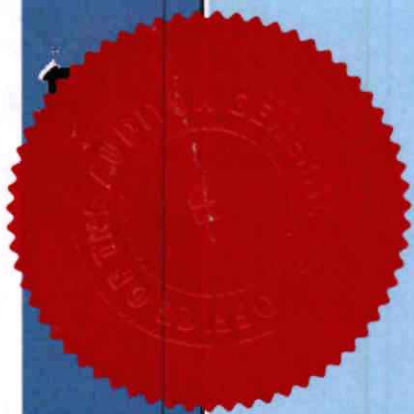


REPUBLIC OF KENYA



Enhancing Accountability



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| THE NATIONAL ASSEMBLY PAPERS LAID | |
| REPORT | |
| DATE: | 27 FEB 2025 |
| DAY: | Thursday |
| TABLED BY: | Deputy Majority Party Whip Hon. Naomi Wageri MP |
| OF | |
| CHECK-AT THE-TABLE: | A. Shibuko |

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

NATIONAL MUSEUMS OF KENYA

**FOR THE YEAR ENDED
30 JUNE, 2024**



NATIONAL MUSEUMS OF KENYA

.....
WHERE HERITAGE LIVES ON

NATIONAL MUSEUMS OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

| Table of Contents | Page |
|--|-------------|
| 1. Acronyms, Abbreviations and Glossary of Terms | iii |
| 2. Key Entity Information and Management | v |
| 3. The Board of Directors | xi |
| 4. Key Management Team | xx |
| 5. Chairman’s Statement | xxiv |
| 6. Report of the Chief Executive Officer | xxvi |
| 7. Statement of Performance against Predetermined Objectives for FY 2023/2024 | xxx |
| 8. Corporate Governance Statement | xli |
| 9. Management Discussion and Analysis | |
| 10. Environmental and Sustainability Reporting | lii |
| 11. Report of the Directors | lvii |
| 12. Statement of Directors Responsibilities | lviii |
| 13. Report of the Independent Auditor for the Financial Statements of the National Museums of Kenya. lx | |
| 14. Statement of Financial Performance for the year ended 30 June 2024 | 1 |
| 15. Statement of Financial Position as at 30 June 2024 | 2 |
| 16. Statement of Changes in Net Assets for the year ended 30 June 2024 | 3 |
| 17. Statement of Cash Flows for the year ended 30 June 2024 | 4 |
| 18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024. | 5 |
| 19. Notes to the Financial Statements | 7 |

i. Acronyms, Abbreviations and Glossary of Terms

a) Acronyms and Abbreviations

| | |
|-------|--|
| DG | Director General |
| NMK | National Museums of Kenya |
| DAHR | Director Administration and Human Resource |
| CBK | Central Bank of Kenya |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| NT | National Treasury |
| OCOB | Office of the Controller of Budget |
| OAG | Office of the Auditor General |
| OSHA | Occupational Safety and Health Act of 2007 |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| PSASB | Public Sector Accounting Standards Board |
| SAGAs | Semi-Autonomous Government Agencies |
| SC | State Corporations |
| FY | Financial Year |

b) Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

I. Key Entity Information and Management

(a) Background information

The National Museums of Kenya (NMK) is a State Corporation established by an Act of Parliament, National Museums and Heritage Act (CAP 216) domiciled and incorporated in Kenya. The establishment, functions and powers of the body corporate as stipulated in the Act. The entity is domiciled in Kenya and has station in Coastal, Central and Western regions. The stations generate internal revenue from gate entry fees, hire of facilities which is utilised for operations and management.

(b) Principal Activities

The principal activities of National Museums of Kenya are:

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

- v. Research on taxonomy of plants and animals of national importance, hotspots- ecosystems, heritage sites national and world heritage, national monuments including collections therein, historical and ethnographical of national importance, archaeological and paleontological things, ethno-biology (indigenous and traditional knowledge) of national importance, behavioural sciences, Swahili language and connection to ancient and historical.
- vi. International obligations: scientific authority and focal point for biological conventions (e.g. CITES, RAMSAR, Convention on Migratory species, CBD-specific thematic areas, IPBES). Management Authority – e.g. UNESCO World Heritage Convention, 1972 and heritage management development services.

Our Mission

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

Our Vision

To be a global leader in heritage research and management.

Our Mandate

NMK derives its mandate from Museums and Heritage Act 2006, which spells out its objectives and functions as follows:

- Serve as the national repositories for things of scientific, cultural, technological and human interest;
- Serve as the place where research and dissemination of knowledge in all fields of scientific, cultural, technological and human interest is undertaken;
- Identify, protect, conserve and transmit the cultural and natural heritage of Kenya; and
- Promote cultural resources in the context of social and economic development.

(c) Key Management

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

| No. | Designations | Name |
|-----|---|--|
| 1. | Chairman Board of Directors | Mr. Edwin Jacob Abonyo |
| 2. | Board Member | Mr. Anthony Peter Wainaina Kamau |
| 3. | Board Member | Dr. Eric Thomas Ogwora |
| 4. | Board Member | Mr. John Nderitu Mwangi, |
| 5. | Board Member | Mr. Omar Osogo, |
| 6. | Board Member | Dr Ivan Kiprop Lagat |
| 7. | Board Member | Mr. Abdi Aden Korio (up to 20 th May, 2024) |
| 8. | Board Member | Mr. Stephen Lesoron Gambare |
| 9. | Board Member | Mr. Christopher Kiprop Foot |
| 10. | Board Member | Mr. Adhan Nuri Berhe |
| 11. | Board Member | Ms. Yasmin Hussein Hassan |
| 12. | Accounting officer/ DG | Prof. Mary Wanjiku Gikungu |
| 13. | Ag. Director Administration and Human Resource | Ms. Ann Nanjala Mutoro |
| 14. | Director National Repository and Research | Dr. Taita Terer |
| 15. | Director Antiquities, Sites and Monuments | Dr. Fredrick Kyalo Manthi |

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

| No. | Designations | Name |
|-----|--|----------------------------|
| 1. | DG | Prof. Mary Wanjiku Gikungu |
| 2. | Corporation Secretary and Head of Legal Services | Ms. Metrine Wakhungu |
| 3. | Head of Finance and Accounts | Mr. Geoffrey Namachanja |
| 4. | Head of Procurement | Mr. Mwanja Mutinda |

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

Board Committees

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

i. Audit Committee

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

ii. Finance and Establishment committee

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

iii. Research Committee

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

iv. Ad hoc Committees

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

There is an Ad hoc committee on the National Art Gallery of Kenya project.

(f) Entity Headquarters

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

(g) Entity Contacts

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

(h) Entity Bankers

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

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

3. **Other Banks**
Co- Operative Bank
University Way Branch
P.O. Box. 48231-00100
Nairobi, Kenya

(i) Independent Auditor

Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice


Harambee Avenue



P.O. Box 40112


City Square 00200


Nairobi, Kenya

1. The Board of Directors

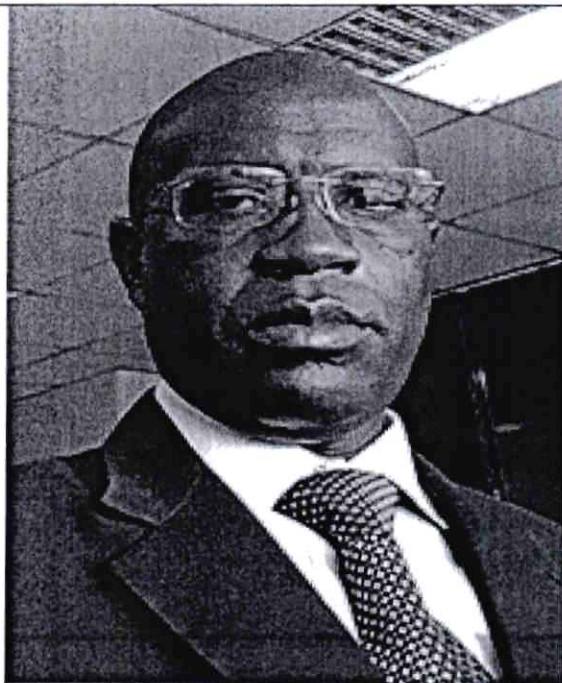
| Ref. | Directors | Details |
|------|---|--|
| 1. |  | <p>Chairman Board of Directors</p> <p>Mr. Edwin Jacob Abonyo, Chairman of National Museums of Kenya Board of Directors, born on 1st November, 1959.</p> <p>He also served as a member in the State Cooperation Advisory Committee (SCAC), Managing Director Sender Services Company Limited, Fort Farm Limited, Senior Manager at Sasini Tea Company- Sotik, General Manager at Unitea Ltd, Unieximp Ltd, General Warehouse Mombasa and Field Manager – Alternating Africa Highlands Produce Company Ltd, Kericho.</p> <p>He also has community responsibility as Board of Governance for Archbishop Okoth Ochoria High School and St. Augustine’s R.C Secondary School in Koru and Kandege, Fort Ternan respectively.</p> |

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| <p>2.</p> |  | <p style="text-align: center;">Board Member</p> <p>Mr. Anthony Peter Wainaina Kamau, born on 7th November 1964, holds a Bachelor of Science in Agricultural Economics and Masters in Business Administration. He is Managing Partner at Fanisi Capital. Former CEO of Centum Investment Company and Trans-Century.</p> <p>He also served as Resident Vice President, Corporate Finance at Citibank NA, and as a management consultant at Price Waterhouse.</p> <p>He has chaired several boards, founder of Origins Investment Group Advisors and author of the first ever-authoritative book on investment groups in Kenya.</p> |
| <p>3.</p> |  | <p style="text-align: center;">Board Member</p> <p>Dr. Eric Thomas Ogwora PhD, born on 17th May, 1976. He holds PhD (Philosophy of Education), Catholic University of Eastern Africa (CUEA)-2012; MA (Epistemology) Catholic University of Eastern Africa (CUEA)-2006; BA (Philosophy and Religious Studies) Urbarnian University-2003.</p> <p>He a senior lecturer in philosophy and political thought at the Faculty of Arts and Social Sciences in Kisii University. He was the founding Dean of the School of Arts and Social Sciences in Kisii University between 2013 -2017. He is an academic scholar with 16 years of teaching and research experience in universities and higher</p> |

| | | |
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| | | <p>learning institutions across World. An author of two (2) books in the area of Epistemology, and one (1) in Philosophy of Education. He is well published in peer refereed journal in multidisciplinary areas such as epistemology, ethics, Philosophy of Education, Political Thought, Governance and Democracy. Has taught and supervised more than 30 students in PhD and Masters till completion. He has deep knowledge and skills in matters dealing with culture, leadership and political development. He is also highly skilled in board matters especially in strategic planning, procurement and finance risk management, handling of human resource matters and in monitoring and evaluation. In addition, he has training and certification as a professional mediator.</p> |
| 4. |  | <p style="text-align: center;">Board Member</p> <p>Mr. John Nderitu Mwangi, born on 20th October 1965. PhD in Economics ongoing at the University of Nairobi. Holds an MSc in Entrepreneurship from JKUAT, Post Graduate Diploma in E.C. Competition Policy & Law, Kings College-University of London and BA (Economics and Business Studies from Kenyatta University.</p> <p>He has attended various management courses including Strategic Leadership at the Kenya School of Government, Corporate Governance and Risk Management.</p> |

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| | | <p>He is a Principal Economist in the Directorate of Budget, Fiscal and Economic Affairs of the National Treasury. He is also the Secretary to the Competition Tribunal of Kenya. He has served in several national and regional committees in Economics Policy & Competition Policy.</p> |
| 5. |  | <p style="text-align: center;">Board Member</p> <p>Mr. Omar Osogo, born on 23 August 1968. He holds an Executive MBA and Advanced Dealer Management Certificate.</p> <p>He has attended various courses including: The Overseas Human Resources and Industry Development Association [HIDA] Training (March 2014 Japan); Tencho - General Manager Training (September 2011 UK); Advance Dealer Management Program (South Africa/ USA August 2010 to July 2011) ; Cornell University – Studies in Executive Leadership – includes Strategic Thinking, Scenario Planning, Executive Decision Making and Leading Through Creativity (Professional online courses MBA Level); Chartered Institute of Marketing- Customer Communication- 2000; Solution selling – Short Course World Space South Africa -1999; Computer/ IT Skills- ICDL Certificate.</p> |

6.

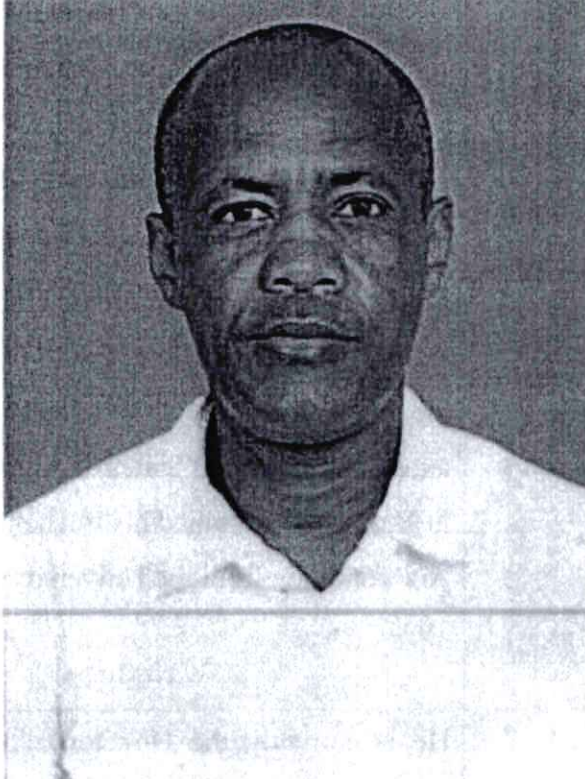
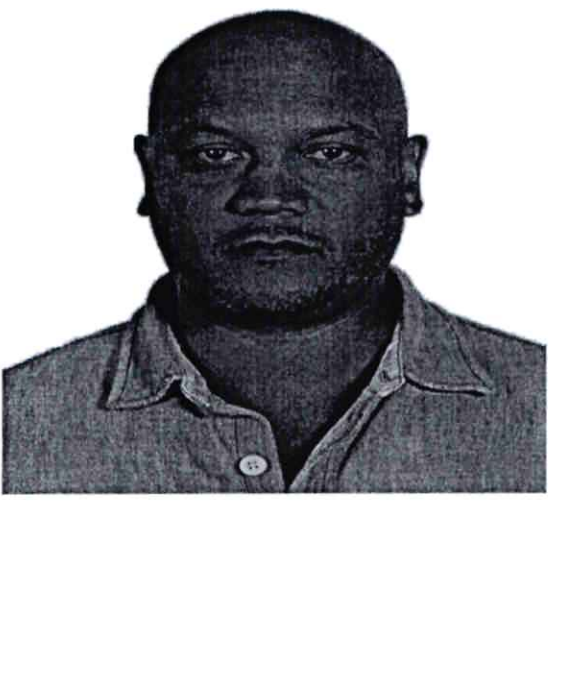




Board Member- Alternate to Principal Secretary State Department of Culture, the Arts and Heritage, Ministry Gender, Culture, the Arts and Heritage


Dr. Kiprop Lagat was born on 31st July 1970. He holds a PhD in Anthropology and a Master's Degree in Museology from the University of East Anglia, United Kingdom. His PhD thesis was on the memorialization of the 1998 Nairobi terror attack on the United States of America embassy in Nairobi. He attained his Bachelor's degree in Anthropology from the University of Nairobi in 1994.

He is currently the Director of Culture in the Ministry of Gender, Culture, the Arts and Heritage.

He has over 25 years of experience in the heritage sector and has participated in numerous projects focused on the research, documentation, preservation and curation of cultural practices and their associated heritage collections. He has previously worked as the Assistant Director in charge of the Nairobi National Museum and as a Principal Research Scientist in the Department of Cultural Heritage at the National Museums of Kenya.

