls Nakuru branch. The program seeks to promote entrepreneurship in the field of agribusiness in the various sectors. The training focused on poultry and sought to equip interested persons with skills on effective poultry keeping and management skills in order to maximize the yield and draw maximum benefits.



1.8 EMPOWERMENT AND ADVOCACY INITIATIVES

1.8.1 Youth Empowerment and Social Advocacy Initiatives

Date	Programme Sponsored	Objective/Aim	Participants
8th May ,2019	Youth in Straight talk - knls, Kisumu	The aim of the program was to let the youth speak out on challenges they underwent, discuss and come up with possible solutions.	Two Secondary schools
	Youth Mentorship Program – knls Kibera	Raise awareness on the youths on how to plan their life, identify their focus and avoid engagement of activities that might ruin achievement of their goals.	160 youth
May 27, 2019	Reproductive Health Awareness Program for school girls – knls Nyeri	Awareness on sexual reproductive health and H.I.V Aids Awareness.	30 form one girls

1.8.2 Amani Clubs National Debate on Peace Championship, 10th -14th of June, 2019.

The National Cohesion and Integration Commission (NCIC) in partnership with the Ministry of Education and the Teachers Service Commission, has been facilitating the establishment of *Amani* (Peace) Clubs in institutions of learning. The goal of *Amani* Clubs is to promote appreciation of diversity, peaceful co-existence and dispute resolution among students.

The Commission, in collaboration with the *Amani* Clubs National Office, organized the *Amani* Clubs National Debate on Peace Championship that were held at St. Thomas Girls Secondary school, Kilifi County from 10th to Friday 14th of June, 2019. The event attracted participants from all over Kenya representing 78 schools, that had established *Amani* Clubs.

1.8.3 Environmental Advocacy - Tree planting activities

a) Tree Planting at knls Branches

During the year under review, tree planting activity took place on various dates in the following knls branches:

- knls Laikipia branch where a total of 210 fruit tree seedlings were planted
- knls Kithasyu branch in commemoration of the World Environment Day
- knls Dzitsoni branch – 20 trees planted within library compound
- knls Kisumu branch - clean-up exercise and planting trees within the compound in commemoration of the World Environment Day.
- Knls Meru branch – tree planting and environment conservation training
- Knls Nakuru branch in commemoration of the World Environmental Day. Over 700 tree seedlings were planted.

1.9 RESOLUTION OF PUBLIC COMPLAINTS AND ACCESS TO INFORMATION

knls received the feedback from the Commission for Administrative Justice (CAJ) on the Board's performance on complaints management and access to information during quarter two of the FY 2018/19, with a score of 95%

2.0 FINANCIAL RESULTS AND REVIEW OF PERFORMANCE

2.1 Recurrent Grant

During the year 2018/2019, knls received Gok recurrent grants transfer of **Kshs.660,430,000**, **Donations Kshs.7,958,573.60** and **collected AIA Kshs.63,530,563** giving a cumulative total of **kshs. 731,919,136.60** which was utilized to fund employees and operational costs.

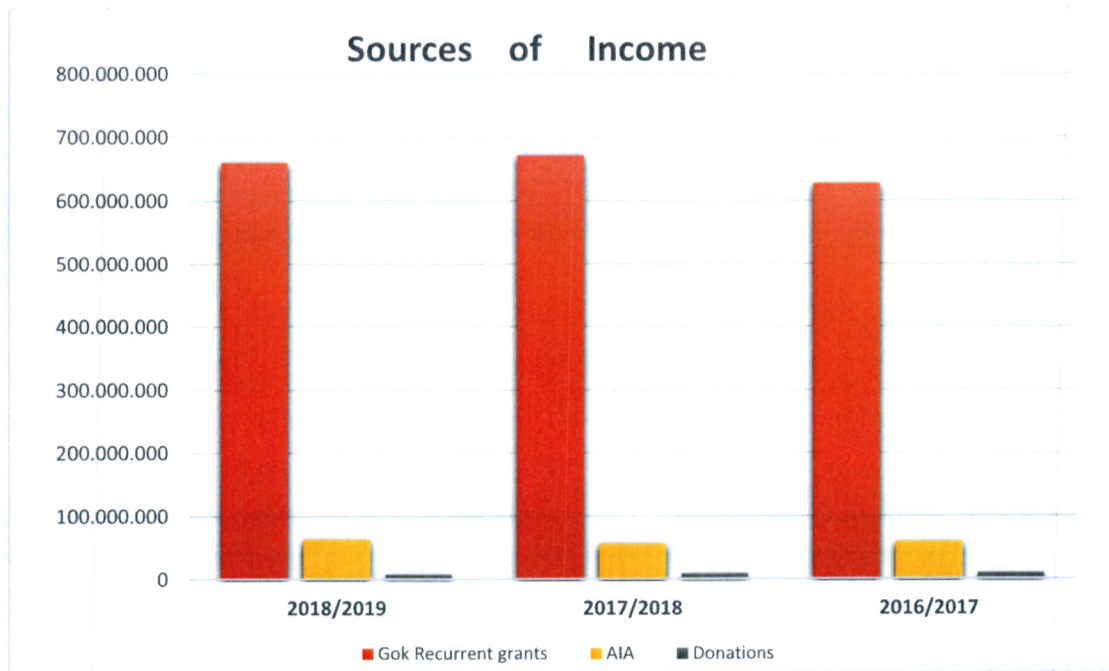
2.1.1 Donations

During FY 2018/2019, knls continued to enjoy support from her long time partners who sponsored various library programmes. Donor funds are conditional and are strictly pegged to specific projects arrived at through an MOU signed by the donor and knls. The following are donations received from our partners;

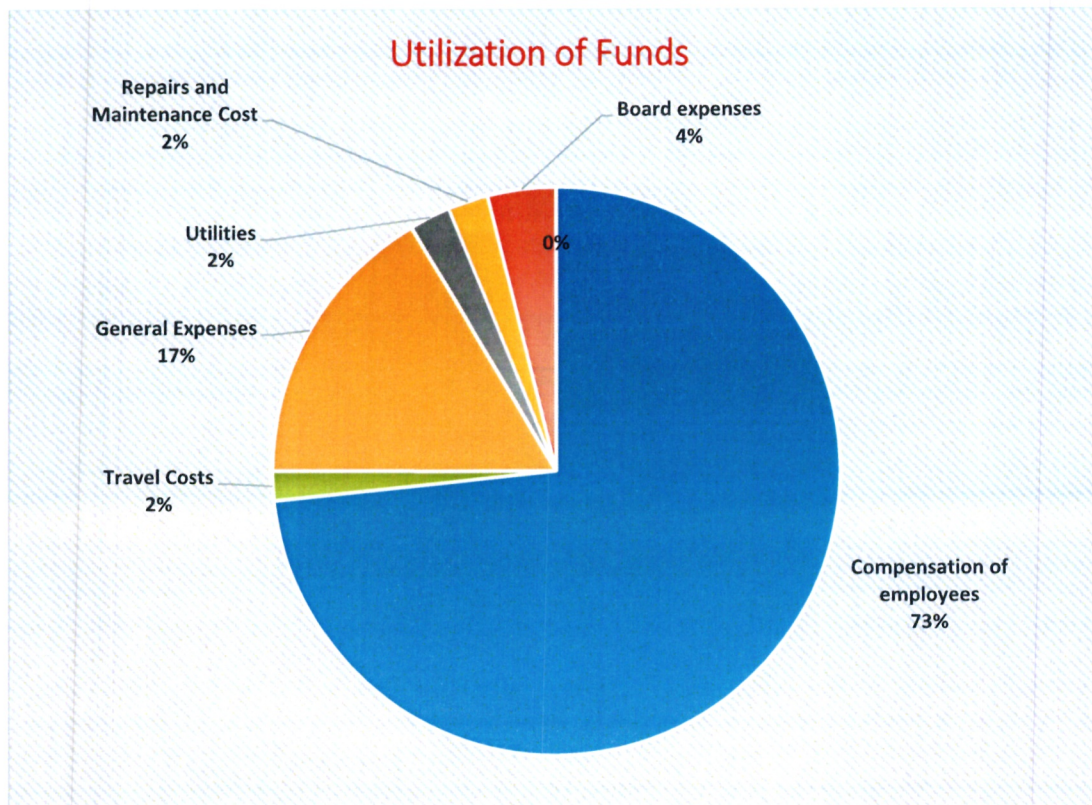
Donor	Purpose	Amount (Kshs.)
Book Aid International (BAI)	Inspiring readers Tranche 2 Pioneer book obx project International Literacy Day celebrations	786,817.60
Electronic Information for Libraries (EIFL)	CPD/ToT programme	3,301,240.80
Open Society Initiative for East Africa (OSIEA)	Learning Circles-P2PU project	1,208,750.00
US Embassy	American Corner Activities	2,280,000.00
CHINA-Hanban	China Hanban activities	206,175.20
AKIF ERAS – Friend of Library from Ankra	Purchase of children books	9,590.00
Maktaba Loya Award Committee	Maktaba LOYA awards	111,000.00
Kabarak University	Tusome Reading Clubs	25,000.00
Longhorn Publishers	Tamasha la Kiswahili 2019	50,000.00
	TOTAL DONATIONS	7,978,573.60

The following is a summary of the income knls has received in the last three financial years:

	2018/2019	2017/2018	2016/2017
Gok Recurrent grants	660,430,000.00	671,778,400	627,180,000
AIA	64,104,206.00	56,275,848	59,033, 931
Donations	7,958,573.60	8,823,216.50	9,771,905



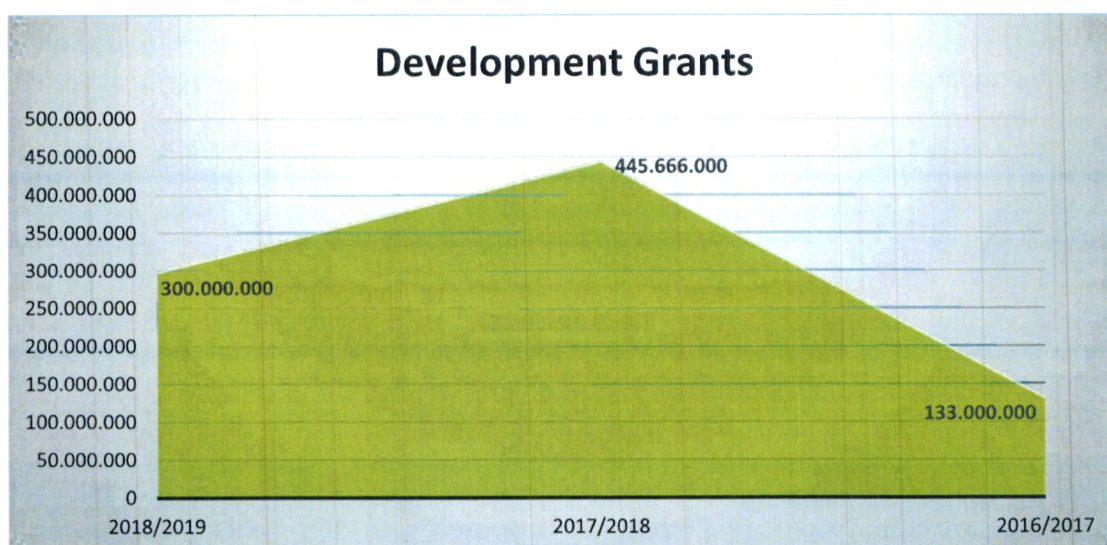
The Recurrent income that was received was utilized for employee costs and operational expenses as shown:



2.2 Development Grant

During the year under review knls received Development grant transfers of **Kshs.300,000,000** from the National Treasury. The trend of the Development grants in the last 3 years is as shown:

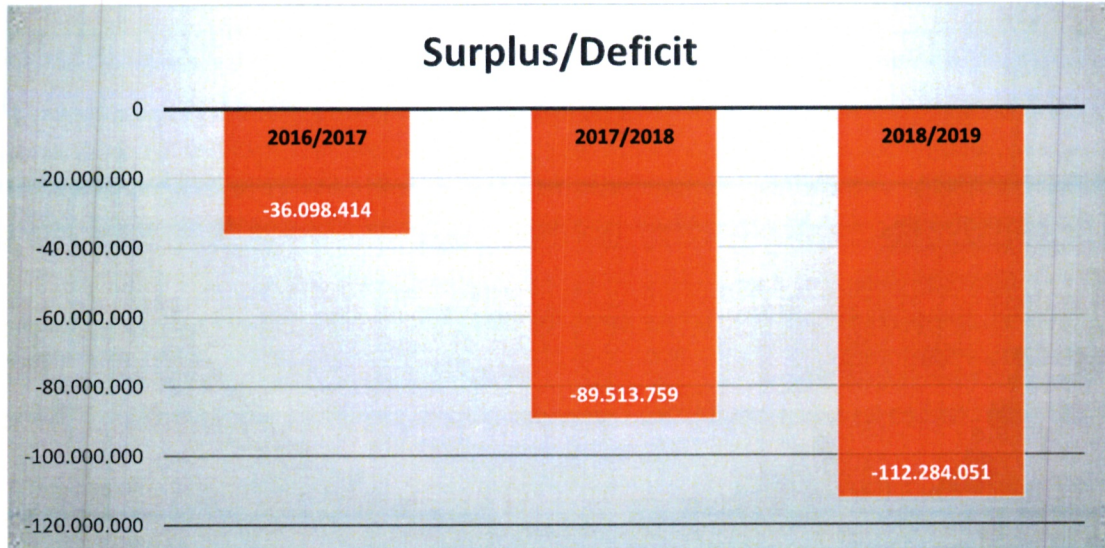
GOK Grant	2018/2019	2017/2018	2016/2017
	Kshs	Kshs	Kshs
Development Grants	300,000,000	445,666,000	133,000,000



2.3 Deficit Trend for The Last Three Financial Years

knls recorded a deficit of Kshs.112.2M which is an increase from the previous year's deficit of Kshs.89.M. The deficit in the 3 years is mainly attributed to the recognition of non-cash items of depreciation. In particular, in the year under review, this includes the impact of revaluation of the Board's assets and a loss on the deconstruction of the old Nairobi Area building.

Surplus/ (Deficit) Trend	2016/2017	2017/2018	2018/2019
	Kshs.	Kshs.	Kshs.
Surplus/Deficit	(36,098,414)	(89,513,759)	(112,284,051)



2.4 Challenges

i) Transfer of the Public Library Function to County Governments

The Board concluded the draft National Library of Kenya Bill, 2018 and the Attorney General accented to the Bill which has since been approved by Cabinet. The Bill now awaits presentation to the National Assembly.

ii) Finalization of the Job Evaluation Report by Salaries & Remuneration Commission

The job evaluation report and grading structure for Kenya National Library Service Board by SRC was concluded. The National Treasury approved an additional budget of Kshs.18.6M for implementation of phase I & II of the new basic salary structure w.e.f July 2017 for the period 2017/18 & 2018/19. The Board received the money in July 2019 which excluded 20% of the Board's contribution to Pension. The Board has requested National Treasury for release of the 20% Boards contributions to pension to facilitate remittance to the Pension Scheme and comply with RBA regulations.

3.0 KEY PROJECTS AND INVESTMENT DECISIONS knls IS PLANNING/ IMPLEMENTING

The main sources of knls Board's funds for projects and investment decisions are the Exchequer from Government and Donor funding. Donor funds are conditional and are strictly pegged to specific projects arrived at through an MOU signed by the donor and knls.

One of the key projects that knls has been implementing is the Vision 2030 flagship project i.e. the National Library of Kenya/ knls Headquarters, which commenced in 2011/2012, and is fully funded by the Government

During the year under review, progress was registered as follows:

3.1 The Ongoing Construction of the National Library of Kenya/ knls Headquarters

The construction of the National Library of Kenya/knls Headquarters commenced in 2011/2012 Financial Year and is an ongoing flagship project located at Capitol Hill. The project is envisaged to contribute immensely to the achievement of the knowledge based economy under vision 2030 programme.

The implementation/construction of this flagship project was estimated to take 4 years measured yearly based on 100% completion of the targets set each year. The project is in 2 wings as follows; Main Library and Headquarters Offices.

In the FY 2018/2019 under Development Expenditure Estimates knls Board was allocated a total of **Ksh.300Million** Development grants to implement the National Library of Kenya/Headquarters Vision 2030 flagship project.

During the year under review, the Board utilised a total of **Kshs.138,040,580.68** towards the project giving a cumulative expenditure of **Kshs.2,206,697,608.76** to date and completion rate of 83.4%

Given the projected cash flow from the exchequer and for effective implementation of the project, the Board prioritized construction of the main library wing to be followed by the headquarters offices wing which will commence as soon as finishes works on the Main Library Wing that are underway are complete. The entire project was tendered at an initial contract sum of **Kshs.2,055,200,200** exclusive of Consultant fees.

The original project period was 208 weeks. Due to cashflow challenges, the project period has been extended thrice 1st extension was 65 weeks, 2nd extension 72 weeks, and 3rd extension 72 weeks giving total extended period of 209 weeks with expected completion date of March 2020 and a revised approved Contract sum of **Kshs.2,891,851,780** inclusive of Consultant fees .

Ongoing construction of National Library of Kenya & knls HQ's



Knls Board visits the Ongoing Construction of National Library of Kenya & knls Hq's



Cabinet Secretary, Hon. Amīna Mohammed visits knls community



3.2 Asset Revaluation Report

Knls management embarked on revaluation of all Board's properties and assets in July 2017. The aim of the exercise is to enable the Board update its assets inventory and reflect the current and fair value in its books of accounts. A total of 76 parcels of lands and buildings were to be covered through the exercise.

Some land does not have buildings.

The exercise was undertaken jointly by officers from Ministry of Land and Physical Planning, Ministry of Transport, Infrastructure, Housing & Urban Development (State Department of Housing and Urban Development) and knls drawn from Finance, Planning and Internal Audit Departments.

By the end of the year under review the evaluation had been completed and a comprehensive valuation report from the team received on 13th August 2019. The new values have been incorporated in the un-audited Financial Statements.

4.0 knls COMPLIANCE WITH STATUTORY REQUIREMENTS

The Board has continued to make timely remittance of statutory deductions including; Pay As You Earn (PAYE), National Hospital Insurance Fund, National Social Security Fund, and Pension scheme in order to protect the welfare of its staff in retirement and hospital Insurance and, fully complied with statutory requirements during the year under review.

5.0 MAJOR RISKS FACING knls

Risks Analysis

Policy of the organization on risk management

knls is committed to risk management as an integral part of its corporate governance and operations, developing strategies and systems to minimize risks.

knls is committed to:

- a) Developing a 'risk aware' culture in which people are encouraged to identify risks and respond to them quickly and effectively
- b) Ensuring our key stakeholders recognize that we manage risks responsibly
- c) Developing consistent risk management practices
- d) Organizational growth and cognizant of the inherent risks associated with strategy execution.

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Key risks the organization is exposed to;

NO	TYPE OF RISK	SPECIFIC RISKS	MITIGATION
1.	Human resource risk	High staff turnover	knls will strive to improve staff welfare to enable her attract and retain competent staff
		Ageing workforce	knls will undertake a staff audit to identify and fill gaps appropriately
2.	Operational Risks	Lack of ownership documents for some parcels of land	knls worked with Government agencies to secure ownership documents for the parcels of land
3	Social Risks	Terrorism: this scares people from attending the library due to fear of attack	knls will work with state agencies and implement counter terrorism controls at the work place
4.	Compliance Risks	Currently the knls Act, Cap 225 has not been aligned to the Constitution of Kenya 2010.	knls has initiated the process of repealing Cap 225 in line with the COK 2010
		Publishers do not comply with the provisions of Cap 111 and have not been depositing the legal deposits at knls	knls will initiate dialogue with the owners of Cap 111 to lobby for review of the same to ensure compliance
5.	Technology Risk	Rapid change in technology- people moving away from physical to digital books	knls will establish a virtual library during the planning period
		Escalating cost of technology	knls will seek alternative sources of funds to bridge the funding gaps
		Inadequate systems and infrastructure	knls will seek alternative sources of funds to bridge the funding gaps
6.	Financial Risk	Heavy reliance on Government funding	knls will seek alternative sources of funds to bridge the funding gaps
		Fluctuating economy that could affect the capacity of development partners to support library projects.	knls will ensure that MOUs signed with development partners cover the whole of the project period
7.	Political Risk	Political unrest could lead to destruction of property and harm to the users and employees	knls will undertake insurance cover to mitigate against the uncertainty.
		Each new Government comes into office with its own manifesto and knls is expected to adjust its programs and projects so as to implement the agenda of the government of the day.	knls being a Government agency will work closely with the Government to ensure that its activities are aligned to the

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			global Government objectives within the plan period
		Two levels of government i.e. at the County and National level.	knls will strive to establish collaborations and consultations at the two levels of Government as stipulated in the COK 2010
8.	Strategic Risk	Demand for library services have been growing over the years. There are large crowds wishing to access library services especially during the holiday season.	knls will work with stakeholders to ensure expansion of library facilities
9.	Legal Risks	Legal disputes including any dispute in which a legal claim is made, including employee misconduct, accidents, product liability	Knls will ensure compliance with provisions of all its contracts

Board of Directors Term

In addition, the Board's eight non-executive directors were appointed on the same date i.e 21st October 2016. Their tenure expires on 20th October 2019. This poses a risk on continuity of oversight role and Institutional memory.