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| 7. |  | <p>Board Member</p> <p>Mr. Stephen Lesoron Gambare was born on 1/9/1974. He holds Master of Science, GIS Natural resources Management (2006) Norwegian University of Life Science; Bachelor of Science Tourism from Moi University (1998)</p> <p>He is a Consultant with interests in Natural Resource Management, Climate Change, Sustainable Agriculture and Social Justice.</p> <p>Appointment to the NMK Board 8th December, 2023. Gazette Notice No. 16779 Kenya Gazette dated 8th December, 2023.</p> |
| 8. |  | <p>Board Member</p> <p>Mr. Christopher Kiprop Aubrey Foot was born on 15/04/1971. He holds Masters of Conservation Leadership from University of Cambridge (UK), A BSC in Environmental Biology from St. Andrews University (UK) as well as various UK legal qualifications. He practiced as a UK barrister before returning to Kenya to practice Law before transitioning into business.</p> <p>Commercially, he has a track record in helping establish and operate successful businesses in agriculture, media, tourism and property development.</p> |

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| 9. |  | <p>Board Member</p> <p>Mr. Adhan Nuri Berhe was born on 10/06/1972. He holds a Master’s Degree in Project planning and management from the University of Nairobi and a Bachelor’s degree in Wildlife Management from Moi.</p> <p>He has vast knowledge in natural resource and environmental management, Project planning and good governance, security and conflict management, budget management and cost controls among others.</p> <p>He has also served as a chairman County Public Service Board for Tana River County Government and board member Kenya Marine Fisheries and Research Institute (KEMFRI)</p> |
| 10. |  | <p>Board Member</p> <p>Ms. Yasmin Hussein Hassan was born on 18/10/1989. She holds a Master of Science in Procurement and Logistics from Jomo Kenya University of Agriculture and Technology and a Bachelor’s degree in Commerce the University of Nairobi. She is also a chartered member of the Chartered Institute of Procurement and Supply with wealth of knowledge in Supply Chain Management.</p> |

| | | |
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| 11. |  A black and white portrait of Prof. Mary Gikungu, a woman with dark, curly hair, wearing a checkered blazer over a dark top. She is looking directly at the camera with a neutral expression. | <p>Prof. Mary Gikungu holds a PhD in Natural Science and Mathematics (University of Bonn, Germany), M.Sc. in Conservation Biology (University of Nairobi) and B.Sc. in Botany and Zoology (University of Nairobi). She has published over 40 papers in peer-reviewed journals. Currently, Director, National Repository and Research. She is a renowned Bee Specialist and a Conservation Biologist with wide experience in ecosystem services, climate change, environmental health and food security. She is a Lead Author (LA) in Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES), member of Platform for Agricultural Research (PAR) –under FAO and a Mentor in African Women in Agricultural Research and Development (AWARD). In addition, she has been a Council Member of Kibabii University. The Director General chairs and supervises the Directors Executive Team (D.E.T)</p> |
|-----|---|---|

12.



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

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

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

2. Key Management Team

| No. | Management | Details |
|-----|---|---|
| 1. |  | <p>Prof. Mary Gikungu holds a PhD in Natural Science and Mathematics (University of Bonn, Germany), M.Sc. in Conservation Biology (University of Nairobi) and B.Sc. in Botany and Zoology (University of Nairobi).</p> <p>The Director General chairs and supervises the Directors Executive Team (D.E.T) and A.I.E holder.</p> |
| 2. |  | <p>Ms. Ann Nanjala Mutoro holds Master of Business Administration-Human Resource management (Daystar University), Bachelor of Science-Business Administration (United States International University-Africa), Higher National Diploma in Human Resource Management (Institute of Human Resource Management).</p> <p>She is a member of the Institute of Human Resource Management.</p> <p>The Ag. Director Administration and Human Resource responsible for human capital, planning, recruitment, development, performance management, reward and wellness. Also responsible for harmonious employee relations, management of all organizations' logistics, fleet and facilities.</p> |
| 3. | | <p>Dr. Fredrick Kyalo Manthi (EBS) obtained his PhD from the University of Cape Town, South Africa, in</p> |



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

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

4.



Dr. Taita Terer holds a PhD in Science (Vrije University Brussel), MSc Ecological Marine Management (Vrije University Brussel), and Bachelor of Environmental Science (Kenyatta University).

Dr. Terer has expertise in aquatic ecology spanning over 20 years with special focus on plant population genetics, traditional knowledge, ecosystem services and sustainable utilization of biodiversity. He is keen in bridging the gap in understanding of nature, science and people nexus. Author of over 50 publication including peer reviewed journal articles, book chapters and video documentaries. He is Lead Author (LA) in Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES). He has promoted sustainable use of biodiversity as livelihood options by local people such as a butterfly breeding and bee keeping program (Kipepeo) in Kilifi. National Focal Point coordinator for Convention on Biological Diversity and implements other conventions such as RAMSAR. He has served as Manager Centre for Biodiversity (2015-2024) charged with coordination of biodiversity inventories, assessment and monitoring in Kenya including enriching repository collections at NMK. He has implemented research projects on values of nature to agricultural landscapes, climate change resilience, and developed conservation framework for water towers.

Dr. Terer is currently the Director National Repository and Research (DNRR) with responsibility to oversee natural and cultural heritage research, preservation of

| | | |
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| | | <p>prehistory and contemporary fauna, flora and cultural artifact collections.</p> |
| <p>5.</p> |  | <p>Ms. Metrine Wakhungu is a certified secretary and a member of the Institute of Certified Public Secretaries of Kenya(ICPSK),an advocate of the High Court of Kenya and member of the Law Society of Kenya admitted to the Kenyan bar in 2004. She holds a Master of Laws Degree (LL.M), (specialty in Law Governance and Democracy) and Bachelor of Laws Degree (LL.B.), both from the University of Nairobi.</p> <p>She also holds a postgraduate diploma in Law from the Kenya School of Law, a Diploma in Human Resources Management from the Kenya Institute of Management. She is the legal advisor to the NMK Board of Directors and management and responsible for Board secretariat services.</p> |
| <p>6.</p> |  | <p>Mr. Geoffrey Namachanja is a graduate of Business Management (Finance Option) and holds a Bachelor of Business Management (Accounting option) from Moi University, Certified Public Accountant of Kenya and a member of Institute of Certified Public Accountants of Kenya. Certified Trainer of Trainers by Centre for Parliamentary Studies and Training (CPST).</p> <p>He is the Financial Controller.</p> |

3. Chairman's Statement

I am extremely honoured to have been appointed to serve as the Chairman of the National Museums of Kenya (NMK) during the period under review 2023/2024. I would like to thank the entire NMK Board and Management team for the support given during this Financial Year.

Welcome to this year's Annual Report and Accounts. It is an honour to address the individuals who have been pivotal in our journey—our dedicated board members, dynamic management team, and diligent employees. Your roles have been crucial in navigating the past year's opportunities and challenges.

I extend my heartfelt gratitude to our board members for your steadfast support and strategic guidance. Your commitment has been fundamental in steering our organization through both achievements and hurdles. To our management team, I offer sincere thanks for your exceptional leadership and relentless dedication. Your innovative and adaptive approach has driven our success. Most importantly, I recognize the incredible efforts of every employee across the organization. Your dedication, resilience, and passion are the driving forces behind our achievements and inspire us to continuously strive for excellence.

NMK receives grants from the Government of Kenya for both recurrent and development budgets through the Parent Ministry of Gender, Culture, the Arts and Heritage. The recurrent and development grants cater for personnel emoluments and capital projects respectively. The National Museums of Kenya generates internal revenue which caters for operations and maintenance. The grants and internally generated revenue are reflected in the NMK financial statements for period ending 2023/2024 financial year.

In the fiscal reporting period 2023/ 2024, NMK received Kshs.1,118,010,000 in recurrent grant only. NMK also secured funding from the Tourism Promotion Fund to a tune of Kshs. 183,284,311 for the construction of various projects at heritage sites and monuments.

In this regard NMK appreciates the continued financial support from the Government of Kenya (GOK) and the Development Partners.

This year has seen notable accomplishments that underscore our commitment to advancing our strategic objectives and enhancing operational effectiveness:

1. **Development and Implementation of Policies:** We have made significant strides in fortifying our organizational framework through the development and implementation of comprehensive policies. These policies have been crucial in enhancing operational efficiency, ensuring regulatory compliance, and supporting our long-term strategic goals. The establishment of these guidelines has streamlined our processes and reinforced our commitment to best practices and ethical standards.
2. **Integrated Payroll Processing Database:** A major milestone was the successful implementation of our new payroll system, which has substantially improved our operational capabilities. This system has optimized workflows, enhanced data accuracy, and provided us with more robust analytical tools. This advancement represents a significant leap forward in our technological infrastructure, positioning us to better meet stakeholder needs and drive future growth.
3. **Funding of Our Stations:** We achieved notable success in securing funding for our stations and sites, critical for our expansion and operational excellence. This funding has been strategically allocated to support infrastructure development, upgrade facilities, and enhance the overall effectiveness of our stations. Investing in these areas improves our service delivery and reinforces our presence and impact in the communities we serve.

While these achievements are commendable, we have also faced significant challenges:

1. **Personnel Budgetary Cuts:** One of the primary challenges was implementing personnel budgetary cuts, necessitated by external factors. These reductions impacted our staffing levels and operational efficiency, affecting our ability to fully capitalize on opportunities and execute strategic initiatives.
2. **Delayed Disbursement of Funds:** We experienced delays in the disbursement of funds from The National Treasury through our parent State Department. These delays affected our financial planning and cash flow, creating obstacles in executing planned projects and initiatives on schedule. The unpredictability of funding disbursements temporarily hindered our operational capacity and strained our financial resources.
3. **Impact on Organizational Goals:** The combination of budgetary cuts and funding delays led to struggles in achieving some of our goals and objectives for the year. The constraints resulted in under-absorption of budgetary allocations, meaning that planned projects and activities could not be fully realized. This shortfall has had a ripple effect on our overall performance and required a re-evaluation of our strategic priorities and resource allocation.

Despite these challenges, we remain committed to overcoming obstacles and strengthening our organizational capabilities. We are actively developing strategies to mitigate the impact of these issues and ensure we are well-positioned for future success.

Our governance and management framework have been instrumental in guiding us through a year of notable achievements and significant challenges. The Board of Directors has played a crucial role in:

1. **Overall Oversight:** Providing strategic direction and maintaining accountability through regular meetings and comprehensive discussions.
2. **Approval of Policies:** Strengthening our operational framework with updates to compliance guidelines, risk management procedures, and internal controls.
3. **Handling of Disciplinary Cases:** Addressing disciplinary issues with fairness to maintain a positive work environment.
4. **Guidance on Devolved Stations:** Providing effective support for the management and development of our devolved stations, which has been essential for expanding our reach and impact.
5. **Championing Technology:** Advocating for the integration and use of new technologies to improve operational processes and foster continuous improvement.

Looking ahead, we are excited about our future as we continue to innovate and adapt to the evolving market landscape. Our commitment to leveraging cutting-edge technology and fostering strategic partnerships positions us well for sustained growth and success. With a dedicated team and a clear vision, we are confident in our ability to achieve even greater milestones.

Thank you for your ongoing support and dedication.



Mr. Edwin Jacob Abonyo
Chairman Board of Directors
Date: September 26, 2024

4. Report of the Chief Executive Officer

National Museums of Kenya (NMK) is a multidisciplinary state corporation entrusted with the management of cultural & natural heritage in Kenya. The state corporation manages 28 museums and over 400 gazetted sites and monuments across the Country.

The post covid-19 pandemic has been a period for reflection for the Management on how to manage the organizations operations amid financial cash inflow challenges. NMK has internally generated funds which still cannot finance the deficit gap. The fortunes have recently been put to great test. The slump in tourism due to the political situation that have prompted frequent travel advisories by Western Governments, have led to decline in revenue collection. As at 30th June 2024, NMK internal generated revenue stood at Kshs.361,067,061 against annual budgeted revenue of Kshs.400, 000, 000.

NMK holds our Collective National Memory spanning over hundreds of years. However, in the past few years, NMK has received budget cuts from The National Treasury which have caused a financial dent in its operations that requires an immediate intervention from the government. NMK received budget cuts through the Presidential Directive whereby personnel and emoluments realized a deficit of Kshs 130,000,000.

While the institution experienced a downtown in visitor numbers and the revenues collected during the Covid-19 period to date, efforts invested at the time have seen the institution begin to recover and even outperform some of the challenges the institution has faced over time.

I am delighted to note that NMK staff have worked tirelessly in seeking external funding to operationalize projects to enhance NMK capabilities. Through focused fundraising efforts, NMK secured funding from the Sports, Arts and Social Development Fund to a tune of Kshs.42,717, 105 and Kshs. 183,284,311 from Tourism Promotion Fund as shown below:

Tourism Fund

- i. The Kshs. 24,575,659 to cater for backfilling & Land scaping of Fort Jesus Sea Wall.
- ii. The Kshs. 13,064,187 to cater for Vasco Da Gama pillar
- iii. The Kshs. 38,985,130 construction of ticket booth and exhibition at Fort Jesus, Mombasa County
- iv. The Kshs. 49,299,181 for construction of interpretation centre at Wajir museum, Wajir County
- v. The Kshs. 50,000,000 construction of PWD ablution blocks in Hyrax and Kariandusi Museums.

- vi. The Kshs. 5,000,000 for construction of boundary wall at the headquarter.
- vii. The Kshs. 40,000,000 for construction of Yohana Owalo Mausoleum museum, Siaya county.
- viii. The Kshs. 5,077,259 for construction of Gede Building complex.

Despite the financial constraints, during the period under review, NMK managed to achieve the following:

- ix. Natural products Industry initiative – Vision 2030 flagship project
 - Sensitization and needs assessment exercise were carried out in 13 counties where 614 stakeholders were reached on Indigenous Knowledge (IK) documentation and digitization project.
 - Capacity Building of 423 stakeholders on documentation and digitization of IK and associated assets was done in Murang'a, Narok, Kisii, Makueni and Tharaka-Nithi counties where documentation and digitization was done and 5 County digital registers & 1 National repository set up.
 - 13 sensitization sessions were carried out on the Protection of Traditional Knowledge and Cultural Expressions Act 2016 (TK&CE Act 2016).
 - The TK & CE Act 2016 and accompanying regulations was translated to Kiswahili, printed and disseminated for public awareness.
 - A feasibility study on the viability of Indigenous Wild Fruits (IWF) as a commercial venture was done and a report prepared.
 - 12,600 African Indigenous Vegetables (AIVs) producers were recruited, trained and supplied with high quality certified AIV seeds in seven counties.
 - A survey to determine the impact of AIV commercialization in Kilifi, Machakos, Kiambu, Kakamega, Siaya and Nandi counties was undertaken.
 - 5 Prior Informed Consent (PIC) agreements between Indigenous Knowledge (IK) holders and users to access IK were signed.
 - Analysis of chemical composition of herbal formulations in *Abrus Precatorius* i.e identification of active components for testing in the animal models was done and a report on the chemical profiles prepared.
- i. Documentation and dissemination of knowledge
 - 67,609 heritage collections were standardized and digitized for user needs.
 - 103 scientific research papers, book chapters and technical reports were published.

- 226 conferences/ scientific expo/ workshops/ seminars and or exhibitions were held.
 - 84,372 collections were curated, updated and maintained.
 - 145 field expeditions on natural and cultural heritage were carried out.
 - 16,754 new materials/ Objects/ specimens were acquired.
- ii. Kipepeo Programme
- Two international markets in Netherlands for export were identified.
 - 1000 pollinator friendly crop seedlings were planted.
 - 500kg of quality honey was produced and sold and Kenya Bureau of Standards (KEBS) certificate is in place to ensure quality.
 - Fruit trees plant nurseries and gardens were set up in 5 schools.
- iii. Directorate of National Repository and Research
- Mushroom was promoted as an underutilized food for commercialization.
 - Beekeeping was promoted by undertaking training and value addition of hive products in four counties.
 - Edible insects' farming was promoted in two counties through training.
- iv. Directorate of Antiquities Sites and Monuments
- Two sites, Jamia Mosque Railway Ladhies and Kenya National Theatre were submitted for gazettelement.
 - Lamu museum was fully rehabilitated.
 - 103 interactive public programmes, 24 temporary exhibitions and 6 cultural festivals in collaboration with counties were held.
 - 30 artisans were trained on indigenous wood carving techniques and Kiswahili language.
 - Draft nomination dossier for Gede Historic Town was submitted to the UNESCO Secretariat for completeness check in October 2022.
 - Outdoor signage was designed and printed sponsored by EASCO Africa Limited and Safari link respectively.
- v. Marketing
- Stakeholder mapping was carried out at Gede, Fort Jesus, Mnarani, Jumba la Mtwana and Karen Blixen.

- Workshop was held at NMK incorporating different departments enhancing visitor experiences within our museums as well as expanding diversity and audience reach by use of a self-guiding mobile application, learning management system and production of AR/VR experiences.
- Mapping of the four assets to be digitized, that is at, Gede, Fort Jesus, Mnarani, Jumba la Mtwana and Karen Blixen was undertaken
- A mobile app, Learning Management System and Augmented Reality/ Virtual Reality for five (5) sites and monuments were developed and operationalized. These are Nairobi National Museum, Nairobi Gallery, Karen Blixen Museum, Fort Jesus Museum and Kisumu Museum.

In addition, in order to remain relevant and to continue to be an active player in government business, NMK is actively streamlining processes to ensure growth in revenue, visitor numbers as well as engage in research that is entrepreneurial. Going forward, NMK has developed the Strategic Plan (2023-2027) and aligned it to the Governments blue –print Bottom-up Economic Transformation Agenda (BETA), Vision 2030 and Medium Term Plan IV (MTP IV).

The commitment of the NMK board, Management and Staff towards NMK achieving its mandate is highly appreciated.



Prof. Mary Gikungu
Director General
Date: September 26, 2024

5. Statement of Performance against Predetermined Objectives for FY 2023/2024

National Museums of Kenya has five (5) key strategic pillars and five (5) strategic objectives within its Strategic Plan.

The strategic objectives include:

1. To enhance the national repository for natural and cultural heritage
2. Increase the research outputs and the publications produced
3. To conserve natural and cultural heritage for posterity
4. To increase sustainable commercialization of natural and cultural heritage
5. To increase institutional capacity to deliver on NMK's mandate

The strategic pillars are as follows:

- i. Pillar 1: Management of the National Repository
- ii. Pillar 2: Innovative Research and Dissemination
- iii. Pillar 3: Heritage Conservation and Management
- iv. Pillar 4: Harnessing Heritage for Economic Development
- v. Pillar 5: Institutional Capacity

NMK develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. NMK achieved its performance targets set for the FY 2023/2024 period for its 5 strategic pillars as indicated in the table below:

NMK's Strategic Pillars and Objectives

| Strategic Pillar | Objectives | Key Performance Indicators | Key Activities | Achievements |
|---|--|---|---|--|
| Pillar 1: Management of the National Repository | To Enhance the National Repository for Natural and Cultural Heritage | No. of voucher specimen/ objects /artefacts collected | Collect voucher specimen/objects/ artefacts acquired during field trips | 31,345 collections were deposited at NMK |
| | | No. of new specimens/ artefacts/ publications | Acquire new specimens/ artefacts/ publications | 20,133 new specimens/ artefacts/publications were acquired |
| | | No. of collections curated | Curate national collections | Curated 70,649 collections |

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2024.

| Strategic Pillar | Objectives | Key Performance Indicators | Key Activities | Achievements |
|--|---|--|---|---|
| | | No. of pest control exercises | Undertake pest control in the collection | One (1) pest control exercise was carried out |
| | | No. of specimens repaired | Repair broken specimens | 25,703 specimens were repaired |
| | | No. of snail farmers | Promote snail farming and value addition | Promotion of snail farming and value addition not done |
| | | No. of integrated prawn and fish farmers | Establish integrated prawn and fish farming | Integrated prawn and fish farming was not done |
| | | No. of exhibitions rehabilitated | Rehabilitate permanent exhibitions | One (1) exhibition at Fort Jesus was rehabilitated |
| | | No. of records updated | Value addition (curation) of databases | 51,774 databases records were updated |
| | | No. of MoUs | Develop MOUs with government agencies, counties, NGOs, private agencies, research, and education institutions | Two (2) MOUs were developed |
| | | No. of MoUs reviewed | Review MOUs with government agencies, counties, NGOs, private agencies, research, and education institutions | Two (2) MOUs were reviewed |
| Pillar 2: Innovative Research and Dissemination | Increase the Research Outputs and the Publications Produced | No. of research and ethical review committee meetings held | Establish and operationalize research and ethical review committee | Research and ethical review committee was established and operationalized. The committee held 6 meetings during the financial year. |
| | | No. of field expeditions | Conduct field expeditions to monitor and collect natural and | 113 field expeditions to monitor and collect natural and cultural data was conducted |

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2024.

| Strategic Pillar | Objectives | Key Performance Indicators | Key Activities | Achievements |
|------------------|------------|--|--|--|
| | | | cultural data | |
| | | No. of records | Input data into NMK information repository | 254 |
| | | No. of publications | Publish research outputs | 96 publications were published |
| | | No. of trade fairs participated in | Participate in Nairobi International Trade Fair | Participated in Nairobi International Trade Fair |
| | | No. of scientific conferences held | Hold NMK scientific conference | NMK scientific conference was held from 3rd - 5th June 2024 |
| | | No. of workshops, seminars, and conferences | Participate in workshops, seminars, and conferences | Participated in 266 workshops, seminars and conferences |
| | | No. of insect farms established | Promote insects farming in counties | Insect farming promotion was not done |
| | | No. of farmers trained | Train farmers to transition to ecologically honey production | 255 farmers were trained in ecologically honey production |
| | | No. of litres of honey produced | Up-scale Kipepeo honey production value chain | 4,659.5 liters of honey was produced |
| | | No. of farmers trained | Train farmers on honey value addition | 255 farmers were trained in honey value addition |
| | | No. of markets recruited | Recruit markets for butterfly and honey export | Recruited two (2) markets for butterfly and honey export |
| | | No. of schools with fruit tree nurseries and gardens | Set up fruit tree nurseries and garden in schools in Kilifi | Fruit tree nurseries and gardens were not set |
| | | No. of indigenous tree seedlings | Establish indigenous tree nurseries for Kaya Forests | Indigenous tree nurseries for Kaya Forest were not established |

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2024.

| Strategic Pillar | Objectives | Key Performance Indicators | Key Activities | Achievements |
|---|---|---|---|--|
| | | No. of apiaries established | Promote meliponiculture and apiculture farming | Activities for the promotion of meliponiculture and apiculture farming were not implemented |
| | | No. of farms established | Promote mushroom farming in counties | Established eight (8) mushroom farms |
| | | No. of farmers trained | Promote underutilized/neglected indigenous foods | 222 farmers were trained in underutilized/neglected indigenous foods |
| | | No. of proposals | Write proposals for funding | 51 proposals for funding were written |
| | | No. of committees established and operationalized | Establish and operationalise resource mobilisation committee | Resource mobilisation committee was established and operationalized |
| Pillar 3: Heritage Conservation and Management | To Conserve Natural and Cultural Heritage for Posterity | No. of sites and monuments rehabilitated | Rehabilitate sites and monuments | Eight (8) sites i.e., Maktau, Wajir, Gede, Fort Jesus, Olorgesailie, Meru, Rabai Heritage Site and Kabarnet, were rehabilitated |
| | | No. of entrepreneurship spaces created | Create spaces for heritage-based entrepreneurship in sites and monuments in partnership with partners | One (1) entrepreneurship space in sites and monuments were created with Musyoki Arts and Collection, Daniel Kioko Sculptures, Roka Bags and Coco craft |
| | | No. of sites or monuments gazetted | Gazette sites and monuments | 12 sites were submitted for gazettelement |
| | | No. of Part Development Plans | Acquire Part Development Plans for NMK lands | PDPs were not acquired but application was done to physical planner on the Malindi Complex and Portuguese Chapel. |

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2024.

| Strategic Pillar | Objectives | Key Performance Indicators | Key Activities | Achievements |
|---|--|---|--|---|
| | | Title deeds acquired | Acquire title deeds for NMK properties, sites, and monuments | Submitted 4 sites (Takwa ruins, Ras Kitao, CFCU Building and Vasco Da Gama pillar). Request for funding for survey and title deeds processing but funds were not available |
| | | No. of exhibitions held | Hold exhibitions | 23 exhibitions were held |
| | | No. of public/education programs | Hold public/education programs | 97 public/education programs were held |
| | | No. of reports | Map out cultural festivals to co-host | One (1) cultural festival to co-host was mapped |
| | | No. of cultural festivals | Co-host cultural festivals | One (1) cultural festival was co-hosted |
| | | No. of strategies developed | Develop climate mainstreaming strategy for culture and heritage sector | Climate change mainstreaming strategy was developed |
| Pillar 4: Harnessing Heritage for Economic Development | To Increase Sustainable Commercialisation of Natural and Cultural Heritage | No. of IK-holders/ local community elders, county government technical officers and young champions | Train IK-holders/local community elders, county government technical officers, young champions on documentation and digitisation of indigenous knowledge intellectual assets | 673 Indigenous knowledge holders, county government technical officers and young champions were trained on documentation and digitisation of indigenous knowledge intellectual assets |
| | | No. of county IK digital registers established and linked to the National Repository | Establish county IK digital registers and link them to the national repository | Eight (8) county indigenous knowledge digital registers (Kilifi, Tharaka Nithi, Garissa, Kakamega, Kericho, Marsabit, Siaya, Vihiga and Turkana) were established and linked to national digital repository |

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2024.

| Strategic Pillar | Objectives | Key Performance Indicators | Key Activities | Achievements |
|------------------|------------|---|--|--|
| | | No. of Indigenous Knowledge Innovation banks | Establish Indigenous Knowledge Innovation bank | One (1) Indigenous Knowledge Innovation bank was established |
| | | No. of agreements prepared and signed | Prepare and sign agreements between Indigenous Knowledge holders and users to access IK intellectual assets for documentation and digitization | Eight (8) agreements between Indigenous Knowledge holders and users to access indigenous knowledge intellectual assets for documentation and digitization were prepared and signed |
| | | No. of consultative meetings held | Hold consultative meetings with counties, local communities and other key stakeholders to prioritise intellectual assets | Six (6) consultative meetings were held with counties, local communities and other stakeholders to prioritize intellectual assets |
| | | No. of contraceptive, anti-diabetic and anti-prostate cancer herbal products acquired | Acquire contraceptive, anti-diabetic and anti-prostate cancer herbal products from traditional health practitioners (THPs) | 19 herbal products were acquired from THPs |
| | | No. of candidate <i>Abrus precatorius</i> (locally known as Mturi turi) analysed | Analyse chemical compositions of candidate natural contraceptives | Two (2) active components of candidate natural contraceptives for testing were identified |
| | | No. of preliminary tests | Carry out preliminary tests on candidate natural | One (1) preliminary test on candidate <i>Abrus precatorius</i> was carried out |

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2024.

| Strategic Pillar | Objectives | Key Performance Indicators | Key Activities | Achievements |
|---|--|---|--|--|
| | | | contraceptives | |
| | | No. of community meetings | Feedback to communities on laboratory findings on <i>Abrus precatorius</i> (locally known as Mturi turi) and respiratory infections including COVID-19 | 11 feedback meetings were held to communicate laboratory findings on candidate natural contraceptives |
| | | No. of African Indigenous Vegetables and Indigenous Wild Fruits producers empowered and linked to markets | Empower and link African Indigenous Vegetable and Indigenous Wild Fruit producers and link them to the market | 6,600 African Indigenous Vegetable and Indigenous Wild Fruit producers were empowered through training |
| | | No. of monitoring & evaluation surveys undertaken | Undertake Monitoring & Evaluation surveys for projects and prepare reports | Two (2) monitoring and evaluation surveys for NPI programs were undertaken and reports prepared |
| | | No. of casts produced | Produce casts | 163 casts were produced |
| | | No. of new moulds produced | Produce new moulds | 84 new moulds were produced |
| | | No. of casts repaired | Repair casts in museum exhibitions | Two (2) casts were repaired |
| | | No. of merchandise produced | Develop, design and produce merchandise | 395 merchandize were developed, designed and produced |
| Pillar 5: Institutional Capacity | To Increase Institutional Capacity to Deliver on NMK's Mandate | No. of training needs and skills gap analysis | Undertake training needs and skills gap analysis | Training needs assessment was carried out |
| | | No. of staff trainings undertaken | Undertake staff trainings as per identified skill gaps | Four (4) trainings were carried out |

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2024.

| Strategic Pillar | Objectives | Key Performance Indicators | Key Activities | Achievements |
|------------------|------------|--|---|---|
| | | No. of reviewed policies | Review existing policies | One (1) policy was developed |
| | | No. of policies developed | Develop identified policies | Five (5) policies were developed |
| | | No. of review reports | Review organization structure | Organizational structure was reviewed |
| | | No. of review reports | Review human resource management instruments | Human Resource Management Instruments were reviewed, approved by the Board and forwarded to SCAC by the Cabinet Secretary |
| | | No. of NMK stations visited | Conduct Familiarization Trips for journalists from various media houses | Four (4) familiarization trips were conducted |
| | | No. of sensitization fora held | Sensitise customers/users on NMK's products and services | Two (2) sensitization forums were held |
| | | No. of internal auditors trained | Train internal auditors | Trained five (5) internal auditors |
| | | No. of Finance policies and procedures | Develop Finance policy and procedures | Finance policy and procedures were developed |
| | | % automation | Automate revenue collection | 60% |
| | | % staff trained | Train Finance staff on E-citizen platform | 70% of the finance staff were trained on E-citizen platform |
| | | No. of reports prepared and submitted | Prepare and submit financial reports | Four (4) quarterly financial reports were prepared and submitted |
| | | % completion of the renovation | Renovate Kenyatta House in Maralal | Kenyatta House in Maralal was not renovated due to lack of funds |

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2024.

| Strategic Pillar | Objectives | Key Performance Indicators | Key Activities | Achievements |
|------------------|------------|--|--|---|
| | | % renovation completed | Renovate Kenyatta Houses in Lodwar | Kenyatta Houses in Lodwar was not renovated due to lack of funds |
| | | No. of CCTV surveillance systems | Acquire and install CCTV surveillance system at the NMK headquarters, Nairobi Gallery and Karen Blixen | CCTV surveillance systems were not installed due to lack of funds |
| | | No. of Signages designed and installed | Design and install signages at identified NMK sites and monuments | Four (4) signages were designed and installed |
| | | No. of digital marketing campaigns | Undertake digital marketing campaigns | 60 digital marketing campaigns were undertaken |
| | | No. of quarterly & annual reports | Implement 2023-2027 strategic plan | 2023-2027 strategic plan was implemented and quarterly and annual implementation reports generated |
| | | No. of annual work plans | Develop annual work plans | 2023/2024 FY annual work plan was developed |
| | | No. of performance contracts | Develop performance contracts | 2023/2024 FY performance contract was developed |
| | | No. of quarterly and annual reports | Prepare reports on implementation of the performance contracts | Four (4) quarterly reports and one (1) annual report were prepared |
| | | No. of M&E framework developed and implemented | Develop and implement M&E framework | M&E framework was not developed |
| | | No. of Risk Management Framework | Develop Risk Management Framework | Public Sector Accounting Standards Board (PSASB) was engaged to guide or the process and also conduct training for the Champions, |

National Museums of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2024.

| Strategic Pillar | Objectives | Key Performance Indicators | Key Activities | Achievements |
|------------------|------------|--|--|--|
| | | | | Management and Board Planning Department staff were sensitized PSASB on expected training deliverables |
| | | No. of Risk management policy and strategy developed | Develop Risk management policy and strategy | Risk management policy and strategy were not developed. To be undertaken once targeted NMK stakeholders undergo training and the framework developed |
| | | No. of reports prepared and submitted | Report on implementation of NMK MTEF programs/projects | Four (4) quarterly MTEF programs/projects reports were prepared and submitted |
| | | Quarterly status/ progress reports | Align and revise the National Museums and Heritage Act No. 6 of 2006 to the Constitution of Kenya 2010 | Quarterly follow-ups were made with the Ministry on enactment of The Heritage and Museums Bill, 2023 into law |
| | | Proportion of contracts reviewed and/or drafted | Contracts review and drafting | All contracts requiring review and/or drafting during the quarter were reviewed and drafted |
| | | Proportion of matters requiring legal input addressed | Legal opinions | Matters requiring legal input were addressed during the financial year |
| | | No. of annual legal audit on statutory compliance report | Undertake annual legal audit on statutory compliance | Legal audit on statutory compliance was undertaken |

NMK monitors the progress towards achievement of the Strategic Plan (2023-2027) through:

- i. Preparation of annual implementation plans for the period 2023-2024 by all offices and directorates
- ii. Translation of the annual implementation plans into annual performance contracts and annual monitoring plan
- iii. Development and issuance of progress reports at all levels

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

6. Corporate Governance Statement

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

BOARD OF DIRECTORS

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

BOARD MEETINGS

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

BOARD COMMITTEES

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

The Audit Committee

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

The Finance and Establishment committee

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

Research Committee

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

Ad hoc committee (as and when formed)

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

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

INTERNAL CONTROLS

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

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

The Management

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

Board of Directors

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

CUSTOMER SERVICE CHARTER

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

DIRECTORS' ALLOWANCES AND LOANS

The aggregate amount paid to Directors allowances for services rendered during 2023/2024 financial year are disclosed in the notes to the financial statements. There were no Directors loans at any time during the year.

Board meetings

During the financial year 2023-2024 (1stJuly,2023- 30thJune,2024), National Museums of Kenya Board of Directors a total of ten (10) board meetings were held. All Board members attended the meetings as required. Among the main topics discussed in the meetings were budgets and financial reports, performance contract reports, human resource matters, development projects, internal audit reports and reports on the core mandate of heritage research and strategic issues.

Appointment and removal of a member, succession plan

Appointment of the Board Chairman and Board members is provided for under section 6 of the National Museums and Heritage Act No. 6 of 2006 where the appointing Authority is the President and the Cabinet Secretary for the line Ministry of Tourism, Wildlife and Heritage respectively. Their removal is also provided for under Section 8 of the Act. Whenever there is a vacancy in an appointive Board position, the vacancy is filled by the appointing Authority by way of publication of a member's details in the Kenya Gazette.

Board induction, training and development

During the Financial year 2023-2024, Board Members underwent induction in April, 2024. The induction was delivered by the State Corporations Advisory Committee (SCAC) in conjunction with the Institute of Certified Public Secretaries of Kenya (ICS).

Board and Member performance:

In line with "Mwongozo", the Board conducted self-evaluation for Financial year 2023-2024 (1st July, 2023-30th June, 2024) under the guidance of the SCAC officials. Board self-evaluation is an internal tool to assist the Board to improve on its performance and that of NMK by instituting appropriate remedial strategies.

Conflict of interest

Disclosure of conflict of interest was made by members at every Board meeting during the financial year. The position on existence of conflict of interest or lack thereof was recorded in the minutes as appropriate with Board members signing the conflict of interest register that was made available during all Board meetings.

Board remuneration

Board members were paid allowances in line with the relevant Government of Kenya circulars and guidelines.