6.0 MATERIAL ARREARS IN STATUTORY/FINANCIAL OBLIGATIONS

Compliance with Laws and Regulations and Standards

The organization continued to comply with legal and regulatory requirements and the various Acts it operates under and as at the end of the FY 2018/2019 the Board did not have any material Statutory arrears or financial obligation.

7.0 FINANCIAL PROBITY AND SERIOUS GOVERNANCE ISSUES

Knls Board recognizes the importance of corporate governance and as such it carries out its mandate with honesty, openness and integrity. The Board is responsible for overseeing the management of knls and provides guidance and directions in order to attain corporate objectives. To achieve these, the board has constituted four committees namely:

- i) Finance & Projects Development
- ii) Human Resource and Service Delivery
- iii) Audit and Risk
- iv) Marketing, Research & Resource Mobilization

Each of the above committees handles matters relating to their areas of operation and reports back to the full board for necessary action to be taken.

As at 30th June 2019, knls had no financial improbity or governance issues reported by internal audit, office of the Auditor General or any other national government agency providing oversight. The organization complied with the requirements of the Constitution of Kenya 2010.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/ SUSTAINABILITY REPORTING

1.0 CORPORATE CITIZENSHIP

Kenya National Library Service appreciates its obligations to act responsibly, ethically and with integrity in its interactions with all stakeholders: patrons, customers, staff development partners and the Government as a whole.

Education Promotion

In line with the Board's mandate, knls donates 40% of all books and information materials received from overseas development partners to support needy institutions, community centres to enhance collections of respective libraries resource centres and other related community empowerment centres.

The book donation has continued to make remarkable and valuable contribution in ensuring access to educational materials and improving quality for the disadvantaged schools in all corners of the country. Books donated are used to stock the libraries and hence uplifting the reading culture.

Teachers/students and community has benefited from social responsibility programmes where knls organizes for training workshops on relevant subjects/programmes.

1.2 SUSTAINABILITY REPORTING

The triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

- a) **Profit:** knls has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government
- b) **Social:** knls has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future
- c) **Environment:** knls has undertaken an environmental sustainability audit and developed an environmental policy to address the issues of environmental sustainability identified during the audit.

Zero Tolerance to Corruption

The board has an elaborate corruption prevention programme and has undertaken various sensitization and training activities such as ethics and integrity training, Corruption Risk Assessment and is implementing corruption control measures, all geared towards corruption eradication.

Customer Focus

The Board is committed to meeting stakeholders requirements to their satisfaction by ensuring effective and efficient use of resources. It encourages continual improvement of its services and processes.

Sources of Revenue and Items of Expenditure

The main sources of revenue are the Exchequer from Government, Appropriation in Aid and Donor funding. These are expended through payment of Salaries and Wages, Operational expense including utilities and donor programmes as the grants are conditional.

REPORT OF THE DIRECTORS

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

Principal activities

The principal activity of the Kenya National Library Service is to promote, establish, equip, manage, maintain and develop libraries in Kenya as a National Library Service;

Results

The performance of knls for the year ended 30th June 2019 are set out on pages 1-39 in the subsequent pages of this document.

Directors

The members of the Board of Directors who served during the year are shown on page vi-lx.

Dividends/Surplus Remission

Knls is a service State Corporation and does not generate surplus funds. All the AIA generated from the various income streams forms part of its total budget. The entity did not make any surplus during the year 2018/2019 and hence no remittance to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of the *Kenya National Library Service* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board;



Jack W. Emusolo

Ag. Chief Executive Officer, knls

26th Sep 2019
Date:.....

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, requires the Directors to prepare financial statements in respect of Kenya National Library Service which give a true and fair view of the state of affairs of the Board at the end of the financial year/period and the operating results of the *entity* for that year/period. The Directors are also required to ensure that the Kenya National Library Service Board maintain proper accounting records which disclose with reasonable accuracy the financial position. The Directors are also responsible for safeguarding the assets of Kenya National Library Service

They are also responsible for the preparation and presentation of financial statements, which give a true and fair view of the state of affairs of the Board as at the end of the financial year ended on June 30, 2019. This responsibility includes: -

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Kenya National Library Service Board.
- (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 Kenya National Library Service Board.
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the 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) accrual basis and in the manner required by the PFM Act 2012 and the State Corporations Act. The Directors are of the opinion that financial statements give a true and fair view of the state of the Board's transactions during the financial year ended June 30, 2019, and financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained, which have been relied upon in the preparation of the 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 Kenya National Library Service Board 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 Kenya National Library Service Financial Statements were approved by the Board on 26/09/2019 and signed on its behalf by:


Hon. Noah Katana Ngala, EGH
Chairman knls Board

Date: 26th Sep. 2019



Jack W. Emusolo
Ag. Chief Executive Officer, knls

Date: 26th Sep 2019

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



OFFICE OF THE AUDITOR GENERAL

Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya National Library Service set out on pages 1 to 41, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya National Library Service as at 30 June, 2019, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya National Library Service Board Act and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Deficit from Operations

The Kenya National Library Service (KNLS) reported a deficit of Kshs.112,284,051 (2018: Kshs.89,513,757) thereby decreasing the accumulated fund balance by Kshs.81,058,291 from Kshs.1,471,461,059 as at 30 June, 2018 to Kshs.1,390,402,768 as at 30 June, 2019. If strategies are not put in place to reverse the trend, the Corporation is likely to face financial challenges in the near future.

2.0 Failure to Provide for Depreciation on Library Books

The statement of financial position reflects books stock amounting to Kshs.986,433,844 which, as disclosed in Note 28 to the financial statements, comprised of an opening balance of Kshs.887,917,390, books purchases at a cost of Kshs.970,391 and donations of books valued at Kshs.113,319,496. In addition, the reported books valuation of Kshs.986,433,844 was net of Kshs.15,830,176 described as withdrawn books representing the value of books weeded from the system, stolen and lost books as well as books donated to needy institutions. However, as previously reported, the policy on

recognition and depreciation of books was said to be in draft form and had not been approved and adopted for implementation as required under Paragraph 18 of IPSAS 17-Property, Plant and Equipment.

In the circumstances, it was not possible to confirm the accuracy of Kshs.986,433,844 reflected in the statement of financial position in respect of books stock.

3.0 Land and Buildings Without Ownership Documents

Included in the reported property plant and equipment balance of Kshs.7,290,011,187 are amounts of Kshs.3,250,508,500 and Kshs.1,587,016,307 for land and buildings respectively. However, as previously reported, the value of land excludes Kshs.38,411,507 being the value of parcels of land without ownership documents. Further, the buildings balance of Kshs.1,587,016,307 excluded an amount of Kshs.203,601,300 that related to buildings without ownership documents.

Under the circumstances, the completeness and accuracy of the reported balance for property, plant and equipment could not be confirmed.

4.0 Long Outstanding Receivables

The statement of financial position reflects amounts of Kshs.5,194,955 and Kshs.5,454,920 relating to receivables from exchange transactions and receivables from non-exchange transactions respectively. As disclosed in Note 22 and Note 23 to the financial statements, the receivables from exchange transactions balance included Kshs.5,760,191 that had been outstanding for over ninety (90) days and was net of a provision for doubtful debts amounting to Kshs.2,015,650. Similarly, the reported balance for receivables from non-exchange transactions included Kshs.6,159,590 which was over ninety (90) days old while the provision for doubtful debts amounted to Kshs.2,475,825. However, Management did not demonstrate any effort to recover these debts.

In the circumstances, the validity and full recoverability of the reported balances for receivables from exchange transactions and receivables from non-exchange transactions could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya National Library Service 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. I have determined that there are no key audit matters to communicate in my report.

Other Matter

1.0 Budget Control and Performance

The Library Service had a total revenue budget of Kshs.1,193,340,921. However, actual revenue amounted to Kshs.1,162,530,010 resulting to a shortfall of Kshs.30,810,911. Similarly, the Library Service spent Kshs.865,947,091 against an expenditure budget of Kshs.1,193,340,921 resulting in an under absorption of Kshs.327,393,830 or 27%. No explanation has been provided for the material variances. Further, the underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2.0 Unresolved Prior Year Audit Matters

Various prior year audit issues remained unresolved as at 30 June, 2019. Management has not provided reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Delayed Completion of the Proposed National Library and Headquarters

As previously reported, the construction of the proposed National Library and Headquarters was awarded to a building and civil engineering contractor on 2 March, 2012 at a contract sum of Kshs.2,055,200,200 with a completion date of April, 2016.

On 30 May, 2017, the cost of the Project was revised to Kshs.2,409,876,500 due to delayed completion thereby increasing the contract sum by Kshs.354,676,300 or 17.3%. The completion date was also revised to 20 March, 2020. Audit inspection of the Project in February, 2020 revealed that substantial progress had been made on two wings of the building. However, the third and final wing was still under construction while the total certified works amounted to Kshs.2,218,685,791 representing 92% of the revised Project cost.

Delayed completion of the contractual works is likely to lead to further escalation of the total cost of the Project.

2.0 Motor Vehicle Taken by the Parent Ministry

The Ministry of Sports, Culture and National Heritage in 2014 requested the Library Service to provide a vehicle to the Ministry due to the prevailing shortage of vehicles at the time. The Service complied and provided vehicle registration number KBN 082E. However, the terms and conditions for the vehicle transfer were not documented and as at the time of the audit, in February 2020, the vehicle had not been returned to KNLS.

In the circumstances the existence and condition of the vehicle could not be confirmed. In addition, the Library Service may not have obtained value for money from the purchase of the vehicle.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 Service's ability to sustain services, disclosing, as applicable, matters related to sustainability of

services and using the applicable basis of accounting unless the Management is aware of intention to liquidate the Kenya National Library Service or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance 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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

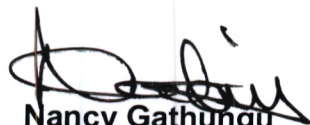
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with KNLS's 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 going concern 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 Service's ability to continue as a going concern or 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 KNLS to cease to continue as a going concern or 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 Service 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi.