Ethics and conduct

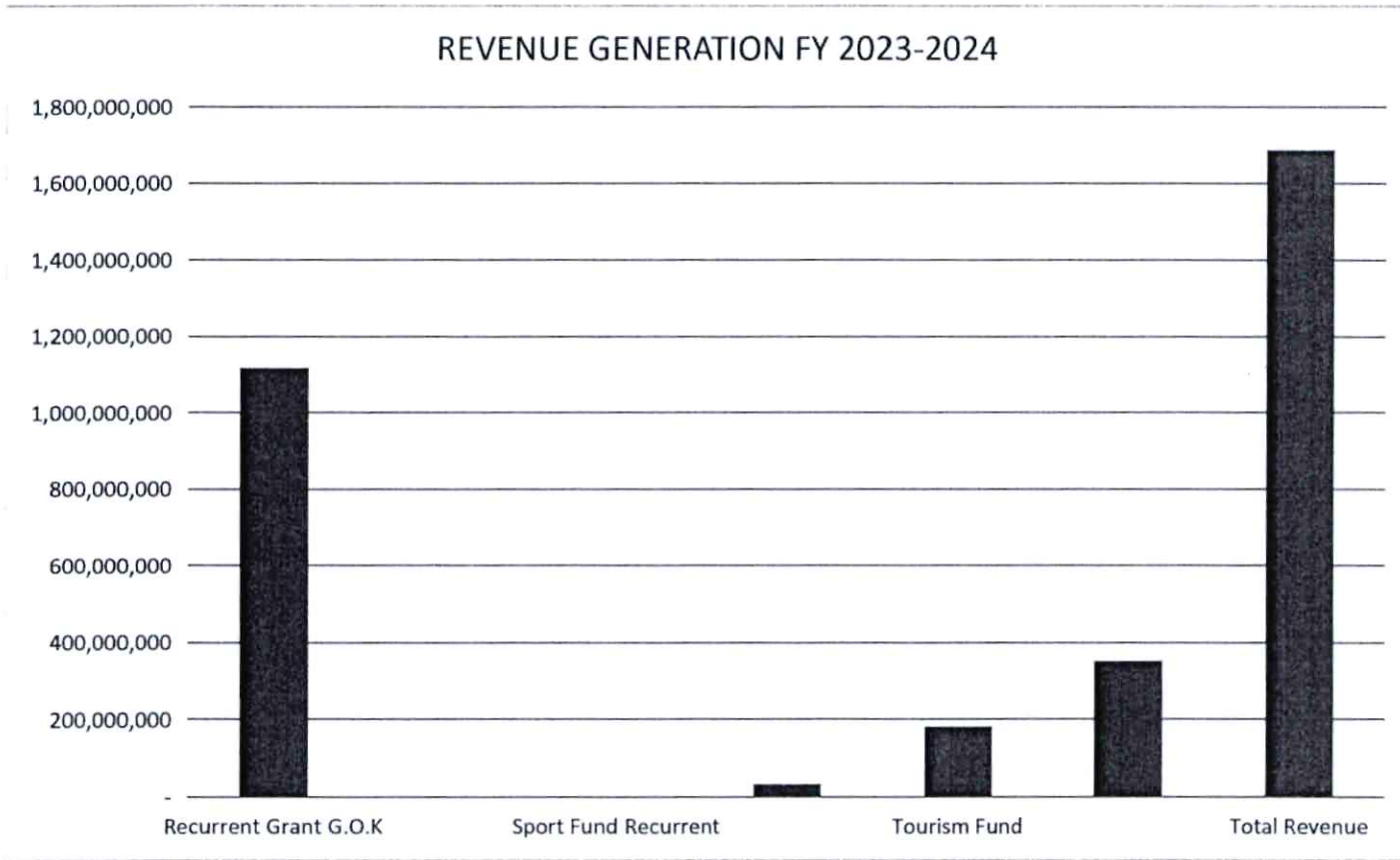
The NMK Board has adopted high standards and applies strict rules of conduct, based on the best corporate practices. As part of this commitment, the Board has adhered to good corporate governance by embracing the principles of good corporate governance including: Observing high standards of ethical and moral behaviour, acting in the best interests of the National Museums of Kenya and upholding their fiduciary responsibilities and duty of care, acting honestly and in good faith to create a culture built on principles of integrity, accountability and transparency.

Governance Audit

Mwongozo requires Governance Audit to be conducted by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose. The Board looks forward to undertake Governance Audit once the list of accredited governance auditors with the requisite guidelines are published in the Kenya Gazette.

a) THE ENTITY’S OPERATIONAL AND FINANCIAL PERFORMANCE

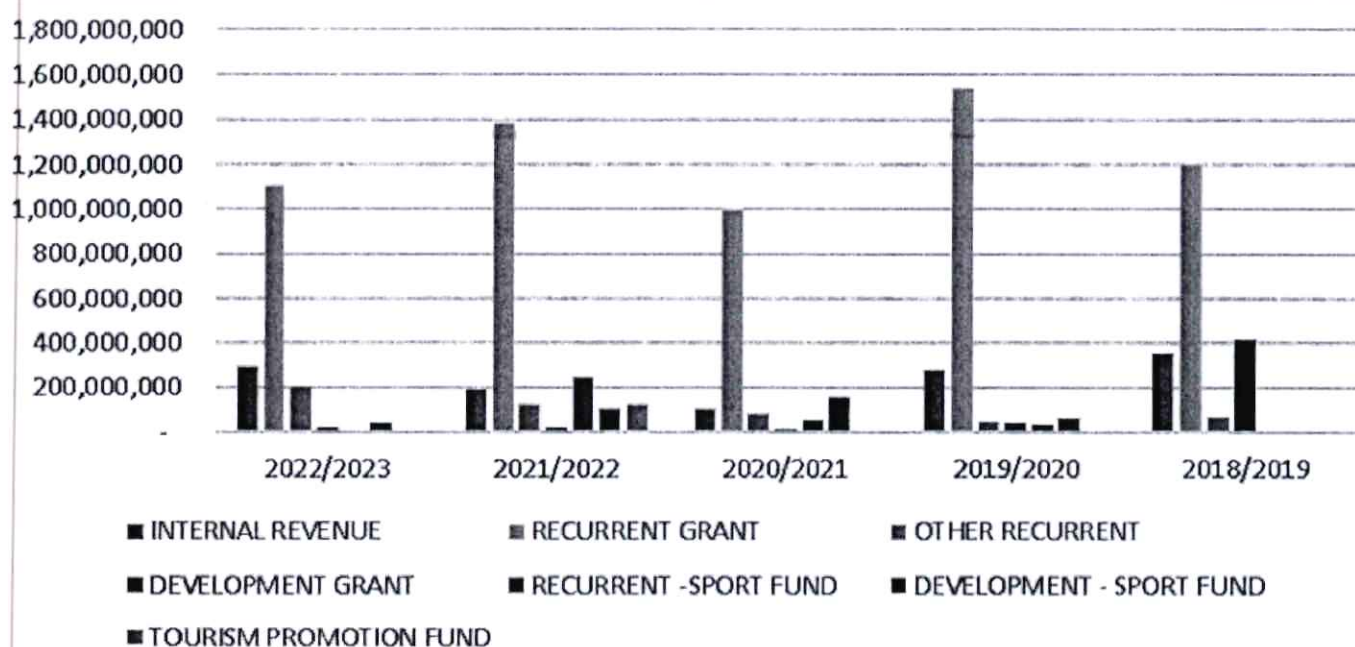
The National Museums of Kenya internally generated revenue for twelve months stood at Kshs. 361,067,061 Government of Kenya Recurrent and development grants of Kshs.1,118,010,000 and Kshs. 42,717,105 and Kshs. 183,284,311 from Sports, Arts & Social Development Fund and Tourism promotion fund. The Management noted that the organization heavily relies on revenue from non-exchange transactions, which caters for its personnel emoluments and operation and maintenance. The operational and financial performance of the organisation for the year under review and last five-year period as indicated in the table/charts below.



REVENUE ANALYSIS FOR THE PAST FIVE YEARS

| FINANCIAL YEARS | 2022/2023 | 2021/2022 | 2020/2021 | 2019/2020 | 2018/2019 |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| INTERNAL REVENUE | 295,953,197 | 193,925,399 | 102,277,855 | 280,793,995 | 352,372,923 |
| RECURRENT GRANT | 1,106,790,000 | 1,384,010,000 | 996,210,000 | 1,544,200,000 | 1,201,600,000 |
| OTHER RECURRENT | 201,420,000 | 124,000,000 | 84,000,000 | 48,500,000 | 68,500,000 |
| DEVELOPMENT GRANT | 18,523,600 | 19,100,000 | 15,300,000 | 41,000,000 | 415,000,000 |
| RECURRENT -SPORT FUND | - | 244,696,554 | 54,037,592 | 31,541,746 | |
| DEVELOPMENT - SPORT FUND | 38,790,233 | 101,509,747 | 154,027,100 | 64,133,600 | |
| TOURISM PROMOTION FUND | - | 124,789,414 | - | | |
| | 1,661,477,030 | 2,192,031,114 | 1,405,852,547 | 2,010,169,341 | 2,037,472,923 |

• **ORGANIZATIONAL OUTLOOK FROM JULY 2018- JUNE 2023**



b) Entity's key projects

The NMK during the year had ongoing projects as explained below:

Renovation of Prehistoric sites.

This will entail renovation of various sites and monuments that urgently need serious repairs and maintenance such as Gede Building Complex, Vasco Da Gama Pillar and Maktau. The works are ongoing most of which are at advanced completion stages.

c) Entity's compliance with statutory requirements

The NMK Management has over the years 5 years managed to comply to the statutory requirements except for the amendments made on filing of PAYE in May, 2023 for the years 2016 to 2023. The arrears

amounting to Kshs.28,432,473.78 which relates to principal amount of Kshs 14.25 accumulated penalties of Kshs. 27,128,839 and accrued interest of Kshs. 1,303,620.43. National Social Security Fund (N.S.S.F) arrears amounting to Kshs.155,214,718 which relates to accrued interest and penalties. Pension arrears relating to accumulated interest accrued amounting to Kshs,386,836,311.98.

d) Major risks facing the organization

The Board is ultimately accountable for the NMK risk management process and system of internal control. In terms of a mandate by the Board, the Audit Committee monitors the risk management process and systems of internal control of the NMK. The Board oversees the activities of the Audit Committee, the NMK internal and external auditors.

The objective of risk management in NMK is to establish an integrated and effective risk management framework where important risks are identified, quantified and managed. The NMK risk management process that is implemented across the NMK supports the risk management process across all the three directorate operating platforms. The NMK priority risk items, together with key measures taken to mitigate these risks, are listed in the table.

| RISK ANALYSIS | | | |
|-------------------------|---------------------------------|---|--|
| | Risk | Description of Risk | Mitigation of Risk |
| Compliance risks | Legal and regulatory compliance | Failure to comply with laws and regulations may result in fines, prosecution or damage to reputation. | Legal department in the different operating platforms support operational management and monitor regulatory and, where necessary, obtain expert legal advice for the effective implementation of compliance initiatives. |

| RISK ANALYSIS | | | |
|--------------------------------|--|---|---|
| | Risk | Description of Risk | Mitigation of Risk |
| | Confidentiality | Unauthorized access and sharing of confidential Museum information. | Policies and procedures are in place |
| Human resources risks | Availability, recruitment and retention of skilled resources | There is a shortage of Skilled labour, particularly a shortage of qualified and experienced researchers. | The employment, recruitment and retention strategies are in place. |
| | Availability and support staff | The availability of skilled support staff, are critical to the Services rendered by the National Museums of Kenya | <ul style="list-style-type: none"> - Support staff recruitment and strategies in place. - Monitoring of staff satisfaction, movement and staffs' profiles. |
| Credit and Market risks | Regulatory risk | The risk of a change in laws and regulations applicable to the National Museums of Kenya. | - NMK has implemented proactive engagement with relevant bodies and stakeholders. |
| | Availability and cost of Capital, financing And liquidity risk | The cost and availability of capital for strategic expansion and/or the renovations of existing sites and monuments has been affected by reduced government funding and less internally generated revue to cater for operation and maintenance. | <ul style="list-style-type: none"> - Long-term planning of capital requirements and cash flow forecasting. - Monitoring of cash-generating capacity within the NMK - Proactive and long-term agreements with relevant organizations. |

| RISK ANALYSIS | | | |
|---------------------------------------|--|---|---|
| | Risk | Description of Risk | Mitigation of Risk |
| Credit and Market risks | Power of funders, tariff and fee risks | The risk relating to the impact on tariffs and fees Resulting from the shift of the relative negotiating power towards funders away from service providers in the healthcare industry. | Proactive monitoring and negotiation by NMK engagement with the National Treasury. |
| | Credit risk | The organization's credit risk is primarily attributable to its other receivables and bank balances. | Internal control systems in place Treasury policy. |
| | | The amounts of receivables presented in the statement of financial position, estimated by the organization's management based on prior experience and their assessment of the current economic environment. | |
| Physical and Operational Risks | Service failures | The risk relates to incidents of poor service or failure to respond effectively to complaints. | <ul style="list-style-type: none"> - Customer satisfaction surveys. - Complaints monitoring. - Quality management systems. |

| RISK ANALYSIS | | | |
|---------------------------------|---|---|--|
| | Risk | Description of Risk | Mitigation of Risk |
| Business Continuity Risk | Fire and allied perils | Fire and allied perils causing damage or business Interruption. | <ul style="list-style-type: none"> - All departments have plans to deal with disasters and employ extensive fire-fighting and detection systems, and have comprehensive maintenance processes to reduce the risk. - Comprehensive insurance to deal with financial impact of potential disasters is in place except for collections. |
| | Health related risks such as pandemics and related perils | Risk of loss of revenue as a result of closure of galleries. | <ul style="list-style-type: none"> - Exploring other ways of generating revenue and looking for bail out from the government. |

e) Material arrears in statutory and other financial obligations

The organization has major non-compliance statutory issues that may expose it to potential contingent liabilities as illustrated below.

| Description | Principal | Penalties | Interest | Total Amount |
|---------------------------------------|------------------|-------------------|--------------------|---------------------|
| National Social Security Fund Arrears | - | - | 155,214,718 | 155,214,718 |
| Pension Arrears | - | - | 386,836,312 | 386,836,312 |
| Income Tax | - | - | - | - |
| Value Added Tax | - | - | - | - |
| Pay as You Earn | 14 | 27,128,839 | 1,303,620 | 28,432,473 |
| Total | 14 | 27,128,839 | 543,354,650 | 570,483,503 |

7. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The National Museums of Kenya will require a projected total budget of about Kshs 17,550,000,000 over the next three years to implement the planned development programmes and activities in this Strategic Plan (2020-2024). These resources are anticipated that 50%, (Kshs 8,800,000,000), 30% (Kshs.5,300,000,000) and 20% (Kshs.3,500,000,000) will come from external sources, internally generated and the exchequer respectively. Mobilizing external resources will require appropriate collaboration and linkages with industry players. The resource mobilization will be enhanced through the following key strategies:

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

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

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

ii) Environmental performance

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

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

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

- i. **EHS committee:** NMK has established EHS committee, which has promoted environment, health and safety inspections and undertaken awareness and education. Such as raising awareness about benefits of using protective materials in the laboratories where chemicals and reagents are used in research, collections and exhibitions.
- ii. **Energy efficiency:** Ensuring energy efficiency and conservation throughout our operations is important, as it impacts both our greenhouse gas (GHG) footprint and our cost structure. NMK has appropriately replaced incandescent bulbs with energy saving bulbs.
- iii. **Water conservation:** Our operations are not relatively water intensive but as national/ global water consumption has increased at a fast pace we work to use water carefully and responsibly in our operations. Primary water uses include mainly sanitation and employee consumption. NMK is constantly investing in water conservation by having timed taps, checking water leakages as routine measures to minimize water wastage.
- iv. **Tree planting:** NMK has endeavored to invest to support seedling production at the Nairobi Botanic Garden and through funded projects at community sites. Additionally, NMK has participated in tree planting exercises involving staff and management.
- v. **Biodiversity conservation:** NMK has a long track record of supporting biodiversity research projects. Additionally, NMK has been a key and relevant led agency in multi-agency committees for Environmental matters in accordance with the Environmental management and coordination Act, EMCA 1999 championing for biodiversity conservation.

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

iii) Employee welfare

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

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

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

Policies are reviewed after every five (5) years.

Efforts made in:

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

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

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

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

iv) Market place practices-

a) Responsible competition practice:

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

All Museum gate fees are gazette, and are very competitive in the market. They ensure that majority of Kenyans can afford to visit a Museum that is near them. Other prices, like Venue hire, are currently being revisited because of the Covid-19 restrictions on permissible numbers, and spacing at the select venues.

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

b) Responsible Supply Chain and Supplier relations:

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

c) Responsible marketing and advertisement:

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

d) Product stewardship:

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

8. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Organizations affairs.

Results

The results of the Organizations for the year ended June 30, 2024 are set out on page 1 to 4.

Board of Directors

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

Surplus remission

In accordance with Regulation 219(2) of the Public Financial Management (National Government) Regulations, the organization did not make any surplus during the year (FY 2024 Kshs. Nil) and hence no remittance to the Consolidated Fund.

Auditors

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

By Order of the Board

Name: *Prof. Mary Githungu* Signature: *Mary Githungu* Date: *27/9/2024*
Corporation Secretary/ Secretary to the Board

9. Statement of Directors Responsibilities

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

The Directors are responsible for the preparation and presentation of the organization's financial statements, which give a true and fair view of the state of affairs of the organization for and as at the end of the financial year ended on June 30, 2024.

This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the organization;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the organizations financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the organization's financial statements give a true and fair view of the state of organization's transactions during the financial year ended June 30, 2024 and of the organization's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the organization, that have been relied

upon in the preparation of the organization financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the organization will not remain a going concern for at least the next twelve months from the date of this statement.

APPROVAL OF THE FINANCIAL STATEMENTS

The Organization's financial statements approved by the Board on 26th September 2024 and signed on its behalf by:



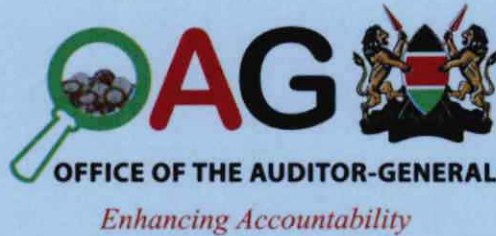
Mr Edwin Abonyo
Chairman of the Board



Prof. Mary Gikungu
Director General

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON NATIONAL MUSEUMS OF KENYA FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Museums of Kenya set out on pages 1 to 45, which comprise the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of matters described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly, in all material respects, the financial position of the National Museums of Kenya as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the National Museums and Heritage Act, 2006.

Basis for Qualified Opinion

1. Unsupported and Undisclosed Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.31,760,554,837 which, as disclosed in Note 14 to the financial statements, includes an amount of Kshs.1,575,127,445 in respect of land which has however, not been valued since 1990. As previously reported, the National Museums of Kenya has one hundred and fifty (150) parcels of land spread across the Country, out of which only forty-three (43) parcels had title deeds and the remaining 107 parcels had no ownership documents. Further, the property, plant and equipment net book value of Kshs.31,760,554,837 includes heritage assets whose value could not be verified due to lack of a fixed assets register.

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

In the circumstances, the completeness and accuracy of the property, plant and equipment balance of Kshs.31,760,554,837 could not be confirmed.

2. Inaccuracies in the Cash and Cash Equivalents

The statement of financial position and Note 11 to the financial statements reflects cash and cash equivalents balance of Kshs.189,751,908. However, review of the bank reconciliation statements for the month of June, 2024 revealed the existence of erroneous receipts totaling Kshs.1,688,000 whose details was not provided for audit.

In the circumstances, the completeness and accuracy of the cash and cash equivalents balance of Kshs.189,751,908 could not be confirmed.

3. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position and Note 15 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.441,375,629. However, the balance was not supported with relevant documents such as local purchase orders/ local service orders, invoices, supplier agreements, payment vouchers, supplier statement of accounts and reconciliation statements.

In the circumstances, the completeness and accuracy of the trade and other payables from exchange transactions balance of Kshs.441,375,629 could not be confirmed.

4. Understated Project Deposits

The statement of financial position and Note 18 to the financial statements reflects project deposits balance of Kshs.36,453,315. However, review of cashbook for project accounts revealed that grants and donations totaling Kshs.39,046,900 were not recorded as receipts in the project cash book.

In the circumstances, the accuracy and completeness of project deposits of Kshs.36,453,315 could not be confirmed.

5. Unsupported Motor Vehicle Repairs and Maintenance Expenditure

The statement of financial performance and Note 8 to the financial statements reflect repairs and maintenance amount of Kshs.18,816,260. Included in the amount is expenditure totalling Kshs.997,392 which was paid for repairs and maintenance of motor vehicles. However, summary of work tickets issued and returned and pre and post inspection reports were not provided for audit.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.997,392 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the National Museums of Kenya Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.2,545,738,473 and Kshs.2,265,005,534 respectively, resulting to a revenue shortfall of Kshs.280,732,939 or 11% of the budget. Similarly, the Organization spent an amount of Kshs.2,065,047,332 against the actual receipts of Kshs.2,265,005,534 resulting to an under expenditure of Kshs.199,958,202 or 10% the approved budget.

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

2. Contingent Liability

The former Director General and four other employees of the National Museums of Kenya and a private individual have been arraigned before the Anti-Corruption Court following investigations relating to employees' costs processed through the payroll between the year 2016 and 2022. However, Management has not recognized or made any provision by a way of contingent liability to cushion the Organization in event the staff win and lay a counter-claim against the Organization. The issue was pending in court and the outcome had not been determined.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, a number of paragraphs were raised. However, management has not resolved the prior year matters and has not explained the delay in resolving the issues.

Other Information

Management is responsible for the other information set out on page ii to iix which comprise of key entity information and overall performance, Board of Directors, key

management team, Chairman's statement, report of the Chief Executive Officer, statement of performance against predetermined objectives, corporate governance statement, management discussion and analysis, environmental and sustainability reporting, report of the Directors and statement of Directors responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

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. Nugatory Payment of Avoidable Penalties due to Unremitted Taxes

The statement of financial performance and Note 6 to the financial statements reflects employees' costs amount of Kshs.1,194,412,122. Included in the amount was Kshs.18,326,285 which was paid as penalties for non-remittance of Pay As You Earn (PAYE) tax to Kenya Revenue Authority. Further, review of documents revealed that PAYE totaling Kshs.683,702,583 was outstanding as at 30 June, 2024 accumulating more penalties and interests.

In the circumstances, the value for money realized from the expenditure of Kshs.18,326,285 could not be confirmed.

2. Non-Compliance with the One-Third of Basic Salary Rule

During the year under review, twenty-five (25) employees earned a net salary which was less than one-third of their basic salary. This was contrary to the provisions of Section C.1(3) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that Public Officers shall not over-commit their salaries beyond two-

thirds of their basic salaries and Heads of Human Resource Units should ensure compliance.

In the circumstances, Management was in breach of the Human Resource Policies and Procedure Manual.

3. Irregular Procurement of Hardware Materials

The statement of financial performance and Note 10 to the financial statements reflects general expenses of Kshs.677,431,766. Included in the expenditure is amounts totalling Kshs.13,648,344 which was not supported with procurement documents such as user requisitions, local purchase orders, delivery notes, contracts agreements, stores records, and issuing records.

In the circumstances, the regularity of the expenditure of Kshs.13,648,344 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Board Meetings Exceeding Approved Limit

Review of documents revealed that the Board of Directors held a total of thirty-two (32) full board and committee meetings against the approved maximum number of twenty-three (23) meetings, resulting to an excess of nine (9) meetings which were not authorized by the Ministry of Gender, Culture, the Arts and Heritage. This was contrary to Public Service Circular OP/CAB.9/1A of 11 March, 2020 on guidelines for the Management of State Corporations which stipulates that any excess meeting by the board must be approved by the parent Ministry.

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

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the applicable basis of accounting unless the management is aware of the intention to terminate the Organization or to cease its operations

The 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, the management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error

and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the Organization's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

11. Statement of Financial Performance for the year ended 30 June 2024

| | Note | 2023-2024 | 2022-2023 |
|--|-------|----------------------|----------------------|
| | | KShs | KShs |
| Revenue From Non-Exchange Transactions | | | |
| Transfers from governments | | | |
| Recurrent | 3(a) | 1,118,010,000 | 1,106,790,000 |
| Sports, Arts & Social Development Fund | 3(a) | - | 4,386,111 |
| Tourism Promotion Fund | 3 | - | - |
| Development | 17(a) | - | 1,246,018 |
| Project Income | 4 | 399,727,057 | 452,917,988 |
| nsactions Total Revenue from non-exchange tra | | 1,517,737,057 | 1,565,340,117 |
| Revenue from Exchange Transact | | | |
| Other Incomes | 5 | 361,067,061 | 295,953,197 |
| Total revenue from exchange transaction | | 361,067,061 | 295,953,197 |
| Total Revenue | | 1,878,804,118 | 1,861,293,314 |
| Expenses | | | |
| Employee costs | 6 | 1,194,412,122 | 1,240,418,116 |
| Depreciation | 7 | 58,804,536 | 42,877,893 |
| Repairs and maintenance | 8 | 18,816,260 | 28,865,813 |
| Remuneration of directors | 9 | 32,502,432 | 15,864,680 |
| General expenses | 10 | 677,431,766 | 629,073,897 |
| Total Expenses | | 1,981,967,116 | 1,957,100,399 |
| Surplus/(Deficit) for the Period | | (103,162,998) | (95,807,085) |

The notes set out on pages 7 to 33 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:



Name: Prof. Mary Gikungu
 Director General

Date 27/9/2024



Name: Geoffrey Namachanja
 Financial Controller

ICPAK M/No: 7763

Date 27/9/2024



Name: Edwin Abonyo
 Chairman of the Board

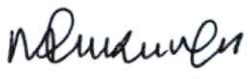
Date 27/9/2024

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.


12. Statement of Financial Position as at 30 June 2024

| | | 2023-2024 | 2022-2023 |
|---|-------|-----------------------|----------------------|
| Assets | | KShs | KShs |
| Current Assets | | | |
| Cash and cash equivalents | 11 | 189,751,908 | 299,447,752 |
| Receivables from exchange transactions | 12(a) | 12,651,535 | 10,995,940 |
| Receivables from non- exchange transactions | 12(b) | 354,370,107 | 287,406,460 |
| Inventories | 13 | 682,599 | 768,134 |
| Total Current Assets | | 557,456,149 | 598,618,286 |
| Non-current Assets | | | |
| Property, plant and equipment | 14 | 31,760,554,837 | 3,886,285,106 |
| Total Assets | | 32,318,010,986 | 4,484,903,392 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables from exchange transactions | 15 | 441,375,629 | 412,988,124 |
| Bank Overdraft | 16 | - | 9,733,781 |
| Total Current Liabilities | | 441,375,629 | 422,721,905 |
| Non-current Liabilities | | | |
| Deferred Development Grant | 17 | 366,550,772 | 250,119,482 |
| Project Deposits | 18 | 36,453,315 | 156,269,691 |
| Total non-current Liabilities | | 403,004,087 | 406,389,173 |
| Total Liabilities | | 844,379,716 | 829,111,078 |
| Net Assets | | 31,473,631,270 | 3,655,792,314 |
| Reserves | | 31,576,794,268 | 3,751,599,399 |
| Accumulated surplus | | (103,162,998) | (95,807,085) |
| Total Net Assets And Liabilities | | 31,473,631,270 | 3,655,792,314 |


The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:



Name: Prof. Mary Gikungu
Director General
 Date 27/9/2024



Name: Geoffrey Namachanja
Financial Controller
 ICPAK MNO.: 7763
 Date 27/9/2024



Name: Edwin Abonyo
Chairman of the Board
 Date 27/9/2024

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

13. Statement of Changes in Net Assets for the year ended 30 June 2024

| Description | Capital Reserve | Revenue Reserves | Revaluation Reserve | Total Kshs. |
|---|----------------------|----------------------|-----------------------|-----------------------|
| Balance as at 1st July 2022 | 3,659,627,673 | (7,592,126) | 14,635,150 | 3,666,670,697 |
| Capitalized government grant (17a) | 84,928,702 | - | - | 84,928,702 |
| Total comprehensive income for the year | - | (95,807,085) | - | (95,807,085) |
| Prior Year adjustments | - | - | - | - |
| Balance as at 30th June 2023 | 3,744,556,375 | (103,399,211) | 14,635,150 | 3,655,792,314 |
| Balance as at 1st July 2023 | 3,744,556,375 | (103,399,211) | 14,635,150 | 3,655,792,314 |
| Capitalized government grant (17a) | 109,570,126 | - | - | 109,570,126 |
| Total comprehensive income for the year | - | (103,162,998) | - | (103,162,998) |
| Total spent on development works | - | - | - | - |
| Revaluation gain | - | - | 27,811,431,828 | 27,811,431,828 |
| Balance as at 30th June 2024 | 3,854,126,501 | (206,562,209) | 27,826,066,978 | 31,473,631,270 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

14. Statement of Cash Flows for the year ended 30 June 2024

| | Note | 2023-2024 | 2022-2023 |
|---|-------|----------------------|----------------------|
| | Notes | Kshs. | Kshs. |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other governments entities | 3(a) | 1,023,925,833 | 1,198,176,951 |
| Project income | 4 | 399,727,057 | 452,917,988 |
| Other income | 5(a) | 359,411,466 | 301,294,100 |
| Total receipts | | 1,783,064,356 | 1,952,389,039 |
| Payments | | | |
| Employee costs | 6(a) | 1,058,798,494 | 1,311,051,095 |
| Repairs and maintenance | 8 | 18,816,260 | 28,865,813 |
| Board expenses | 9 | 32,502,432 | 15,864,680 |
| General expenses | 10(a) | 757,451,834 | 613,138,130 |
| Total payments | | 1,867,569,020 | 1,968,919,718 |
| Net cash flows from operating activities | 22 | (84,504,664) | (16,530,679) |
| | | | |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 14 | (121,642,439) | (128,237,928) |
| Net cash flows from investing activities | | (121,642,439) | (128,237,928) |
| | | | |
| Cash flows from financing activities | | | |
| Development grant from GOK | 17 | 226,001,416 | 52,927,722 |
| Project deposits | | (119,816,376) | (47,441,550) |
| Net cash flows from financing Activities | | 106,185,040 | 5,486,172 |
| | | | |
| Net increase/(decrease) in cash & Cash equivalents | | (99,962,063) | (139,282,435) |
| Cash and cash equivalents at 1 July 2023 | 11 | 289,713,971 | 428,996,406 |
| Cash and cash equivalents at 30 June 2024 | 11 | 189,751,908 | 289,713,971 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2023.

15. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024.

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilization |
|---|----------------------|--------------|----------------------|----------------------------|------------------------|------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | |
| | A | b | C=(a + b) | d | e=(c-d) | F=d/c*100 |
| Revenue | | | | | | |
| Transfers from Other Governments entities | | | | | | |
| Recurrent Grant | 1,260,010,000 | (12,000,000) | 1,248,010,000 | 1,118,010,000 | 130,000,000 | 90% |
| Development Grant | 38,000,000 | - | 38,000,000 | - | 38,000,000 | 0% |
| Sports Fund- Development | - | - | 42,717,105 | 42,717,105 | - | 100% |
| Tourism Fund | - | - | 183,284,311 | 183,284,311 | - | 100% |
| Other Recurrent | 234,000,000 | | 234,000,000 | 160,200,000 | 73,800,000 | 68% |
| Other incomes: | | | | | | |
| Internally Revenue | 300,000,000 | 100,000,000 | 400,000,000 | 361,067,061 | 38,932,939 | 88% |
| Project Revenue | - | - | 399,727,057 | 399,727,057 | - | 100% |
| Total income | 1,832,010,000 | | 2,545,738,473 | 2,265,005,534 | | |
| Expenses | | | | | | |
| Employees Costs | 1,239,547,327 | (10,000,120) | 1,229,547,207 | 1,194,412,122 | 35,135,085 | 97% |
| Depreciation | 45,573,332 | | 45,573,332 | 58,804,536 | (13,231,204) | 129% |
| Repairs & Maintenance | 15,742,725 | (1,000,000) | 14,742,725 | 18,816,260 | 4,073,535 | 127% |
| Remuneration to Board of Directors | 17,508,835 | 2,491,165 | 20,000,000 | 32,502,432 | (12,502,432) | 162% |
| General Expenses | 475,637,781 | 315,944,259 | 791,582,040 | 677,431,766 | 114,150,274 | 85% |
| Development Expenses (GOK) | 38,000,000 | - | 38,000,000 | - | 38,000,000 | 0% |
| Development Expenses Sports Fund | - | | 42,717,105 | 42,717,105 | - | 100% |
| Tourism Fund | | | 183,284,311 | 40,363,111 | 142,921,200 | 22% |
| Total expenditure | 1,832,010,000 | | 2,365,446,720 | 2,065,047,332 | | |
| Surplus/ (Deficit) for the period | | | 180,291,753 | 199,958,202 | | |

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

The internal revenue target as approved in the revised budget estimates was not surpassed due to less numbers of visitors that gradually decreased during the year.

Repair and maintenance increased due to more activities carried out during the year.

Depreciation increased as a result of revaluation of buildings.

In relation to Board Expenses, overall, they were more activities during the year.

The general expenses did not exceed the ceiling due to less activities carried out during the year.

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

16. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

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

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

| Standard | Effective date and impact: |
|---|--|
| IPSAS 43 | <p>Applicable: 1st January 2025:</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | <p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |
| IPSAS 45: Property Plant and Equipment | <p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets,</p> |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| Standard | Effective date and impact: |
|---------------------------------|---|
| | implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. |
| IPSAS 46: Measurement | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

| Standard | Effective Date and Impact: |
|-----------------------------|---|
| IPSAS 47: Revenue | <p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue</p> |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| Standard | Effective Date and Impact: |
|--|--|
| | transactions. |
| IPSAS 48: Transfer Expenses | <i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. |
| IPSAS 49: Retirement Benefit Plans | <i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. |

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2023/2024.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from government entities

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

Government Grants

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

Project income

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

a) Taxation

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

b) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

Interest income is accrued using the negotiated rate.