09 July, 2021

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

		2018/2019	2017/2018
		KSHS.	KSHS.
Revenue from non-exchange transactions	NOTE		
		-	
Transfers from government	6	660,430,000	602,231,084
Other Grants		-	-
Earned income	7	4,709,915	7,093,086
Conditional Grants met	7a	8,264,298	9,816,113
		673,404,214	619,140,283
Revenue from exchange transactions			
Interest Income	8	-	7,850
Rental income from facilities	9	38,496,328	34,085,784
Rendering of Services	10	67,051	120,789
Library Fees	11	16,117,406	16,483,493
Other Income	12	9,423,421	5,577,933
		64,104,206	56,275,849
		737,508,420	675,416,132
Expenditure			
Employee costs	13	529,419,554	529,442,429
Travel Costs	14	12,231,591	11,691,702
General Expenses	15	118,861,473	106,335,414
Loss on demolition/disposal	16	38,151,853	
Utilities	17	16,776,779	17,987,276
Repairs and Maintenance Cost	18	16,725,675	25,101,099
Boards Expenses	19	28,039,035	22,080,224
Depreciation & Amortisation	20	89,586,510	52,291,747
TOTAL EXPENDITURE		849,792,471	764,929,891
SURPLUS/(DEFICIT)		(112,284,051)	(89,513,759)


STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		2018.2019	2017.2018
		KSHS	KSHS
CURRENT ASSETS	NOTES		
Cash & Bank balances	21	371,638,873	223,135,457
Receivables from exchange transactions	22	5,194,955	14,090,032
Receivables from non-exchange transactions	23	5,454,920	5,677,301
Inventory	24	7,291,816	5,761,123
Prepayment	25	600,000	-
SUB -TOTAL		390,180,564	248,663,913
NON CURRENT ASSETS			
Property, Plant & Equipment	26	7,290,011,187	3,310,815,724
Intangible Asset	27	609,216	1,741,099
Stock - Books	28	986,433,844	887,917,390
SUB-TOTAL		8,277,054,248	4,200,474,213
TOTAL ASSETS		8,667,234,811	4,449,138,126
CURRENT LIABILITIES			
Trade payables from exchange transactions	29	198,543,103	207,520,284
Provisions for Gratuity	30	1,760,664	3,372,800
Deferred income	31	5,095,033	5,380,758
TOTAL LIABILITIES		205,398,800	216,273,842
NET ASSETS			
Accumulated Fund		1,390,402,768	1,471,461,059
Revaluation Reserve		4,240,207,881	313,694,455
Capital Reserve		2,442,026,870	2,167,320,483
Capital Donations	32	389,198,492	280,388,287
TOTAL EQUITY		8,461,836,011	4,232,864,284
TOTAL EQUITY & LIABILITIES		8,667,234,811	4,449,138,128



Jack W. Emusolo
Ag. Chief Executive Officer

Date..... 26th Sep 2019



CPA, Julie Musandu
Principal Accountant
ICPAK Member No.5463

Date 26.09.2019



Hon. Noah Katana Ngala, EGH
Chairman, knls Board

Date 26.09.2019

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

	Accumulated Fund	Revaluation/ Additions	Capital Reserves	Capital Donations	Total
Balance as at 30th June 2017	1,534,966,235	313,694,455	1,678,406,068	220,918,080	3,747,984,838
Adjusted for:					-
Capital reserve		-	445,666,000		445,666,000
Reimbursed Inter Account Transfer			69,547,316		69,547,316
Prior year adjustment:	(290,317.77)	-			(290,318)
Additions : Books		-	-	61,049,896	61,049,896
Fixed Assets				5,513,397	5,513,397
Transfer of depreciation/ amortization to revaluation	14,065,371	-	(14,065,371)	(7,093,086)	(7,093,086)
Expenses	12,233,530	-	(12,233,530.00)		-
Deficit for the year	(89,513,759)				(89,513,759)
Balance as at 30th June 2018	1,471,461,059	313,694,455	2,167,320,483	280,388,287	4,232,864,284
Adjusted for:					
Capital reserve			300,000,000		300,000,000
Prior Year adjustment: 1	1,000,000		(1,000,000)		-
Prior Year adjustment: 2	(12,796,700)	12,796,700			-
Prior Year adjustment: 3	(3,730,908)				(3,730,908)
Add: Prior year adjustment:					-
Additions : Books				113,319,496	113,319,496
Fixed Assets				200,624	200,624
Transfer of depreciation /amortization to revaluation	14,796,224		(14,796,224)	(4,709,915)	(4,709,915)
De-recognition of revaluation surplus	22,459,755	(22,459,755)			-
Revaluation Reserve		3,936,176,481			3,936,176,481
Transfer of excess depreciation					-
Expenses:					-
Less: Support to CBL	9,497,389		(9,497,389)		-
Deficit for the year	(112,284,051)				(112,284,051)
Balance as at 30th June 2019	1,390,402,768	4,240,207,881	2,442,026,870	389,198,492	8,461,836,011

Nature and purpose of reserves

knls creates and maintains reserves in terms of specific requirements as follows

- Capital Reserve – this is used to record contribution made by Government in form of development grants transfers
- Revaluation Reserve – this is used to indicate the re-valued amounts on the plant property and equipment, and any other adjustments on the same.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018/2019	2017/2018
Net cash flows from operating activities	36	5,842,529	10,168,426
Cash flows from investing activities			
Purchase of Fixed Assets	26	(3,773,044)	(16,235,377)
Additions of Software	27	-	(1,827,650)
Purchase of books	28		(50,000)
Additions in Work in Progress	26	(153,566,067)	(376,797,838)
Net Cash Outflow From Investing Activities		(157,339,111)	(394,910,865)
Cash Flows from Financing Activities			
GOK Grants		300,000,000	515,213,316
Inter account transfer		-	-
Net Cash inflows from Financing Activities		300,000,000	515,213,316
(Decrease)/Increase in Cash and Cash Equivalents		148,503,418	130,470,877
Cash and Cash Equivalents Beginning		223,135,455	92,664,578
Cash and Cash Equivalents Ending		371,638,873	223,135,455

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2019

A. RECURRENT BUDGET

	Approved Budget 2018/19	Virement 2018/19	Final Budget 2018/19	Comparable Actuals	Performance Difference	% Variance	Remarks on Material Variance (10% and above)
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.		
Revenues							
Government Grants - Recurrent	660,430,000	18,695,422	679,125,422	660,430,000	18,695,422	2.8%	a
Appropriation In Aid	76,481,457	15,534,197	92,015,654	79,900,163	12,115,491	13.2%	b
Public Contribution and Donations	5,321,250	2,657,322	7,978,572	7,978,573	(1)		
Roll Over Donations	4,617,046	-	4,617,046	4,617,046	-		
Total	746,849,753	36,886,941	783,736,694	752,925,783	30,810,911		
Less: Pending bills 1st Charge	42,826,668	(455,000)	42,371,668	42,371,668			
Amount available	704,023,085	37,341,941	741,365,026	710,554,115	30,810,911		
Expenditure							
Compensation of Employee	581,527,495	18,695,422	600,222,917	529,419,554	70,803,363	88.2%	c
Travel Costs	5,500,000	4,712,000	10,212,000	11,348,901	(1,136,901)	111.1%	d
General Expenses	75,182,312	1,923,429	77,105,741	111,076,774	(33,971,033)	144.1%	e
Utilities	17,000,000	200,000	17,200,000	16,776,779	423,221	97.5%	
Repair Maintenance	10,813,278	3,944,745	14,758,023	15,895,675	(1,137,652)	107.7%	
Boards Expenses	14,000,000	7,866,345	21,866,345	28,039,035	(6,172,690)	128.2%	f
Depreciation							
Total	704,023,085	37,341,941	741,365,026	712,556,719	28,808,307		

B. DEVELOPMENT BUDGET

	Approved Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis	Performance Difference	% Variance	Remarks on material variances above 10%
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.		
Revenue							
Roll over funds	151,975,895	-	151,975,895	151,975,895	-	-	
Government grants	300,000,000	-	300,000,000	300,000,000	-	-	
Total Income	451,975,895	-	451,975,895	451,975,895	-		
Expenses							
National Library of Kenya	350,000,000	-	350,000,000	138,040,581	211,959,419	39.44%	g
Retention monies	54,990,663	266,785	55,257,448	559,871	54,697,577	1.01%	
Refurbishment of Library Buildings	17,612,691		17,612,691	1,724,852	15,887,839	9.79%	h
Support to Community Based Libraries	1,544,290	578,000	2,122,290	1,976,394	145,896	93.13%	
Other development expenditure	27,828,251	(844,785)	26,983,466	11,088,674	15,894,792	41.09%	i
Total expenditure	451,975,895		451,975,895	153,390,372	298,585,523		
Balance for the period	-		-	298,585,523			

- Payments on the ongoing construction of the National Library of Kenya are made on account of certificates for work done.

NOTES TO THE STATEMENT OF BUDGET COMPARISON

a. Government Grants

The National Treasury approved Supplementary II Grants of Ksh 18,695,422.00 in the Financial Year 2018/2019. This was to cater for phase I and II of the Job Evaluation report that had been approved by SRC for implementation effective 1st July, 2017. The grants were however received in July 2019.

b. Appropriation in Aid

The knls Board had estimated to collect revenue of Ksh 92,015,654.00 from various revenue streams. Revenue streams like Consultancy, rent from bill boards, Daily entrance fees, and sale of ISBN did not meet the expected revenue targets.

c. Personnel Costs

The Board had anticipated to get an additional allocation of Kshs.18,695,422 being amount for the Job Evaluation results conducted by SRC. The allocation was not received by June 2019 and had been factored in in the revised budget. In a bid to implement comprehensive medical cover for all staff, the Board stopped payment of medical allowance to the staff. The comprehensive medical cover was estimated at Ksh 40,000,000.00

d Travel Costs

The expenditure includes payment for local travel and subsistence allowances. The subsistence allowances included facilitation for CBA working analysis, SRC implementation analysis. The Foreign travel costs includes the Board support to staff who had been partially sponsored by donor partners

e General Expenses

The cost of internet and telephone services were driven up by introduction of 15% excise duty in the Finance bill 2018/19. Knls changed premises for Malindi branch resulting in over-lapping rent period and other moving and related expenditure. Withdrawn books, are included in the general expenses however is a non cash item. During the period knls, spent on development of different Policies and on Training on emerging issues and in accordance to the Government guidelines.

f Board expenses

During the year, the Board toured various knls branches in the Coastal Region and also carried out a CSR activity in Nyamira County. Further, an extensive board self-evaluation activity was carried out. The board also attended two Mwongozo training organised by SCAC.

g. National Library of Kenya & knls Headquarters

This is a multi-year project that commenced in April 2012. Payments to various contractors and consultants engaged on the project are done based on valuation of work done and issuance of valuation certificate by the Project Manager. As at the end of the year under review finishes works to Ragati Road Wing and headquarter offices were ongoing and the budget balance on this vote to be used to defray costs of these works.

h. Refurbishment of Libraries

The budget underperformance of 9.78% was a result of awaiting approval form the National Treasury on new projects

i. Other development expenditure

The budget underperformance of 41.09% was a result of awaiting approval form the National Treasury on new projects

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya National Library Service is established by and derives its authority and accountability from Act of Parliament, CAP 225 of the Laws of Kenya. knls is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity is to promote, establish, equip, manage, maintain and develop libraries in Kenya as a National Library Service;

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, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts 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 knls accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the knls.

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.

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
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.

3 Adoption of New And Revised Standards (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

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. 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.
<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.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

Kenya National Library Service recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the knls and the fair value of the asset can be measured reliably.

Transfers from other 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 knls and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

Kenya National Library Service recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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 and it is probable that the economic benefits or service potential associated with the transaction will flow to knls.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2018-2019 was approved by the National Assembly on June 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of knls. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or organisation's 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.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the knls operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

Value Added Tax

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Taxation

knls is exempted from taxation and therefore no provision for tax liability has been made in financial statements

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation (except as stated below). Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Freehold land, buildings and plant and machinery are subsequently shown at market value, based on periodic valuations less subsequent depreciation.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the retained earnings to revaluation reserve.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is

derecognized. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Freehold land is not depreciated.

Depreciation on all other assets is calculated on the straight line method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

Description	Annual Rate
- Freehold land	Nil
- Buildings	2%
- Motor vehicles	25%
- Fixtures, furniture & fittings	12.5%
- Equipments	20%
- Computers	33%
- Capital work in progress is not depreciated until such a time as the asset is brought into use.	

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that assets are transferred to retained earnings in the statement of changes in equity.

f) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

- **Computer Software**

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives which are estimated to be 3 years.

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include software development staff costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives which are estimated to be 3 years.

g) Research and development costs

All research costs are expensed as incurred.

Development costs are capitalised only after technical and commercial feasibility of the resulting product or service have been established.

h) Financial instruments

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, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. knls determines the classification of its financial assets at initial recognition.

Impairment of financial assets

knls assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

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 or loans and borrowings, as appropriate. knls determines the classification of its financial liabilities at initial recognition.

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

i) Inventories

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of knls.

Contingent liabilities

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

Contingent assets

knls does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of knls in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

knls creates and maintains reserves in terms of specific requirements as follows

- Capital Reserve – this is used to record contribution made by government in form of development grants transfers
- Revaluation Reserve – this is used to indicate the re-valued amounts on the plant property and equipment, and any other adjustments on the same.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

knls provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged

against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Related parties

knls 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

p) Cash and cash equivalents

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

q) Comparative figures

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

r) 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, 2018.

5. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the knls 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

Critical accounting judgments in applying the organisation's accounting policies

Impairment losses on trade and other receivables

The organisation reviews its trade and other receivables to assess impairment regularly. In determining whether an impairment loss should be recognised through profit or loss, the company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the receivables, before a decrease can be identified. This evidence may include observable data indicating that there has been an adverse change in the payment status of customers or local economic conditions that correlate with defaults on assets in the company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

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. knls 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 knls. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Key sources of estimation uncertainty

Impairment of assets

At the end of each reporting period, the authority reviews the carrying amount of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment (if any).

Useful lives and residual values

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

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

Fair value estimation – financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provisions

Provisions are recognized when knls 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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Where knls expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
REVENUE FROM NON EXCHANGE TRANSACTIONS

REVENUE FROM NON EXCHANGE TRANSACTIONS

	2018/2019 Kshs.	2017/2018 Kshs.
6 Transfers from other Governments		
Unconditional Grants		
Govt Grants- Recurrent Grants	660,430,000	671,778,400
- Inter account transfers	-	(69,547,316)
Total	660,430,000	602,231,084

6b	Name of Entity sending the grant	Amount recognised to Statement of Comprehensi ve Income	Amount Deferred	Amount recognised in Capital fund	Total grant income during the year	2017/2018
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
	Ministry of Sports and Heritage	660,430,000	-	300,000,000	960,430,000	1,117,444,400

6c Public contributions and donations			
Cash Donations - BAI	786,818	3,453,300	
- US Embassy	2,280,000	762,500	
- EiFL	3,301,241	3,125,948	
- Others	1,610,515	1,481,469	
Total	7,978,573	8,823,217	
7 Earned income (Fixed Asset Donations)	4,709,915	7,093,086	
7a Reconciliation of public contributions and donations			
Balance unspent at the beginning of year	277,671,457	217,614,457	
Current year receipts - Books	112,349,496	61,049,896	
- Cash	7,978,573	8,823,217	
Conditions met - transferred to revenue (Cash)	(8,264,298)	(9,816,113)	
Conditions to be met - remain liabilities	389,735,228	277,671,457	
REVENUE FROM EXCHANGE TRANSACTION			
8 Interest Received	-	7,850	

9 Rental income from facilities		
Hire Of Halls	1,022,320	848,940
Bill Boards	-	-
Parking Charges	672,135	200
Rent	32,841,971	29,889,018
Service charge from rentals	3,959,902	3,347,626
Total	38,496,328	34,085,784
10 Rendering of Services		
Photocopies	37,537	15,315
KnB & Kpd Sales	6,300	11,196
Internet And E-Mail	16,152	11,278
Consultancy Services	7,062	83,000
Total	67,051	120,789
11 Library Fees		
Membership Fees- Institution	974,072	722,310
Entrance Fees - Non Members	13,799,610	14,248,620
Daily access - Executive	275,940	254,840
Book loan fees - Adult	785,690	926,163
Book loan fees - Junior	282,094	331,560
Total	16,117,406	16,483,493
12 Other Income		
Sundry Income	532,477	760,880
Books Recovered		31,822
Fines and Overdues	668,971	647,998
Disposal Income	2,262,265	145,241
Hire Of Chairs/ Tents	5,275	9,545
Gain on Sale of Fixed Assets	-	-
Sale Of Tenders	12,000	-
Clearing Fee	2,404,470	1,452,632
Commission from payroll deductions	125,488	117,717
Attachment Charges	227,800	150,660
Lost And Paid For Books(100%)	205,987	209,805
Annual Renewal Fee	-	-
ISBN Fees	2,335,000	1,839,500
Salary On Resignation	70,316	121,775
Lost And Paid For Books (Original)	-	71,667
Forex Gain	-	-
Resurfaced Books	56,744	18,691
Insurance claims	181,249	-
Provision for doubtful debts	335,380	
Total	9,423,421	5,577,933

13 Employee Costs		
Basic Salary (Permanent Employees)	276,210,637	275,460,601
Internship Stipend	443,085	-
Casual Labour	8,125,617	7,954,893
House Allowance	121,208,000	122,934,940
Acting Allowances	22,032	-
Hardship Allowance	8,494,186	8,717,005
Medical Allowance	849,580	10,172,399
Special Duty Allowances	975,941	964,211
Other Allowances-Remunerative	1,725,161	2,160,000
Leave Allowance	4,505,000	540,000
Refund Of Medical Expenses-Inpatient	70,640	29,267
Personal Assistance Allowance	720,000	4,589,000
Other Allowances-Bicycle	76,800	161,960
Commuter Allowance	50,730,799	41,234,684
Employer Contribution To Pension Scheme	55,262,076	54,269,869
Insurance Claims		253,600
Total	529,419,554	529,442,429
14 Travel Costs		
Travel Costs-Domestic	1,061,230	911,953
Accommodation-Domestic	2,691,250	5,705,945
Daily Subsistence-Domestic	3,637,869	2,465,103
Sundry Items Domestic	295,050	150,980
Passage And Transfers Expenses	1,383,811	1,057,974
Travel Cost-Foreign	488,380	373,862
Accommodation - Foreign	1,032,002	
Daily Subsistence-Foreign	1,443,115	940,727
Sundry Items - Foreign	198,885	85,157
Total	12,231,591	11,691,701
15 General Expenses		
Telephone & Mobile Phone Services	3,019,868	2,965,199
Internet Connections	6,965,134	6,258,890
Courier & Postal Services	1,932,744	1,769,108
Printing & Stationery	465,912	300,766
Printing & Stationery :Newsletters	-	96,600
Printing & Stationery : KNB &KPD	103,400	127,500
Publishing & Printing Services	111,496	136,616
Subscription To Newspaper, Mag	3,913,089	4,564,208
Advertising, Awareness & Public	2,902,228	2,605,304
Advertising, Awareness & Public : Talkshows	-	3,500
Advertising, Awareness & Public ; Bai	700,780	1,714,440
Advertising, Awareness & Public : Eifl	791,420	2,485,311
Advertising, Awareness & Public : US Embassy	879,450	455,000
Trade Shows & Other Exhibition	215,790	174,000

kenya national library service
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Publicity Materials	-	174,000
Rent & Rates-Non-Residential	1,094,898	825,298
Catering Expenses	1,904,678	1,495,582
Insurance General	14,506,465	14,506,465
Veterinarian Supplies	-	-
Purchase Of Uniform & Clothing	503,008	481,704
Library Processing Tools, Magnetic strips	2,384,165	2,114,562
Education & Supplies	130,013	245,761
General Office Supplies	2,884,439	3,052,613
Supplies & Accessories For Com	1,603,208	931,324
Sanitary & Cleaning Materials	811,019	758,334
Contracted Guards & Cleaning	24,671,409	24,643,047
Transport Costs & Charges For	6,136,517	4,683,488
Legal Dues, Arbitration & Comp	560,299	1,300,825
Contracted Professional Services	2,073,050	2,479,575
Withdrawn books	15,830,176	5,231,000
Bad Debt	-	-
Provision for bad & doubtful debts	-	-
Travel, Accomodation, Tuition Fees	11,923,377	11,621,215
Bank & Mpesa Charges/Commission	668,631	825,639
Management Fee-Audit Fee	700,000	660,000
Purchase Of Coffins & Other Miscelleneous exps	707,400	404,340
Membership Fees, Dues & Subscription	555,482	833,573
Research & Development	210,000	327,110
Monitoring & Evaluation	2,355,930	971,268
Medal & Awards	200,000	59,500
Refined Fuels & Lubricants For	4,021,368	4,032,210
Foreign Exchange loss	60,960	20,539
Purchase of Furniture & Fittings	52,400	-
Purchase of Equipment	65,110	-
Purchase of Computers & Printers	246,160	-
Total	118,861,473	106,335,414
16 Loss on Disposal/Demolition		
Cost of Nairobi Area Library Building	58,156,695	
Accumulated depreciation as at 30th June 2018	20,004,842	
Net Book Value as at 30th June 2018	38,151,853	
17 Utilities		
Electricity	11,709,819	13,472,268
Water And Sewerage Charges	5,066,960	4,515,008
TOTAL	16,776,779	17,987,276

18 Repairs and Maintenance Cost			
Repair, Maintenance: Buildings		2,692,950	3,087,411
Repair, Maintenance: Furniture		1,627,646	5,424,746
Repair, Maintenance: Equip		2,318,703	3,396,762
Repair, Maintenance: Motorvehicle		2,260,964	6,207,233
Repair, Maintenance: Computer		7,825,413	6,984,947
Total		16,725,675	25,101,099
19 Board Expenses			
Chairman's Honorarium		1,044,000	1,044,000
Directors' allowances & Other expenses		16,062,139	15,654,769
Other allowances & Board Expenses		10,932,896	5,381,455
Total		28,039,035	22,080,224
20 Depreciation & Amortisation Expense			
Property, Plant & Equipment		88,454,627	50,366,037
Intangible Assets		1,131,883	1,925,710
Total		89,586,510	52,291,747

21 Cash and Cash Equivalents	A/C NO.	2018/2019	2017/2018
		Kshs	Kshs
Cash in hand		107,067	116,133
Mpesa Account		883,204	51,793
Pesa Pal Account		1,923,245	3,645,505
Bank Recurrent account	1103249614	6,519,271	4,115,786
Bank Development Account	1103249754	347,179,632	214,010,434
Bank Savings & Reserve A/C	1103127063	14,894,770	439,149
Bank Savings & Reserve -foreign A/C	1108728294	131,683	756,657
Total		371,638,873	223,135,457

* The bank accounts are all with Kenya Commercial Bank - Milimani Branch. The M-pesa account is with Safaricom while the Pesa-Pal account resides with the service provider, Jambo Pay Limited.