Rental income

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

c) Property, Plant and Equipment

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

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

d) Exhibits and Collections

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

e) Purchase of Animals

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

f) Financial Instruments

(i) Financial Assets

Initial recognition and measurement

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

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

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

Derecognition

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

(ii) Financial Liabilities

Initial Recognition and Measurement

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

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

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

g) Employee Benefits

(i) Short Term

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

(ii) Retirement Benefits

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

h) Nature and Purpose of Reserves

(a) Capital Reserve

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

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

(b) Revenue Reserve

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

(c) Revaluation Reserve

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

i) Branches

The regional stations reports are incorporated in these financial statements.

j) Translation of Foreign Currency

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

k) Research and Development

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

l) Budget Information

The annual budget for the period 2023/2024 was prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

m) Related Parties

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

n) Comparative Figures

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

q) Provisions

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

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

r) Cash and Cash Equivalents

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

s) Inventories

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

t) Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

Useful Lives and Residual Values

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

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

u) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

3. Transfers from Other Government entities

| Description | 2023-2024 | 2022-2023 |
|--|----------------------|----------------------|
| | KShs | KShs |
| Unconditional grants | | |
| Operational Grant -Recurrent | 1,118,010,000 | 1,106,790,000 |
| -Development | | 18,523,600 |
| Sports, Arts & Social Development Fund – Recurrent | | 4,386,111 |
| - Development | 42,717,105 | 34,404,122 |
| Tourism Fund | 183,284,311 | |
| Total | 1,344,011,416 | 1,164,103,833 |

The operational recurrent grant is to cater for employee costs while the development grant is for capital projects.

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

3(a) Transfers from Other Government entities

| Description | 2023-2024 | 2022-2023 |
|--|----------------------|----------------------|
| | KShs | KShs |
| Operational Grant -Recurrent | 1,118,010,000 | 1,106,790,000 |
| Add: prior year grant receivable | - | 87,000,840 |
| Less: receivable for the year | (94,084,167) | - |
| Sports, Arts & Social Development Fund – Recurrent | - | 4,386,111 |
| Tourism Fund | - | - |
| Total | 1,023,925,833 | 1,198,176,951 |

Transfers from Ministries, Departments and Agencies (MDAs)

| Name of The Entity Sending the Grant | Amount recognized to Statement of Financial performance. | Amount deferred under deferred income. | Amount recognised in capital fund. | Total transfers (Current FY) | FY 2022-2023 |
|---|--|--|------------------------------------|------------------------------|----------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. |
| Ministry of Gender, The Arts and Heritage | 1,118,010,000 | - | - | 1,118,010,000 | 1,106,790,000 |
| Ministry of Gender, The Arts and Heritage | - | - | - | - | 18,523,600 |
| Ministry of Youth, Sports and The Arts | - | - | - | - | 4,386,111 |
| Ministry of Youth, Sports and The Arts | - | - | 42,717,105 | 42,717,105 | 34,404,122 |
| Ministry of Wildlife and Tourism | - | 142,921,200 | 40,363,111 | 183,284,311 | - |
| Ministry of Wildlife& Tourism | 160,200,000 | - | - | 160,200,000 | 201,420,000 |
| Total | 1,278,210,000 | 142,921,200 | 83,080,216 | 1,504,211,416 | 1,365,523,833 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

4. Project Income

| Details | 2023-2024 | 2022-2023 |
|----------------------|--------------------|--------------------|
| | KShs | KShs |
| Project Income HQ | 385,921,531 | 293,456,500 |
| Project Admin Income | 13,805,526 | - |
| Project income IPR | - | 159,461,488 |
| Total | 399,727,057 | 452,917,988 |

NB: There was no IPR income during the year since it was transferred to Ministry of Health.

5. Other Incomes

| | | |
|-----------------------------------|--------------------|--------------------|
| Admission fee | 294,330,253 | 224,505,411 |
| Rental income | 18,547,535 | 20,363,606 |
| Sale of publication and artefacts | 17,095,643 | 15,844,210 |
| Sale of soft drinks | 1,085,079 | 493,026 |
| Sale of casts | 4,756,568 | 10,029,212 |
| Sundry income | 25,251,983 | 24,717,732 |
| Total | 361,067,061 | 295,953,197 |

5(a)

| | | |
|--------------------------------------|--------------------|--------------------|
| Total other incomes | 361,067,061 | 295,953,197 |
| Add: prior year trade receivables | 10,995,940 | 16,336,843 |
| Less: trade receivables for the year | (12,651,535) | (10,995,940) |
| Total | 359,411,466 | 301,294,100 |

6. Employee Costs

| | | |
|----------------------------|----------------------|----------------------|
| Salaries | 943,644,350 | 972,803,798 |
| Gratuity and pensions | 165,260,689 | 142,265,356 |
| Medical | 49,034,551 | 53,181,024 |
| Training | 30,693,695 | 67,256,426 |
| Staff welfare and uniforms | 5,778,837 | 4,911,512 |
| Total | 1,194,412,122 | 1,240,418,116 |

6(a)

| | | |
|--|---------------|---------------|
| Total Employee costs | 1,194,412,122 | 1,240,418,116 |
| Less: prior year staff debtors | (287,406,460) | (214,131,956) |
| Add: staff debtors for the year | 260,285,940 | 287,406,460 |
| Add: Third party payment prior year | 57,871,403 | 57,376,262 |
| Less: Third party payment for the year | (44,665,146) | (57,871,403) |
| Add: Other payables prior year | 174,896,817 | 172,750,433 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| | | |
|-----------------------------------|----------------------|----------------------|
| Less: Other payables for the year | (296,596,182) | (174,896,817) |
| Total | 1,058,798,494 | 1,311,051,095 |

7. Depreciation

| | | |
|---------------|-------------------|-------------------|
| PPE (note 14) | 58,804,536 | 42,877,893 |
| Total | 58,804,536 | 42,877,893 |

8. Repair and Maintenance

| Details | 2023-2024 | 2022-2023 |
|--------------------------------------|-------------------|-------------------|
| | KShs | KShs |
| Vehicle expenses- Maintenance/spares | 9,050,209 | 10,315,116 |
| Equipment repairs and maintenance | 6,758,818 | 5,084,293 |
| Maintenance of buildings | 1,051,342 | 7,939,137 |
| Maintenance of monuments | 1,927,791 | 5,492,767 |
| Cage maintenance | 28,100 | 34,500 |
| Total | 18,816,260 | 28,865,813 |

9. Board of Directors Expenses

| | | |
|------------------------|-------------------|-------------------|
| Lunch | 728,000 | 412,000 |
| Phone expenses | 84,000 | 74,000 |
| Insurance /Medical | 1,401,386 | 1,317,225 |
| Sitting allowance | 8,800,000 | 5,440,000 |
| Accommodation/Per diem | 11,260,110 | 4,167,800 |
| Airfare fare | 2,416,504 | 67,952 |
| Car Hire | 479,000 | 140,480 |
| Board meeting expenses | 1,616,301 | 1,016,508 |
| Mileage | 4,757,131 | 2,298,715 |
| Honoraria for Chairman | 960,000 | 920,000 |
| Total | 32,502,432 | 15,854,680 |

10. General Expenses

| | | |
|----------------------------------|-------------|-------------|
| Administrative costs | 50,527,752 | 40,311,408 |
| Transport and travel | 272,719,209 | 242,449,032 |
| Contracted professional Services | 47,546,198 | 99,838,842 |
| Office and other expenses | 155,272,738 | 142,141,561 |
| Advertising and publicity | 1,566,559 | 9,968,698 |
| Telephone and postage | 7,601,285 | 11,350,408 |
| Electricity and water | 27,347,822 | 26,087,965 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| | | |
|-----------------------------------|--------------------|--------------------|
| Purchases and other direct inputs | 114,850,203 | 56,925,983 |
| Total | 677,431,766 | 629,073,897 |

10(a)

| | | |
|-----------------------------------|--------------------|--------------------|
| Total General expenses | 677,431,766 | 629,073,897 |
| Less: prior year inventory | (768,134) | (884,000) |
| Add: Inventory for the year | 682,599 | 768,134 |
| Add: prior year Trade payables | 178,881,904 | 163,062,003 |
| Less: trade payables for the year | (98,776,301) | (178,881,904) |
| Total | 757,451,834 | 613,138,130 |

11. Cash and Cash Equivalent

| | 2023-2024 | 2022-2023 |
|--|--------------------|--------------------|
| Current accounts | 189,711,508 | 299,436,902 |
| Others (cash at hand) | 40,400 | 10,850 |
| Sub Total | 189,751,908 | 299,447,752 |
| Bank Overdraft (note 16) | - | (9,733,781) |
| Total cash and cash equivalents | 189,751,908 | 289,713,971 |

| Detail Analysis of the cash and cash Equivalents | | 2023-2024 | 2022-2023 |
|--|-----------------|------------|-------------|
| Financial Institution | Account Number | Kshs | Kshs |
| a) Current Account | | | |
| Nairobi Museum, HQs, SCB | 0108035107801 | 743,301 | 240,855 |
| Recurrent HQs, SCB | 0108035107900 | 742,404 | - |
| Development HQs, KCB | 1106829379 | 2,858,120 | 2,047,826 |
| Salaries | 01080-337464-00 | 1,040,510 | 9,704,156 |
| Commercial HQs | 01080-354365-00 | 1,081,360 | 323,603 |
| Fund A/C | 01080-345937-00 | 2,761,595 | 1,800,239 |
| Project HQs | 01080-351078-00 | 3,021,884 | 526,261 |
| Lodwar | 1107592267 | 207,521 | 88,706 |
| Karen Blixen Savings | 01520-929447-00 | 533,980 | 490,379 |
| Dollar HQs (Kshs equivalent) | 87080-351079-00 | 4,196,098 | 699,362 |
| Karen Blixen Recurrent | 01020-448886-00 | 324,837 | 272,279 |
| Natural Products Industry HQs | 01080-351079-01 | 16,036,219 | 106,843,312 |
| Sports, Arts & Social Development Fund A/C | 1104778343 | 2,001,851 | 512,029 |
| National Museums of Kenya – NAGOK | 1141174387800 | 47,200 | 54,800 |
| Recurrent IPR | 01020-447000-01 | - | 11,297,004 |
| Dollar IPR (Kshs equivalent) | 87020-447000-00 | - | 21,607,456 |
| IPR Project A/C, | 0102044700000 | - | 1,115,456 |
| CNHR Project A/C | 01020-447000-02 | - | 3,092,425 |
| IPR MMUST | 0108044700000 | - | 3,441,052 |
| IPR Predict A/C | 0102044700004 | - | 74,822,467 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| Detail Analysis of the cash and cash Equivalents | | 2023-2024 | 2022-2023 |
|---|-----------------------|--------------------|--------------------|
| Financial Institution | Account Number | Kshs | Kshs |
| IPR GCC, SCB Karen | 0102044700003 | - | 6,700,630 |
| Snake bite | 0108035107802 | - | 28,228,809 |
| Fort Jesus KCB Treasury | 1106548876 | 2,435,273 | 4,286,751 |
| Fort Jesus Project | 1106548809 | 10,170,354 | 16,646,017 |
| Gede Ruins- KCB Malindi | 1108000584 | 590,069 | 1,725 |
| Lamu KCB | 1104778173 | 2,614 | 12,768 |
| Lamu Projects | 1104778505 | 5,412,592 | 3,261,595 |
| Meru SCB | 0102063108500 | 27,556 | 121,618 |
| Kapenguria | 1106216474 | 101,640 | 97,988 |
| Baringo | 1103642324 | 435 | 2,015 |
| Kisumu | 0102055059500 | 416 | 1,023,588 |
| Narok | 1107720796 | 135,373,679 | 61,301 |
| Nakuru Hyrax | 0152054858500 | - | - |
| Kitale | 0102036056900 | - | 12,460 |
| Sub-Total | | 189,711,508 | 299,436,901 |
| BANK OVERDRAFT | | | |
| ACCOUNT | | | |
| Recurrent HQs | 0108035107900 | - | 9,733,781 |
| Total | | - | 9,733,781 |
| b) Others (cash in hand) | | | |
| IPR | | - | 5,100 |
| Olorgesaille | | - | 5,750 |
| Lamu museum | | 31,300 | |
| Karen Blixen | | 9,100 | |
| Sub-Total | | 40,400 | 10,850 |

12. Receivables

| | 2023-2024 | 2022-2023 |
|--|--------------------|--------------------|
| | Kshs | Kshs. |
| (a) Receivables from Exchange Transactions | | |
| Trade Receivables | 10,888,990 | 9,025,445 |
| Prepayments | 370,127 | 463,127 |
| Deposits | 1,392,418 | 1,507,368 |
| Total | 12,651,535 | 10,995,940 |
| (b) Receivables from Non- Exchange Transactions | | |
| Staff Debtors | 260,285,940 | 287,406,460 |
| GOK Grant | 94,084,167 | - |
| Total | 354,370,107 | 287,406,460 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

13. **Inventories**

| | 2023-2024 | 2022-2023 |
|--|----------------|----------------|
| Publications | 398,290 | 431,160 |
| Crafts | 251,706 | 278,570 |
| Soft Drinks | 32,603 | 58,404 |
| Total inventories at the lower of cost and net realizable value | 682,599 | 768,134 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

14. Work in Progress, Property, Plant and Equipment

| | PROPERTY | | PLANT AND EQUIPMENT | | | | TOTAL |
|--|-----------------------|----------------------|----------------------|--------------------|--------------------|--------------------|-----------------------|
| | LAND | BUILDINGS | WORK IN PROGRESS | FURNITURE | COMPUTERS | VEHICLES | |
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. |
| COST/ VALUATION | | | | | | | |
| As at 1st July, 2022 | 1,575,127,445 | 1,183,085,581 | 1,024,482,502 | 366,639,802 | 104,172,946 | 169,160,823 | 4,422,669,099 |
| Additions during the year | - | - | 84,928,702 | 13,184,865 | 30,124,361 | - | 128,237,928 |
| As at 30th June 2023 | 1,575,127,445 | 1,183,085,581 | 1,109,411,204 | 379,824,667 | 134,297,307 | 169,160,823 | 4,550,907,027 |
| DEPRECIATION | | | | | | | |
| As at 1st July 2022 | - | 183,438,382 | - | 226,355,321 | 82,659,022 | 129,291,303 | 621,744,028 |
| Charge for the Year | - | 9,996,472 | - | 17,535,560 | 5,378,481 | 9,967,380 | 42,877,893 |
| As at 30th June, 2023 | - | 193,434,854 | - | 243,890,881 | 88,037,503 | 139,258,683 | 664,621,921 |
| COST/ VALUATION | | | | | | | |
| As at 1st July, 2023 | 1,575,127,445 | 1,183,085,581 | 1,109,411,204 | 379,824,667 | 134,297,307 | 169,160,823 | 4,550,907,027 |
| Adjustments on prior year accumulated depreciation | | (193,434,854) | | | | | (193,434,854) |
| Completed works during the year | - | 544,296,717 | (544,296,717) | - | - | - | - |
| Additions during the year | - | - | 109,570,126 | 5,836,547 | 6,235,766 | - | 121,642,439 |
| Revaluation gain | 27,560,372,555 | 251,059,273 | - | - | - | - | 27,811,431,828 |
| As at 30th June 2024 | 29,135,500,000 | 1,785,006,717 | 674,684,613 | 385,661,214 | 140,533,073 | 169,160,823 | 32,290,546,440 |
| DEPRECIATION | | | | | | | |
| As at 1st July 2023 | - | 193,434,854 | - | 243,890,881 | 88,037,503 | 139,258,683 | 664,621,921 |
| Adjustments on prior year accumulated depreciation | | (193,434,854) | | | | | (193,434,854) |
| Charge for the Year | - | 24,814,200 | - | 16,282,516 | 10,232,284 | 7,475,536 | 58,804,536 |
| As at 30th June 2024 | - | 24,814,200 | - | 260,173,397 | 98,269,787 | 146,734,219 | 529,991,603 |
| NET BOOK VALUES | | | | | | | |
| As at 30th June 2024 | 29,135,500,000 | 1,760,192,517 | 674,684,613 | 125,487,817 | 42,263,286 | 22,426,604 | 31,760,554,837 |
| NET BOOK VALUES | | | | | | | |
| As at 30th June, 2023 | 1,575,127,445 | 989,650,727 | 1,109,411,204 | 135,933,786 | 46,259,804 | 29,902,140 | 3,886,285,106 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

15. Trade and other Payables from Exchange Transactions

| | 2023-2024 | 2022-2023 |
|------------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Trade payables | 98,776,301 | 178,881,904 |
| Payments received in advance | 1,338,000 | 1,338,000 |
| Third party payments | 44,665,146 | 57,871,403 |
| Other payables | 296,596,182 | 174,896,817 |
| Total | 441,375,629 | 412,988,124 |

16. Bank overdraft

| Details | 2023-2024 | 2023-2024 |
|-----------------|-----------|------------------|
| | Kshs | Kshs |
| Bank overdrafts | - | 9,733,781 |
| Total | - | 9,733,781 |

17. Deferred Development Grant

| Details | 2023-2024 | 2022-2023 |
|---------------------|--------------------|--------------------|
| | Kshs | Kshs |
| National government | 366,550,772 | 250,119,482 |
| Total | 366,550,772 | 250,119,482 |

Deferred grant relates to income received in advance whose services have not yet been rendered.