22 Trade Receivables Exchange Transactions			
Trade Debtors : Rental space		5,904,137	13,989,930
: Direct consignment (Books)		1,306,468	2,115,752
		7,210,605	16,105,682
Less: Provision for doubtful debt		2,015,650	2,015,650
Total		5,194,955	14,090,032
22a Ageing Analysis (Trade Debtors)			
No. of Days		As at 30th June 2019	As at 30th June 2018
0-90		1,450,414	3,261,978
91-180		132,640	2,299,829
181-365		482,603	4,972,808
Over 365		5,144,948	5,571,067

		7,210,605	16,105,682
23 Trade Receivables non exchange transactions			
Staff Debtors		5,771,099	6,338,861
Refundable Deposit		2,159,645	2,149,645
		7,930,744	8,488,506
Less: Provision of bad & doubtful debts		2,475,825	2,811,205
Total		5,454,920	5,677,301
Ageing Analysis (Non-Exchange)			
		As at 30th June 2019	As at 30th June 2018
No. of Days			
	0-90	1,771,154	2,687,207
	91-180	371,801	168,876
	181-365	103,820	221,385
	Over 365	5,683,969	5,411,039
Total		7,930,744	8,488,507

*** Provision for Doubtful Debt**

The provision for doubtful debt has been made based on the recommendations of the Audit report. knls has not adopted a tailor made policy on this but has made presumptions as provided for in IPSAS 17.

23a Movement in Provision for Bad & Doubtful debts	2018/2019	2017/2018
Opening Balance	4,826,855	4,826,855
Additions in the year	17,448.00	-
Payments	(352,827.65)	-
Balance	4,491,475	4,826,855

23 Inventory

The items mainly comprise consumables whose turnover is very high. First in first out valuation method is used and inventories are stated in the financial statements at cost, which is lower than net realized value.

	2018/2019	2017/2018
	Kshs	Kshs
General office	2,398,254	2,083,558
Uniform & Clothing	-	-
Library Processing Tools	3,495,964	2,100,129
Computer Accessories	1,397,598	1,577,436
Total	7,291,816	5,761,123
25 Prepayments	2018/2019	2017/2018
Purchase of AM Soft ware	600,000	-
	600,000	-

26 PROPERTY, PLANT & EQUIPMENT SCHEDULE

	Land	Building	Plant and Equipment	Motor vehicles	Furniture and fittings	Computers	CWIP	Total
Cost	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
As at 1st of July 2017	430,250,000	869,213,058	39,239,338	30,916,239	155,827,090	72,928,319	1,684,245,080	3,282,619,124
Additions - Purchases	-	-	662,194	12,038,011.00	428,380	3,106,792.00		16,235,377
Additions - Donations	-	-	1,354,306.00	-	1,151,676.00	3,007,415.00		5,513,397
Additions - CWIP							376,797,838.00	376,797,838
As at 1st July 2018	430,250,000	869,213,058	41,255,838	42,954,250	157,407,146	79,042,526	2,061,042,918	3,681,165,736
Adjustment on CWIP							(1,000,000)	(1,000,000)
Additions - Purchases			328,398		278,400	3,166,246	166,651,794	170,424,838
Additions - Donations			49,000		151,624			200,624
Capitalisation		7,875,972					(7,875,972)	-
Revaluations	2,820,258,500	800,472,060	(13,489,837)		18,606,356	(6,090,026)		3,619,757,053
Disposal/Demolition		- 58,156,695						- 58,156,695
As at 30th June 2019	3,250,508,500	1,619,404,395	28,143,399	42,954,250	176,443,526	76,118,746	2,218,818,740	7,412,391,556
Depreciation and impairment As at 1 st July 2017								
Accumulated Depreciation		122,926,801	37,021,310	30,916,239	70,815,578	58,304,047		319,983,975
Depreciation for the Year		17,384,261	1,510,373	3,009,503	17,913,243	10,548,657		50,366,037
As at 1st July 2018	-	140,311,062	38,531,683	33,925,742	88,728,821	68,852,704	-	370,350,012
Reversal on Disposal		(20,004,842)	-	-	-	-		(20,004,842)
Reversal on Revaluation		(120,306,220)	(38,531,683)		(88,728,821)	(68,852,704)		(316,419,428)
Depreciation for the Year		32,388,088	5,628,680	3,009,503	22,055,441	25,372,915		88,454,627
As at 30th June 2019	-	32,388,088	5,628,680	36,935,245	22,055,441	25,372,915	-	122,380,369
Net book values								
As at 30th June 2018	430,250,000	728,901,996	2,724,155	9,028,508	68,678,325	10,189,822	2,061,042,918	3,310,815,724
As at 30th June 2019	3,250,508,500	1,587,016,307	22,514,719	6,019,005	154,388,085	50,745,831	2,218,818,740	7,290,011,187

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27 Intangible Assets - Software	2018/2019	2017/2018
Cost	Kshs	Kshs
As 1 July 2018	1,741,099	1,839,159
Additions in the year	-	1,827,650
Amortisation for the year	(1,131,883)	(1,925,710)
	609,216	1,741,099

28 Movement of Book Stock	2018/2019	Value	2017/2018	Value
	No. of Books	Kshs.	No. of Books	Kshs
Opening balance	1,640,382	887,917,390	1,590,691	832,029,803
Add: Govt purchases			29	50,000
Donor Purchases	4,491	970,391		
Donations		113,319,496	61,588	61,049,896
Resurfaced books		56,744	49	18,691
Less: Withdrawn books		(15,830,176)	(11,975)	(5,231,000)
	1,644,873	986,433,844	1,640,382	887,917,390

The withdrawn books represent the net effect of value of books weeded from the system and lost books (including stolen books). It also includes books donated to needy institutions. knls is an agent of Book Aid International (BAI). The Board receives books on behalf of other institutions and distributes them.

The stock of books consists of reading materials for users of all levels. Books purchased are valued at cost price whereas books donated to knls are valued at cover price. Where no value is indicated, the books are valued at Kshs 800/- per copy for adult books and kshs 500 for children.

The books have not been depreciated as recommended in IPSAS 17. knls has developed a draft policy on the same which will guide the depreciation of these books going forward. However, they have been recognized and valued as stated in paragraph II.

29 Trade Payables Exchange transactions	2018/2019	2017/2018
	Kshs.	Kshs.
Trade Creditors	182,374,283	177,910,556
Advance Receipts	527,093	519,280
Third party payments	7,135,505	22,063,177
	190,036,882	200,493,013
Refundable deposits (Rental)		
Safaricom Shop - Buruburu	1,399,847	1,399,847
Equity Bank - Buruburu	1,596,987	1,596,987
CFC Bank - Buruburu	658,035	658,035
Agha Khan University Hospital - Buruburu	1,200,870	1,200,870
Candy Shop - Mombasa	5,500	5,500
Eraeva Canteen - Nakuru	67,991	67,991
Kenya Film Classification - Nakuru	142,541	142,541
Donyam - Kisumu	15,500	15,500

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Lasuri - Mombasa		15,000	-
Kenyatta University - Garissa		103,950	-
		5,206,221	5,087,271
Current Provisions - Audit Fees			
Balance at the beginning		1,940,000	1,980,000
Additional Provisions		1,360,000	660,000
Provision Utilised			(700,000)
Transfers from Non-current provisions			
		3,300,000	1,940,000
Total Trade Payables		198,543,103	207,520,284
30 Trade payables from non-exchange transactions			
Gratuity			
Balance at the Beginning		3,372,800.00	2,182,400
Additional		1,959,063.60	1,190,400
Gratuity paid		(3,571,200.00)	
		1,760,663.60	3,372,800.00
31 Deferred income movement		2018/2019	2017/2018
		Cash Donations	Cash Donations
Balance brought forward		5,380,758	6,373,654
Additions in the year		7,978,573	8,823,217
Transfers to Income Statement		(8,264,298)	(9,816,113)
Balance carried forward		5,095,033	5,380,758
32 Capital Donations		2018/2019	2017/2018
		Book Donations	Fixed Assets
		Book Donations	Fixed Assets
Balance brought forward		271,652,887	8,735,400
Additions in the year		113,319,496	200,624
Transfers to Income Statement			(4,709,915)
Balance carried forward		384,972,383	4,226,109
		271,652,887	8,735,400
33 Cash generated from Operations	Note	2018/2019	2017/2018
		Kshs	Kshs
Surplus(Deficit) for the year		(112,284,051)	(89,513,759)
Adjusted for :			
Depreciation	26	88,454,627	50,366,037
Amortisation of software	27	1,131,883	1,925,710
Resurfaced books	28	(56,744)	18,691

Donations (FA)	7	(4,709,915)	(5,513,397)
Withdrawn books	28	15,830,176	5,231,000
Deferred income (Cash)	31		5,380,757
Foreign exchange loss		60,960	
Loss on Demolition/disposal		38,151,853	
Contribution to provisions			660,000
Contribution to impairment		(17,183,363)	(3,516,814)
Operating Deficit Before Working Capital Changes		9,395,426	(34,961,775)
(Increase) / Decrease In inventory		(1,530,693)	(636,276)
(Increase) /Decrease in provisions for doubtful debts		335,380	
Increase / (Decrease) in payments received in advance			
Increase / (Decrease) in Deferred Income		(285,725)	
(Increase) / Decrease In receivables		9,117,458	(8,773,785)
(Increase)/(Decrease in prepayments		(600,000)	-
Increase / (Decrease) In payables		(8,977,181)	53,349,862
(Decrease)/Increase in Provisions		(1,612,136)	1,190,400
Net Cash Outflow From Operating Activities		5,842,529	10,168,426

32 Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. knls overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The company's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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	Total amount	Fully performing	Past due but not impaired	Impaired
At 30 June 2019	Kshs	Kshs	Kshs	Kshs
Receivables from exchange transactions	7,210,605	5,194,955.07		2,015,650
Receivables from non-exchange transactions	7,930,744	5,454,920		2,475,825
Bank balances	371,638,873	371,638,873	-	-
Prepayment		600,000		
Total	386,780,223	382,888,748	-	4,491,475
At 30 June 2018				
Receivables from exchange transactions	16,105,682	14,090,032		2,015,650
Receivables from non-exchange transactions	8,488,506	5,677,301		2,811,205
Bank balances	223,135,457	223,135,457	-	-
Total	247,729,645	242,902,790	-	4,826,855

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with knls directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. knls manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by knls under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2019				
Trade payables		198,543,103		198,543,103
Provision for Gratuity		528,199	1,430,865	1,959,064
Deferred Income			5,095,033	5,095,033
Employee Benefit Obligations				-
Total	-	199,071,302	6,525,897	205,597,200

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As at 30 June 2018				
Trade payables		207,520,284		207,520,284
Provision for Gratuity		1,190,400	2,182,400	3,372,800
Deferred Income			5,380,758	5,380,758
Employee Benefit Obligations	-			-
Total	-	208,710,684	7,563,158	216,273,842

33 Related Party Transactions

a) Nature of related party relationships

Entities and other parties related to knls include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

knls is related to:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Board of directors;
- vi) Key Management

b Related Party transactions

Transfers from related parties'

	2018/2019	2017/2018
	960,430,000	117,444,400
	960,430,000	117,444,400
	2018/2019	2017/2018
	Kshs.	Kshs.
Directors' emoluments	12,895,460	16,543,280
Key Management compensation		
Senior Management Salary and benefits	20,954,165	20,572,995
	33,849,625	37,116,275

36 Movement in capital reserve

Opening Balance			2,167,320,483
Receipts	GoK	300,000,000	300,000,000
Less: Prior Year adjustment	Electricity Deposit	1,000,000	1,000,000
Less: Transfer of depreciation			
Depreciation Yr 5	Capitalisation	343,267	
Depreciation Yr 4	Capitalisation	15,913	
Depreciation Yr 3	Capitalisation	1,198,972	
Depreciation Yr 3	Capitalisation	9,332,441	
Amortisation Yr 3	Computers - HR	165,276	
Depreciation Yr 2	motor vehicles	3,009,503	
Depreciation Yr 1	Capitalisation	157,519	
Depreciation Yr 1	Computers - CDBD, NAL, NLD	573,333	14,796,224

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Expenses:	Asset valuation	569,950	
	Refurbishment of furniture	580,000	
	Perdiem	312,740	
	Book clearing	4,200,217	
	Bar codes	3,584,482	
	support to CBL	250,000	9,497,389
Balance as at 30.06.2019			2,442,026,871

37 Prior Year Adjustments

Prior Year Adjustments 1 - Electricity Deposit for HQ project		1,000,000	
Prior Year Adjustments 2 - Revaluation of MV in FY 2009/2010		12,796,700	
Prior Year Adjustments 3 -		3,730,908	

APPENDIX I. 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. We have nominated focal persons to resolve issues as shown below with the associated time frame within which we expect the issues to be resolved.

Issue/Observations from Auditor

1. Deficit from Operations

The Kenya National Library Service (knls) recorded a deficit of Kshs.89,513,759 for the year ended 30 June 2018. Similarly, the statement of financial position as at 30 June 2018 reflects an accumulated fund balance of Kshs.1,471,461,059 against a balance of Kshs.1,534,966,244 as at 30 June 2017 representing a decrease of Kshs.63,505,185.

knls has attributed this negative trend to additional expenditure incurred on establishment, equipping and operationalization of new libraries across the country as well as internet connectivity to all the 62 branches without enhanced budget support from the National Treasury.

In consequence, KNLS long term service sustainability depends on Government and creditors support.

Management Comments

The Financial Statements have a deficit recorded of **Kshs.89,133,031** which includes a non-cash item of depreciation of **Kshs.52,291,747.00** in the Financial Year 2017/2018.

Similarly, the statement of financial position as at 30th June 2018 reflects an accumulated fund balance of **kshs.1,471,861,059** against a balance of **kshs.1,534,966,244** as at 30th June 2017, representing a decrease of **kshs.63,105,185**.

The deficit for the previous FY's – 2016/2017 was **Kshs. 36,098,414** also having a non-cash item for depreciation of **Kshs.51,349,962** while that if FY 2015/2016 was **Kshs.39,540,260**.

Knls Board has experienced exponential growth both in the establishment, equipping and operationalization of static libraries and other programmes. The new branch libraries were operationalized without enhanced budget support from the National Treasury. In a span of seven years the Board has operationalized the following branches:

- i) Murang'a Community Library in Murang'a County opened on 31st August 2010
- ii) Kibera Library in Nairobi County opened on 1st September 2010
- iii) Buruburu Library in Nairobi County opened on 29th April 2011
- iv) Narok Library in Narok County opened on 11th September 2013
- v) Dr. Ouko Memorial Library, Koru opened on 8th May 2014
- vi) Nakuru Library in Nakuru County opened on 14th May 2014
- vii) J. M. Michuki Memorial Library in Kangema, Murang'a County opened on 11th June 2015
- viii) Gatimbi Community Library in Meru County opened in December 2017

To increase open access to digital content the Board has prioritized integration of ICTs in both operations and service delivery to the public and has invested substantially with support from Communication Authority of 650 stand-alone computers, internet connectivity to all the 62 branches in the last four (4) years. The Board has had to incur substantial expenditure in renewal of annual licences, ISPs and general maintenance without corresponding increase in the budget from the National Treasury.

Increased number of new libraries necessitated recruitment of new staff to man the new centres in addition to the annual salary increment, internal promotions and a one off CBA implementation amounting to 15 million for settlement of new salaries and one year arrears fully funded from internal resources.

Medium Term Strategy to generate additional internal resources to cater for the budget deficits

To mitigate the widening budget deficit, the Board is committed to completing the ongoing construction of the ongoing National Library of Kenya (commercial wing) which will enhance AIA collected and cushion the Board against the growing deficit.

The knls Board is categorized as a Non-Commercial State Corporation. Its mandate is to offer library services at highly subsidized rates and striking a balance in revenue generation as well as seeking partnership with donors that will supplement the GOK funding to be able to meet some of its immediate and critical activities that need to be carried out to ensure continued service provision as per the mandate.

In addition, the Board has put in place austerity measures to mitigate against this audit finding.

Focal point Person: CEO

Status: Ongoing

Time frame: 2020-2021

2. Failure to Provide for Depreciation on Library Books

During the year under review, KNLS purchased 29 books at a cost of Kshs.50,000 and also received a donation of 61 ,588 books valued at Kshs.61 ,049,896 from Book Aid International (BAI) bringing the stock of books as at 30 June 2018 to 1,640,379 with a total valuation of Kshs.887,917,390.

Similarly, as previously reported, KNLS did not subject the books (assets) to depreciation charge in line with the requirements of IPSAS 17 as the policy on depreciation of books was said to be in draft form and had not been approved and adopted for implementation by the board.

In the circumstances, it has not been possible to confirm the accuracy of Kshs.887,917,390 balance in respect of books stock reflected in the statement of financial position as at 30 June 2018.

Management Comments

Management concurs with the issue raised on depreciation of books.

It's also true that knls depreciation policy is in draft form and has not been approved or adopted for implementation.

Attempts to develop and adopt a book depreciation policy is a new phenomenon which has no precedence in the practice of valuing library collections. To this end, knls is reaching out to the International Federation of Library Associations and Institutions (IFLA) and UNESCO for consultations and advisory to firm up the new draft before presentation to the Board.

This will take a while to get a response from the two bodies responsible for setting standards for libraries globally. Therefore, the policy guidelines to be developed by knls should comply with the set global library standards.

Further, knls communication to the above bodies has made reference to requirements of IPSAS 17 to ensure conformity and a clarification whether library collections should subscribe to the provisions of IPSAS 17.

As soon as these issues are responded to, knls will firm up the policy for submission to the Board for approval and subsequent implementation

Focal point Person: Deputy Director (Technical Services)

Status: Not Resolved

Time frame: 2019/2020 Financial year

3. Lack of Insurance Cover for Books

The statement of financial position as at 30 June 2018 reflects a balance of Kshs.887,917,390 in respect of Library books. However, KNLS does not have an insurance cover for its stock of library books. As a result, the Kenya National Library Service is exposed to loss without compensation in case of loss of books through, theft, fire outbreak or any other natural calamity.

Management Comments

The Audit findings are noted and appreciated. The knls Board has insured all its buildings and property against theft, burglary and fire which covers the books therein. The Board will review the Insurance Policy with a view having an insurance cover for books against natural calamities where applicable

Focal point Person: Director

Status: Resolved

Action:

Insurance cover for library books included in the insurance policy for 2019-2020 under the following two covers:

- i) Fire and special Perils: fire, lightening, bush fire, full explosion, earthquake (fire shock and volcanic action) riot, strike, malicious damage, impact damage and special perils on general book stocks in knls headquarters and all other branches countrywide*
- ii) Burglary: compensation in respect of loss or damage to property arising from forcible or violent entry into and /or exit from owned or leased or donated premises and /or vehicles insured on book collection, furniture, computers and electronic accessories in knls premises.*

Time frame: 31st July 2019

4. Fully Depreciated Assets

The statement of financial position as at 30 June 2018 reflects a balance of Kshs.3,310,815,724 in respect of property, plant and equipment which excludes fully depreciated fixed assets but which were still in use with an original cost of Kshs.123,223,318. Although the management indicated that revaluation of fixed assets had been carried out during the year under audit it was not clear why the revalued amounts had not been shown in the financial statements.

Consequently, the accuracy and valuation of the property, plant and equipment balance of Kshs.3,310,815,724 as at 30 June 2018 could not be ascertained.

Management Comments

The knls Board appreciates the requirement of the International Accounting Standard 16 on Non-current assets as stated. Non-current assets when fully depreciated ought to be revalued as long as it is probable that the future economic benefits associated with the asset will continue to flow to the entity and the cost of the asset can be measured reliably.

The Board embarked on a Land, Buildings and Movable Assets Revaluation programme undertaken jointly by officers from the Ministry of lands and the Ministry of Transport, Infrastructure, Housing and Urban Development that commenced in September 2017 covering all the knls branches and facilities. The programme was completed in June 2018 and the summary report submitted to knls management awaiting the comprehensive report to facilitate implementation. The audit findings are noted and the Board commits to implement the Valuation report in the subsequent financial years

Focal point Person:

Status: knls received the Valuation report on 13th August 2019 and the new values incorporated in 2018/2019 Financial Statements and the matter resolved.

Time frame: 30th September 2019

5. Land without Ownership Documents

As previously reported, included in the Property Plant and Equipment balance of Kshs.3,310,815,724 as at 30 June 2018 is an amount of Kshs.430,250,000 in respect of land. However, the value of land excludes amounts for thirty-five (35) parcels of land of unknown value with partial or no ownership documents. Although the management has provided correspondences with the Ministry of Lands and Physical Planning – Department of Physical Planning indicating progress made towards valuation and obtaining the title documents, however, the amount for property, plant and equipment is understated by the value of the omitted parcels of land. In addition, in the absence of title documents, the security of the said parcels of land is not guaranteed.

Under the circumstances, the completeness and valuation of land disclosed in the financial statements as at 30 June 2018 could not be confirmed.