17(a)

| Details | 2023-2024 | 2022-2023 |
|--|--------------------|--------------------|
| | Kshs | Kshs |
| Balance b/f | 250,119,482 | 283,366,480 |
| G.O.K development Grant received during the year | 226,001,416 | 52,927,722 |
| Transfer to Capital fund | (109,570,126) | (84,928,702) |
| Transfer to Income statement | - | (1,246,018) |
| Balance c/f | 366,550,772 | 250,119,482 |

18. Project Deposits

| Details | 2023-2024 | 2022-2023 |
|------------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Opening balance | 156,269,691 | 203,711,241 |
| Add receipts during the year | 279,910,681 | 405,476,438 |
| Total Deposits | 436,180,372 | 609,187,679 |
| Less expenditure (note 4) | 399,727,057 | 452,917,988 |
| Balance c/f | 36,453,315 | 156,269,691 |

Project revenue is donor funds used for research activities carried out by NMK scientists.

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

19. Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

| Description | Cost | Accumulated Depreciation | NBV |
|---|-----------------------|--------------------------|-----------------------|
| | Kshs. | Kshs. | Kshs. |
| Land | 29,135,500,000 | - | 29,135,500,000 |
| Buildings | 1,785,006,717 | 24,814,200 | 1,760,192,517 |
| Motor Vehicles, Including Motorcycles | 169,160,823 | 146,734,219 | 22,426,604 |
| Computers and Related Equipment | 140,533,073 | 98,269,787 | 42,263,286 |
| Office Equipment, Furniture, And Fittings | 385,661,214 | 260,173,397 | 125,487,817 |
| Total | 31,615,861,827 | 529,991,603 | 31,085,870,224 |

20. Trade and Other Payables

| Description | 2023/ 2024 | | 2022/2023 | |
|--|--------------------|-----------------------|-----------------------|-----------------------|
| | Kshs. | | Kshs. | |
| Trade payables | 98,776,301 | | 178,881,904 | |
| Payments received in advance | 1,338,000 | | 1,338,000 | |
| Third-party payments | 44,665,146 | | 57,871,403 | |
| Other payables | 296,596,182 | | 174,896,817 | |
| Total trade and other payables | 441,375,629 | | 412,988,124 | |
| | | | | |
| Ageing analysis: (Trade and other payables) | Current FY | % of the Total | Comparative FY | % of the Total |
| Under one year | 356,976,135 | 81% | 256,876,487 | 62.2% |
| 1-2 years | 11,482,675 | 3% | 10,275,068 | 2.5% |
| 2-3 years | 14,857,729 | 3% | 112,572,355 | 27.3% |
| Over 3 years | 58,059,090 | 13% | 33,264,214 | 8.0% |
| Total (tie to above total) | 441,375,629 | | 412,988,124 | |

21. Refundable Deposits and Prepayments from Customers

| Description | 2023/2024 | | 2022/2023 | |
|---|-------------------|-----------------------|-----------------------|-----------------------|
| | Kshs. | | Kshs. | |
| Prepayments | 370,127 | | 463,127 | |
| Other deposits | 1,392,418 | | 1,507,368 | |
| Total deposits | 1,762,545 | | 1,970,495 | |
| | | | | |
| Ageing analysis: (Refundable deposits) | Current FY | % of the Total | Comparative FY | % of the Total |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| | | | | |
|--------------|------------------|------|------------------|------|
| Over 3 years | 1,762,545 | 100% | 1,970,495 | 100% |
| Total | 1,762,545 | | 1,970,495 | |

22. Cash Generated from Operations

| Description | 2023/2024 | 2022/2023 |
|--|----------------------|---------------------|
| | Kshs | Kshs |
| Surplus for the year before tax | (103,162,998) | (95,807,085) |
| Adjusted for: | | |
| Depreciation | 58,804,536 | 42,877,893 |
| Working capital adjustments | (44,358,462) | (52,929,192) |
| Increase in inventory | 85,535 | 115,866 |
| Increase in receivables | (68,619,242) | 19,067,239 |
| Increase in payables | 28,387,505 | 18,461,426 |
| Development expenditure | - | (1,246,018) |
| Net cash flow from operating activities | (84,504,664) | (16,530,679) |

Financial Risk Management

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

Notes to the Financial Statements (Continued)

i) Credit risk

The organization's credit risk is primarily attributable to its other receivables and bank balances. The amounts of receivables presented in the statement of financial position, estimated by the organization's management based on prior experience and their assessment of the current economic environment.

The credit risk on receivables is limited because the organization does not rely on them. The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit ratings.

The amount that best represents the organization's maximum exposure to credit risk as at 30 June 2024 is as follows:

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| | Fully Performing | Past Due | Total |
|-------------------|--------------------|----------|--------------------|
| | Kshs. | Kshs. | Kshs. |
| Bank Balances | 189,751,908 | - | 189,751,908 |
| Trade Receivables | 12,651,535 | - | 12,651,535 |
| Staff Debtors | 260,285,940 | - | 260,285,940 |
| Total | 462,689,383 | | 462,689,383 |

The amount that best represents the Centre's maximum exposure to credit risk as at 30 June 2023 is as follows:

| | Fully Performing | Past Due | Total |
|-------------------|--------------------|----------|--------------------|
| | Kshs. | Kshs. | Kshs. |
| Bank Balances | 289,713,971 | - | 289,713,971 |
| Trade Receivables | 10,995,940 | - | 10,995,940 |
| Staff Debtors | 287,406,460 | - | 287,406,460 |
| Total | 588,116,371 | | 588,116,371 |

Financial Risk Management

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

Interest Rate Risk

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

At 30 June 2024, if the interest rates on the bank balances had decreased/increased by 5 percentage points with all other variables held constant, the impact on surplus for the year would have been Kshs. 9,487,595 (2023: Sh. 14,485,699) higher/lower.

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

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:

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| Description | Total Amount | Fully performing | Past Due | Impaired |
|--|--------------------|--------------------|----------|----------|
| | Kshs. | Kshs. | Kshs. | Kshs. |
| As at 30th June 2024 | | | | |
| Receivables from exchange transactions | 12,651,535 | 12,651,535 | - | - |
| Receivables from non-exchange transactions | 354,370,107 | 354,370,107 | - | - |
| Bank balances | 189,751,908 | 189,751,908 | - | - |
| Total | 556,773,550 | 556,773,550 | - | - |
| As at 30 June 2023 | | | | |
| Receivables from exchange transactions | 14,227,698 | 14,227,698 | - | - |
| Receivables from non-exchange transactions | 208,926,694 | 208,926,694 | - | - |
| Bank balances | 326,121,103 | 326,121,103 | - | - |
| Total | 549,275,495 | 549,275,495 | - | - |

Financial Risk Management

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 Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the Entity'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 the Organization's directors, who have built an appropriate liquidity risk management framework for the management of the Organization's short, medium and long-term funding and liquidity management requirements. The Organization manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity 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.

The table below shows the maturity analysis of the financial liabilities that affect liquidity:

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

As at 30 June 2024

| | Less than 1 Year | Over 1 Year | Impaired | Total |
|--------------|-------------------|-------------------|----------|-------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. |
| Payables | 15,714,807 | 83,061,494 | | 98,776,301 |
| Payables | | | | |
| Total | 15,714,807 | 83,061,494 | | 98,776,301 |

As at 30 June 2023

| | Less than 1 Year | Over 1 Year | Impaired | Total |
|--------------|--------------------|--------------------|----------|--------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. |
| Payables | 256,876,487 | | - | 256,876,487 |
| Payables | | 156,111,637 | - | 156,111,637 |
| Total | 256,876,487 | 156,111,637 | | 412,988,124 |

iii) Market risk

The *Entity* has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

iv) Capital Risk Management

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

| | 2023 – 2024 | 2022 – 2023 |
|---------------------|-----------------------|----------------------|
| | Kshs. | Kshs. |
| Revaluation Reserve | 27,826,066,978 | 14,635,150 |
| Retained earnings | (206,562,209) | (103,399,211) |
| Capital Reserve | 3,854,126,501 | 3,744,556,375 |
| Total funds | 31,473,631,270 | 3,655,792,314 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| | | |
|---|-------------|---------------|
| Total borrowings | | |
| Less: Cash and bank balances | 189,751,908 | 289,713,971 |
| Net debt (Excess cash and cash equivalents) | 189,751,908 | (289,713,971) |
| Gearing | 100% | 100% |

23. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Organization include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel and Board of directors.

Government of Kenya

The Government of Kenya is the principal shareholder of the Organization, holding 100% of the Organisation 's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

24. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

25. Ultimate and Holding Entity

The Entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Gender, Culture, The Arts and Heritage. Its ultimate parent is the Government of Kenya.

26. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

27. Revaluation of Land and Buildings under IPSAS 17

International Public Sector Accounting Standards (IPSAS) provides guidance on the accounting treatment of property, plant, and equipment (PPE), including land and buildings, primarily through IPSAS 17.

The management during the Financial Year 2022/2023, sought support from the Ministry of Lands to have its land and buildings with ownership documents valued which they accepted and carried out the exercise. The management had 45 parcels of land with ownership documents out of which only 43 parcels of land were valued with exception of Heroes square and Uhuru gardens which were under the custody of Kenya Defence Forces at the time of the exercise.

The exercise was carried out and completed in March 2023. The land and buildings with ownership documents was valued at Kshs. 29,135,500,000 and Kshs.1,240,710,000 respectively amounting to Kshs.30,376,210,000 at prevailing market rates.

The management has disclosed in its financial statements the assets at fair value as at the date of revaluation less any subsequent accumulated depreciation. After revaluation, the new value is used to calculate depreciation, based on the asset's estimated useful life. The management estimates useful life of 50 years for buildings. The increase in value has been credited to a revaluation reserve in the statement of changes in net assets while the revalued amounts are reflected in the statement of financial position under non-current assets.

The revaluation of land and buildings has enhanced transparency and provided a more accurate picture of an entity's financial position, ensuring compliance with IPSAS and enabling better decision-making.