Management Comments

The said (35) parcels of land include land donated by the community to knls while for others the entity is in possession of allotment letters from the defunct local authorities awaiting formalization and issuance of Title deeds. IPSAS 16 requires that an entity can only include/declare any property in the Financial Statements if it is in possession of the ownership documentation. In this case knls is

still pursuing with the relevant authorities the ownership documentation and have the same included as Property, Plant & Equipment in the Financial Statements.

The registration of ownership documents for these parcels of land is in different stages as summarized below;

- i.* 13 No.- Parcels of land with letters of allotment from the defunct local authorities – **Appendix IA**
- ii.* 20 No.- Free hold parcels of land owned by communities with operational library buildings – **Appendix 1B**
- iii.* 1 No. - Free hold undeveloped parcel of land in Sabatia (Vihiga County) – **Appendix IC**
- iv.* 1 No. - Undeveloped parcel of land in Awendo (with library services currently being provided from Sony Sugar Primary School compound) – **Appendix ID**

The omission of the thirty-five (35) parcels of land valued at approximately **Kshs.12, 500,000** under 2.2.1 to 2.2.4 above was because the Board had not yet obtained the ownership documents for these parcels. Knls Board has continued to consult with the relevant Government agencies, to facilitate processing and registration of ownership documents for parcels above so as to secure them.

The Board embarked on a Land, Buildings and Movable Assets Revaluation programme undertaken jointly by officers from the Ministry of lands and the Ministry of Transport, Infrastructure, Housing and Urban Development that commenced in September 2017 covering all the knls branches and facilities. The programme was completed in June 2018 and the summary report submitted to knls management awaiting the comprehensive report to facilitate implementation. The audit findings are noted and the Board commits to implement the Valuation report in the subsequent financial years.

Knls management has further written to the Director of Physical Planning in a letter dated 15th January 2019 (**Ref: C/KNL/HQ/AD/192/VOL.III/72** requesting him to confirm knls plots with PDPs or their status to facilitate the process of issuance of title deeds.

The Director of Physical Planning in his response dated 21st March 2019 (**Ref: PPD/1/25(36)**) Indicated that they were in the process of checking the status of knls plots and will revert back in due course.

Focal point Person: Director

Status: Ongoing

Time frame: 2020-2021

6. Delayed Completion of the Proposed National Library and Headquarters

As previously reported, the construction of the proposed National Library and Headquarters was awarded to M/S K.G. Patel Sons Limited - Building & Civil Engineering Contractors on 2 March 2012 at a contract sum of Kshs. 2,055,200,200 and was set to be completed by April 2016 (revised in 2017/2018 to 20 March, 2020).

Audit inspection carried out in March, 2019 revealed that one wing had been completed and handed over to the management and substantial progress had been made on the second wing but the third

wing was still at the foundation stage with the total amount certified of Kshs. 2,070,618,858 representing 86% of the appraised project cost. This was in spite of the fact that the initial contract period had been exceeded by about 3 years.

The Board in its meeting dated 29 June, 2017 noted that cost for some of the project works had escalated due to delayed completion resulting to price increases and that emerging new technologies had rendered some of the proposed service installations obsolete leading to further cost escalations.

On 30 May 2017 a project financial appraisal No.3 was performed by the M/S Procots Ltd Consultants, who revised the final cost of the project to a sum of Kshs.2,409,876,499.91.

The management should ensure that the project is completed with no further extension of time and variations which have increased cost of works by Kshs.354,676,299.91 or 17.26% on the initial contract sum of Kshs.2,055,200,200 in addition to Kshs.64,804,597 interest and penalties paid to consultants on delayed payments.

In consequence, the Service risks further projects costs and penalties/interests.

Management Comments

The National Library of Kenya/knls Headquarters project was conceived and conceptualized by the knls Board as a Vision 2030 Flagship project.

This was a four-year multi-tier project whose construction commenced on 10th April 2012 with an expected completion date of 19th January 2017.

The contract sum of Kshs. 2,055,200,200 is exclusive of the consultants' fees since conceptualization. The project began with identification of relevant service providers namely;

Consultants

- | | | |
|------------------------------------|---|--------------------------|
| a) Architectural services | - | Aaki Consultants |
| b) Quantity surveying | - | Procost Ltd |
| c) Electrical and civil engineers | - | Mecoy Consultants Ltd |
| d) Structural engineering services | - | Professional Consultants |

The team were to work with the knls Board to develop the building designs, bill of quantities/ tender documents and estimates for tendering purposes and contract documents for main contractor and subcontractors.

The fee payable to the consulting firms was determined and awarded independently and prior to the determination of the actual tender sum of all contractors for builders works and specialized services.

The totality of the project cost would in effect comprise of the tender sum of kshs 2,055,200,200 plus consultant's fees as is normally the practice in the industry.

The committee to note that the knls Board and the parties involved in the implementation of the contract have signed a fluctuating contract in line with Government regulation.

In addition, the consultants have been paid as per the guidelines of JPC price index alongside the interim certificates from the main contractor for work done.

Challenges in Implementation of the Project

The project has faced a number of challenges resulting in time and cost overruns that have consequentially resulted into variations.

Initial contract sum of the project was Kshs 2,055,200,200 but the appraised sum is Kshs 2,409,876,499 thus registering an increase of kshs 354,676,299 or 17.26%.

The challenges faced by the project include but not limited to:

- i) **Unfavorable ground conditions** – Existence of black trap rock which was very difficult to excavate resulting to escalation of cost of substructures. The contractor had to do the excavation at night as NEMA would not allow it during the day
- ii) **Cash flow not commensurate with level of completed works** – This has resulted to delayed payments which attract interest pursuant to clause 34.6. This also leads to slow progress of work and therefore extension of time which results to further cost escalations in extended preliminaries
- iii) **Change in technology** – This project was designed in 2011. Most of the services installations since then have been rendered obsolete by emerging new technologies. The new installations come with cost escalations.
- iv) **Price of Material escalations** – The cost of materials has been affected by inflation since the works were tendered in 2012. There has also been escalations on the exchange rates which have affected the prices of imported components of the works, more so in electrical and mechanical installations

In the circumstances, upon presentation of the financial appraisal, the Board approved kshs 354,676,299.71 or 17.26% variation to the project on 29th June 2017 summarized as under:

Project Cost Data

Original Contract sum	: KES 2,055,200,200.20
Appraised amount	: KES 2,409,876,499.91
Variation	: KES 354,676,299.71
Percentage variation	: 17.26%
Projected professional payments to Consultants (20% of contract sum)	: KES 481,975,299.98
Projected total project cost	: KES 2,891,851,799.80

Payment Breakdown as at 30th June 2017

Construction Costs	KES. 1,326,224,952.34
Professional Fees for consultants	KES. 348,371,545.04
Other direct payments to the project (approvals etc)	<u>KES. 24,184,672.62</u>
Total Incurred by the Project as at 30th June 2017	KES. 1,698,781,170.00

Allocation for FY'2017/18	<u>KES. 445,666,000.00</u>
TOTAL	KES. 2,144,447,170.00
Amount required to complete the Project as at 30th June 2018	<u>KES. 747,404,609.80</u>

Summary of variations	KES
a) Extended preliminaries	23,974,298.60
b) Partitioning and refurbishment of knls Buruburu	3,132,549.92
c) Main Works – Builders work	116,689,577.42
d) External works	2,041,390.20
e) Electrical Services Installations	80,595,913.42
f) Mechanical services Installations	13,300,349.00
g) General PC & provisional sums	13,322,080.00
h) Contractual entitlements	101,620,141.15
Total	354,676,299.71

The funding model of the project is purely by the Government of Kenya. Funds are allocated to the project at the beginning of each financial year and within the ceilings of the sector and for the Parent Ministry.

The funding levels to the project have not been commensurate with the projected program of works thus causing delays in project completion and payment for work done, and in some instances attracting penalties in form of interest in delayed payments.

During the Financial year, the Board paid interest on delayed payments totaling to Kshs. 37,096,321.51. The figure has been revised downwards by Kshs. 8,801,114.65 which was an amount erroneously captured as interest on delayed payments and is was actually a fee note for Procost Consultants, the project's quantity surveyor. In the revised Financial Statements, the amount of interest paid has now been treated as part of the Work in Progress for the construction.

The Board also concurs that various changes have been made to the project due to technological changes. It should be noted that the project commenced over five years ago and technological changes and other emerging issues may be inevitable and adjustments of project works as and when they arise will be handled accordingly.

Specifically, the audio visual component with a provisional sum of kshs 11M and later appraised to ksh 73, 940,904 is a provisional sum under the financial appraisal for Board's planning purposes. The actual tendering for the works is yet to be done based on the proposed changes anchored on the realization of changes in technology.

In its 143rd Full Board Meeting held on 29th June 2017, the Full board approved the project's 3rd financial appraisal which extended the project timeline by 65 weeks. An additional extension of 72 weeks was made to November 2018. Another extension was granted in the year under review for 72 weeks with a new expected completion date of 20th March 2020. See copy attached (**SKM/cm/21104**) The extensions are as a result of cashflow ceilings allocated in each financial year.

During the financial year 2018/2019, knls Board has been allocated kshs 300Million towards the project.

The funding model of the project is purely by the Government of Kenya. Funds are allocated to the project at the beginning of each financial year and within the ceilings of the sector and for the Parent Ministry.

The funding levels to the project have not been commensurate with the projected program of works thus causing delays in project completion and payment for work done, and in some instances attracting penalties in form of interest in delayed payments. The Board has been allocated kshs 433 Million in the financial year 2019/2020 under MTEF 2019/20-2021/22.

The Board remains positive that it will receive the kshs 433 M in the financial year 2019/2020 towards completion of the project.

The Board also concurs that various changes have been made to the project due to technological changes. It should be noted that the project commenced over five years ago and technological changes and other emerging issues may be inevitable and adjustments of project works as and when they arise will be handled accordingly.

Focal point Person: Director

Status: Ongoing

Time frame: March 2020


Hon. Noah Katana Ngala, EGH
Chairman knls Board

Date... 26th Sept. 2019



Jack W. Emusolo

Ag. Chief Executive Officer, knls

Date... 26th Sep 2019

APPENDIX II. PROJECTS IMPLEMENTED BY knls

STATUS OF PROJECTS COMPLETION					
Project	Total project cost	Total expenditure to date	Completion %	Budget Commitment	Actual
	Kshs.	Kshs.		Kshs.	Kshs.
1 National Library of Kenya & knls Headquarters	2,891,851,780	2,206,697,609	83.4		138,040,581
2 Wundanyi District Library	1,948,600	1,046,332	85	1,948,600	1,126,772
3 Dzitioni - Sealing Eaves for Bat Control	465,640	490,640.00	100	1,000,000	490,640
4 Buruburu Bore Hole	6,500,000	80,000		6,500,000	80,000
Total	2,900,766,020	2,208,314,581		9,448,600	139,737,993