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

28. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

| Reference No. on the external audit report | Issue/Observations from Auditor | Management comments | Status (Resolved/Not Resolved) | Timeframe |
|---|---|---|---------------------------------------|------------------|
| 2021/2022 | | | | |
| 1. Unsupported and undisclosed Property, Plant and Equipment Balance | The statement of financial position reflects property, plant and equipment balance of Kshs. 3,800,925,071 which, as disclosed in Note 14 to the financial statements, includes an amount of Kshs.1,575,127,445 In respect of land which has however, not been valued since 1990. As previously reported, the National Museums of Kenya has one hundred and fifty (150) parcels of land spread across the Country, out of which only forty-three (43) parcels had title deeds and the remaining 107 parcels had no ownership documents. Further, the property, plant and equipment net book value of Kshs.3,800,925,071 includes heritage assets whose value could not be verified due to lack of a fixed assets register. | Revaluation was done in the FY 2022/2023 as supported by extract of the Valuation report of land and buildings and summary schedule for land and buildings with ownership documents (43 no.) are available for verification. The management would like also to confirm that the value of property, plant and equipment does not include heritage assets. The management would develop an inventory of the heritage assets that have future economic benefits to have full disclosure in its financial statement in future as per IPSAS 17. | Resolved | 30/06/2024 |
| 2. Unsupported Employee Costs Balance | The statement of financial performance reflects employee cost of Kshs. 1,325,411,277 which as disclosed in Note 6 to the financial statements, includes salaries totaling Kshs. 1,050,678,625. However, supporting documents by way of payroll summaries and corresponding payment vouchers were not provided for audit. | The supporting documents and corresponding payment vouchers are with the Ethics and Anti-Corruption (EACC)and will be provided | Not Resolved | 30/06/2025 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| | | | | |
|---|---|---|----------|----------------------------|
| | In the circumstances, the accuracy and validity of the employee costs of Kshs. 1,325,411,277 could not be confirmed. | once returned to the organization. | | |
| 3.Unsupported Bank Overdraft Balance | The statement of financial position and as disclosed in Note 16 to the financial statements, reflects a bank overdraft balance of Kshs. 114,846,330 which was however, not supported by way of Board minutes approving the overdraft, bank confirmation certificates, bank reconciliation statements and cash book extracts. In the circumstances, the completeness, accuracy, validity and the fair statement of the bank overdraft balance of Kshs. 114,846,330 could not be confirmed. | The ledger figures for populating the annual accounts had an overdraft as a result of previous unreconciled amount due to system crash. The bank confirmation certificates, bank reconciliation certificates and cash book extracts as at 30 th June 2024 are available for verification. | Resolved | 30/06/2024 |
| Other Matters | | | | |
| 1.Budgetary Control and Performance | The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.1,687,110,000 and Kshs.2,551,363,059 respectively resulting to an over performance by Kshs.864,253,059 or 51% of the approved budget. Similarly, Management expended an amount of Kshs. 1,898,607,728 against an approved budget of Kshs.1,506,787,225, resulting to an over-expenditure of Kshs. 391,820,503 or 26% of the budget. The over-collection indicate that Management may have under-budgeted for revenue and did not consider all variables likely to affect it. Further, no approval for the over-expenditure was provided for review. | 51% overperformance by Kshs. 864,253,059 a) Received Kshs. 346,206,300 from the Sports, Arts and Social Development Fund i.e Kshs. 202,974,500 for NPI on 30 th June, 2022. b) Received Kshs. 124,789,414 from Tourism Fund on 29 th June, 2022. c) Project Income Kshs. 351,058,455 and d) Internal revenue of Kshs.42,198,890. While the 26% over expenditure of Kshs. 391,820,503 was due to; a) Paid pension Kshs,56,688,860 to clear outstanding principal amount. b) Project expenses of | Resolved | 30 th June 2024 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| | | | | |
|---|---|---|----------|----------------------------|
| | | Kshs.343,142,729. c) Repair and maintenance of Kshs. 90,483 and d) under spent on board expenses by Kshs. 8,101,569. | | |
| 2.Long Outstanding Trade and Other Payables | <p>The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs. 394,526,698 which, as disclosed in Note 15 to the financial statements, includes an amount of Kshs.163,062,003 in respect of trade payables. However, a review of the documents supporting the trade payables balance revealed outstanding bills amounting of Kshs. 19,604,940 which has been outstanding for more than one year with some balances dating as far back as the financial year 2014/2015. No explanation was given as to why the bills were not cleared during the year in which they fall due despite the Corporation reporting a positive cash and cash equivalent balance of Kshs. 543,842,736 as at the end of the financial year.</p> <p>Management is at risk of being sued for breach of contractual terms.</p> | <p>The corporation reported a cash and cash equivalent balance of Kshs. 543,842,736 and could not clear trade payables balance of Kshs. 19,604,940.</p> <p>The management would like to state that major composition of the cash and cash equivalent is for specific research project activity. This is as supported by the extract of bank schedule from the audited financial statement used for intended purpose. The outstanding bills of Kshs. 19,604,940 dating back to 2014/2015 was mainly recurrent expenditure in nature incurred over the years.</p> | Resolved | 30 th June 2024 |
| Unsolved Prior Year Matters | | | | |
| Lawfulness and effectiveness in use of public resources. | <p>In the audit report of the previous year, a number of paragraphs were raised. However, Management has not resolved and disclosed all the prior year matters as provided by the Public Sector Accounting Standards Board's financial reporting templates. Management has not provided satisfactory explanation for the delay in resolving the issues.</p> | <p>The management has since followed up the issues disclosed in prior years and provided responses to them as submitted in the year 2023/2024 to the Public</p> | Resolved | 30 th June 2025 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| | | Investment Committee of Parliament. | | |
|--|--|--|------------------|----------------------------|
| 1.Delay in Completion of Ablution Blocks at Fort Jesus Museum | <p>Review of documents revealed that Management awarded a contract for the construction of a sea wall at Fort Jesus at a contract sum of Kshs. 266,022,710 which included an amount of Kshs. 11,514,020 for construction of two (@) ablution blocks. The project commenced on 03 September 2020 with expected completion date of 03 March 2021 which was revised to 15 March 2022. However, physical verification of the project in the month of February, 2023 revealed that only the construction of one on the ablution blocks was underway, while the construction of the other block was yet to start despite the lapse of the extended completion date.</p> <p>In the circumstances, value for money may not be realized from the expenditure already incurred on the construction of the ablution blocks.</p> | The management would like to confirm that the project was completed and site handed over back to the client. | Resolved | 30 th June 2024 |
| 2.Delay in completion of Njuri Ncheke Shrine | <p>Review of documents revealed that Management awarded a contract for the construction of Njuri Ncheke Shrine at a contract sum of Kshs. 58,976,000 on 05 June 2020 for 48 weeks ending on 04 June 2021. By the end of the year under review, an amount of Kshs.39,560,475 or 67% of the contract sum had been paid to the Contractor. However, physical verification in the month of February, 2023 revealed that the Project had stalled at lintel level and the contractor had abandoned the site. No explanation was given for the delay in the completion of the Project.</p> <p>In the circumstances, value for money may not be realized from the expenditure of Kshs.39,560,475 incurred on the Project.</p> | <p>The management would like to clarify that the observation referred to as Njuri Ncheke Shrine is for the Meru Cultural Centre.</p> <p>The works done up to the lintel level, change of roof design led the contractor to request for approval of variation of contract sum which was not granted by NMK. The contractor left the site. However, the Meru County has initiated communication to have the project completed.</p> | Not yet resolved | 30 th June 2025 |
| 3.Poor Workmanship at Tom Mboya Mausoleum | <p>Review of documents revealed that Management awarded a contract for the construction of Tom Mboya Mausoleum at a contract sum of Kshs.45,457,740 on 28 May, 2018 for a duration of 16 weeks ending on 27 September, 2018. By the end of the period under review, an amount of Kshs. 28,962,227 had been paid. However, physical verification of the project in the month of February, 2023 revealed that the ablution block was not functional, manhole covers and sunk while the ceiling had collapsed.</p> | The water and electricity connections were done by the family at their cost. The mechanical works for water connection is not yet to be done due to lack of access to the lake. The management to | Not yet resolved | 30 th June 2025 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| | | | | |
|--|---|---|----------------------------|----------------------------------|
| | <p>Further, water and electricity had not been connected to the building, while the pit latrine was of poor workmanship. In addition, the solar powered lights installed were not functioning and as a result, no revenue was being generated from the project.</p> <p>In the circumstances, value for money may not be realized from the expenditure of Kshs. 28,962,227 already incurred on the project.</p> | <p>enter into negotiation with the land owner and enter into a written agreement for provision of access.</p> | | |
| 2022/2023 | | | | |
| 1.Unsupported and Undisclosed Property, Plant and Equipment | <p>As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.3,886,285,106 as disclosed in Note 14 to the financial statements. Included in the balance is land with net book value of Kshs. 1,575,127,445 which has not been valued since 1990. The National Museums of Kenya has one hundred and fifty (150) parcels of land spread across the Country, out of which only forty-three (43) parcels had title deeds and the remaining 107 parcels have no ownership documents.</p> <p>Further, property, plant and equipment net book value of Kshs. 3,886,285,106 includes heritage assets whose value could not be verified due to lack of fixed assets register. The Museums has not disclosed the heritage assets that have future economic benefits or service potential other than their current heritage value, and those heritage assets whose future economic benefit or service potential is limited to their heritage characteristics.</p> <p>In the circumstances, the accuracy and ownership of property, plant and equipment balance of Kshs. 3,886,285,106 as at 30th June, 2023 could not be confirmed.</p> | <p>The management confirms that it has several parcels of land without title deeds wish to state as follows:</p> <p>i) Revaluation was done in the FY 2022/2023 as supported by extract of the Valuation report of land and buildings and summary schedule for land and buildings with ownership documents (43 no.) is available for verification.</p> <p>ii) The management would like to confirm that the value of property, plant and equipment does not include heritage assets. The management would develop an inventory of the heritage assets that have future economic benefits to have full disclosure in its financial statement in future as per IPSAS 17.</p> <p>Currently there is no universal standardized guidelines on assessment of economic value for heritage assets. However, they help</p> | <p>Partially resolved.</p> | <p>30th June 2025</p> |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| | | | | |
|--|---|--|-----------------------------------|----------------------------|
| | | generate revenue for the organization. The management is consulting with relevant organizations including UNESCO with a view to establish valuation criteria of heritage assets. | | |
| 2.Variance Between Financial Statement Amounts and Supporting Schedules | The statement of financial performance reflects amounts that differed with the supporting schedules as detailed below: | | | |
| | Description | Financial Statement (Kshs.) | Supporting Schedule (Kshs) | Variance (Kshs.) |
| | Other Incomes | 295,953,197 | 296,017,387 | (64,190) |
| | Transfers from Government-R recurrent | 1,106,790,000 | 1,107,617,040 | (827,040) |
| | Project Income | 452,917,988 | - | 452,917,988 |
| | Repairs/Maintenance | 28,865,813 | 19,111,172 | 9,754,641 |
| | Remuneration Directors | 15,864,680 | 15,871,680 | 7,000 |
| | General Expenses | 629,073,897 | 416,554,821 | 212,519,076 |
| | No reconciliation has been provided by Management. In the circumstances, the accuracy and completeness of the financial statements could not be confirmed. | | | |
| 3.Unsupported Staff Costs | As disclosed in Note 6 to the financial statements, the statement of financial performance reflects employees' costs amount of Kshs.1,240,418,116. The amount includes expenditure on salaries amounting to Kshs. 972,803,798 and gratuity and pension of Kshs.142,65,356 all totaling Kshs.1,115,069,154 which was processed through a payroll controlled by the vendor. Management had no access to due to a system error. Further, the amount includes payments of Kshs.4,870,763 made to casuals through imprest issued to staff that were not supported by casual employee payroll or expenditure returns. | | | |
| | | The management in its revised financial statement 2022/2023 reconciled the differences and correct figures recorded as per schedules available for verification. The management confirms that the reconciliations were done and the correct amount is as per audited accounts 2022-2023. | Resolved | 30 th June 2024 |
| | | The management-initiated process to have the vendor unlock the payroll system. The documents availed revealed an expenditure of Kshs.4,870,763 paid to staff in form of imprests. The supporting documents for the imprests surrenders are | Not yet resolved | 30 th June 2025 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| | In the circumstances, the accuracy and completeness of employee cost of Kshs.1,240,418,116 could not be confirmed. | available for audit verification. Further, Management paid field guides in cash and not through bank accounts as these are persons engaged in the field research from the communities where the research is being conducted. The management to develop a standard engagement forms for use by researchers. | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--------------------------------------|---|-----------------|--------------------|-----------|------------|--------------|------------|----------|-----------|-------------|-----------------|-----------|-----------|-----------|-------|---------|--------|---------|-------------|----------|------------|--------------|---|----------|----------------------------|
| 4.Long Outstanding Trade Receivables- Rent Debtors | The statement of financial position reflects trade receivables from exchange transactions balance of Kshs.10,995,940 which, as disclosed in Note 12a to the financial statements includes in the reported balance are debts owed by tenants to museums buildings amounting to Ksh.8,877,341 which have been outstanding for more than three (3) years as per the aging analysis and efforts to recover the debts have not been successful. In the circumstances, the recoverability of the debts is in doubt. | The management confirms that it had engaged a debt collector as at the time of the audit who had managed to collect Kshs. 5,800,814 whose schedule is available for verification. | Not yet resolved and still on going. | 30 th June 2025 | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. Inaccuracies in Cash and Cash Equivalents | The statement of financial position reflects cash and cash equivalents balance of Kshs. 299,447,752 as disclosed in Note 11 to the financial statements. However, review of the bank reconciliation statements for the month of June, 2023 for eight bank accounts revealed that the cash book balances differed with the financial statement balances as detailed below: <table border="1" data-bbox="481 981 1243 1372"> <thead> <tr> <th>Excel</th> <th>Reconciled cash Book Balance (Kshs.)</th> <th>Amounts as per Financial Statement (Note 11) (Kshs)</th> <th>Variance (Kshs)</th> </tr> </thead> <tbody> <tr> <td>Fort Jesus Project</td> <td>1,287,762</td> <td>16,646,017</td> <td>(15,358,255)</td> </tr> <tr> <td>Fort Jesus</td> <td>6,210.40</td> <td>4,286,751</td> <td>(4,280,541)</td> </tr> <tr> <td>Development Hqs</td> <td>1,760,956</td> <td>2,047,826</td> <td>(286,870)</td> </tr> <tr> <td>Narok</td> <td>343,539</td> <td>61,301</td> <td>282,238</td> </tr> <tr> <td>IPR-Predict</td> <td>23,114,7</td> <td>74,822,467</td> <td>(51,707,749)</td> </tr> </tbody> </table> | Excel | Reconciled cash Book Balance (Kshs.) | Amounts as per Financial Statement (Note 11) (Kshs) | Variance (Kshs) | Fort Jesus Project | 1,287,762 | 16,646,017 | (15,358,255) | Fort Jesus | 6,210.40 | 4,286,751 | (4,280,541) | Development Hqs | 1,760,956 | 2,047,826 | (286,870) | Narok | 343,539 | 61,301 | 282,238 | IPR-Predict | 23,114,7 | 74,822,467 | (51,707,749) | The cashbook balance for Narok Maa, Natural products, Salaries and dollar accounts have been reconciled to the ledger while Fort Jesus both project and recurrent reconciliations still on going. The bank confirmation certificates, bank reconciliation certificates and cash book extracts as at 30th June 2024 are available for verification. The Predict account was transferred to another State Agency. | Resolved | 30 th June 2024 |
| Excel | Reconciled cash Book Balance (Kshs.) | Amounts as per Financial Statement (Note 11) (Kshs) | Variance (Kshs) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fort Jesus Project | 1,287,762 | 16,646,017 | (15,358,255) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fort Jesus | 6,210.40 | 4,286,751 | (4,280,541) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Development Hqs | 1,760,956 | 2,047,826 | (286,870) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Narok | 343,539 | 61,301 | 282,238 | | | | | | | | | | | | | | | | | | | | | | | | | |
| IPR-Predict | 23,114,7 | 74,822,467 | (51,707,749) | | | | | | | | | | | | | | | | | | | | | | | | | |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| | | | | | | | |
|---|---|----------------|-------------|-------------|--|----------|------------------------------|
| | | 18 | | | | | |
| | Natural Products | 135,193,494 | 106,843,312 | 28,350,182 | | | |
| | Salaries | 2,704,155 | 9,704,156 | (7,000,001) | | | |
| | Dollar Hqs | (3,135,357.75) | 699,362 | (3,834,720) | | | |
| | In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs. 299,447,752 as at 30 June, 2023 could not be confirmed. | | | | | | |
| 6.Unsupported Staff Debtors | The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.287,406,460 in respect of staff debtors and as disclosed in Note 12b to the financial statements. However, the supporting schedule reflects an amount of Kshs. 21,386,297 resulting to unreconciled variance of Kshs. 266,020,163. In the circumstances, the accuracy and completeness of receivables from non-exchange transactions balance of Kshs.287,406,460 could not be confirmed. | | | | The management has availed the schedules for the staff debtors for verification to confirm the accuracy and completeness of the receivables. | Resolved | 30 th June 2024 |
| 7.Unsupported Accumulated Surplus | The statement of financial position reflects a debit accumulated surplus balance of Kshs.95,807,085. However, the balance has been changed from the prior year balance of Ksh.414,131,697 resulting to unreconciled variance of Ksh.509,938,782. In circumstances, the accuracy and completeness of the debit accumulated surplus balance of Kshs. 95,807,085 could not be confirmed. | | | | The financial performance is not dependent on the prior year balances. Refer to the audited report on the statement of financial performance on page number one. | Resolved | 30 th June 2024 |
| 8.Inaccuracies in the Statement of Cash Flows. | The statement of financial position reflects opening bank balance of Kshs. 543,842,736 whereas the statement of cash flow reflects Kshs.428,996,406 resulting to an unreconciled balance of Kshs.114,846,330. Further, the statement of financial position items with a cash inflow or outflow changes have also not been reflected in the statement of cash flows. In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed. | | | | The figures are as explained in note number 11 in the audited report on cash and cash equivalent. | Resolved | 30 th June 222024 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

| | | | | |
|--|---|--|----------|----------------------------|
| Emphasis of Matter | The statement of comparison of budget and actual amounts reflects budgeted receipts of Kshs. 1,665,523,833 against actual receipts of Kshs.2,114,395,018 resulting in under-funding of Kshs.448,871,185 or 127% of the budget. Similarly, the Museums actual expenditure of Kshs. 1,995,890,632 against approved budget of Kshs.1,718,743,833 resulting in over-expenditure of Kshs.277,146,799 or 116% of the approved budget. However, Management did not provide approval for the over-expenditure by the Board of Directors. | The management would like to state that over expenditure is a s a result of donor funded projects which management has not been making budgetary provisions hence provisions will be included in future budgets going forward. | Resolved | 30 th June 2024 |
| Other Matters | | | | |
| 1.Pending and active Court Cases | The Former Director General and four others including three employees of the National Museums and a private individual have been arraigned before the Anti-Corruption Court following investigations relating to employees' costs processed through the payroll between the year 2016 and 2022. The Ethics and Anti-Corruption Commission has two cases that are active relating to the National Museums of Kenya. i. Case No. HCACECS/E027/2023 of 02 October, 2023 (EACC Vs 4 Others on misappropriation of Kshs. 468,390,241; and ii. Case No. MCAC/E011/2024 filed on 16 August, 2024 (Republic Vs 8 Others) However, Management has not recognized or made any provision by way of contingent liability to cushion the Corporation in the event the staff win and lay a counter-claim against the Museum. | The management has not made any provisions by way of contingent liability since 3 out of 4 are former employees. The management will make provision on the 1(one) officer in the supplementary budget II 2024/2025. | Resolved | 30 th June 2024 |
| 2.Unresolved Prior Year Matters. | In the previous audit report, several issues were raised under the Report of Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved most of the issues or given any explanation for delay to resolve the issues. | The management has resolved several issues raised in previous audit reports submitted to the Parliamentary Public Investment Committee in the year June 2024. | Resolved | 30 th June 2025 |
| Lawfulness and effectiveness in use of public resources | As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an | | | |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

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|--|--|---|----------|----------------------------|
| | effective way. | | | |
| | <p>1. unauthorized Bank Overdraft The statement of financial position reflects a bank overdraft of Kshs. 9,733,781 as disclosed at Note 16 to the financial statements. However, there was no Board authorization to overdraw the account contrary to Section 28(4) and (5) of the Public Finance Management Act, 2012 which states that an Accounting Officer for a national government entity shall not cause a bank account of the entity to be overdrawn beyond the limit authorized by The National Treasury or a Board of a national government entity, if any. In the circumstances, Management was in breach of the law.</p> | <p>Reconciliations have been done and no overdraft between the cash book and system ledger as at 30th June 2024.</p> | Resolved | 30 th June 2024 |
| | <p>2. Cash Procurement imprests. The statement of financial performance reflects general expenses amount of Kshs. 629,073,897 out of which Kshs. 3,534,286 incurred on cash procurement of services were over and above the threshold matrix for low value procurements as required by Regulation 92(a) of the Public and Asset Disposal Regulations, 2020. Further, the amount includes Kshs.242,449,032 incurred on transport and travel costs out of which imprest of Kshs.2,332,480 issued to the Natural Product Industry Project accountants during the month of June, 2023 was adequately supported. Further, it was noted that officers were holding more than one imprest. In the circumstances, Management was in breach of the law.</p> | <p>The cumulative amount of Kshs. 3,534,286 entail various activities ranging from car wash, minor repairs while in the field, vehicle service by in house mechanics whom management relies on to repair and maintain the vehicles. The management is committed to adhere to procurement laws by contracting dealers of framework agreements in subsequent financial years. The Management has put in place mechanisms to ensure imprest are recovered and or accounted promptly going forward as it addresses the historical issues.</p> | Resolved | 30 th June 2025 |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.


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| | <p>3.Irregular Transfer of Funds from Salary Account The statement of financial performance reflects employees' costs of Kshs.1,240,418,116. It was noted that the Management transferred Kshs.93,469,394 from the salaries account to the other accounts contrary to Regulation 48(1) of the Public Finance Management (National Government) Regulations, 2015 which states that for purposes of section 43 (3) of the Act, Accounting Officers, may authorize reallocation of the funds within programmes or sub-wage expenditure or from capital to recurrent expenditure. In the circumstances, Management was in breach of the law.</p> | <p>The Management borrowed funds temporarily from other accounts to cater for personnel costs caused by delays by exchequer release. Hence the transfer of funds from wage to non-wage expenditure is a refund of the borrowed funds upon receipt of the exchequer.</p> | <p>Resolved</p> | <p>30th June 2025</p> |
| <p>4. Status of Implementation of Projects</p> | <p>4.1 Delay in Completion of Gate and Renovation of Administration Block at Gede. The contract for the construction of gate and renovation of administration block at Gede was awarded to a local contractor at a contract sum of Kshs. 33,309,622 on 24 August, 2022. The completion date was February, 2023 which was later revised to June, 2023. Site visit in the month of March, 2024 revealed that the project had stalled and the contractor was not on site. In the circumstances, value for money may not be realized from the expenditure of Kshs. 9,200,000 so far incurred on the project.</p> | <p>The project had stalled at the time of the audit due to delayed reimbursement of the contractors' certificate. However, the issue was resolved and the project is ongoing and near completion.</p> | <p>Resolved</p> | <p>2024/2025</p> |
| | <p>4.2 Development of Tourist Visitor Safety Facilities. A contract for the construction of tourism safety facilities at world war one heritage monument at Maktau was awarded at a contract sum of Kshs.68,497,794 on 13 June, 2022. Site visit to the project in the month of March, 2024 revealed that the contractor was not on site but research activities which were part of the contract were still on-going as; I. Research, collection, documentation and restoration of World War One Heritage Monument. II. Collection of artefacts, exhibition development, design and installation of World War One Heritage exhibition with audio-visuals and educational programmes. III. Development of marketing and promotional materials of World War One Heritage Monument. In the circumstances, the regularity and value for the money may not be realized from the expenditure of Kshs.53,238,504 already incurred on the project.</p> | <p>The project is complete as per available documentation for verification.</p> | <p>Resolved</p> | <p>2024/2025</p> |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

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| | <p>4.3 Poor Workmanship at Vasco Da Gama Pillar. Management awarded a contract for the construction of sea wall and concrete repair works at Vasco Da Gama Pillar at contract sun of Kshs.59,349,325eing phase 1 which had been fully paid as at 30 June, 2023. Site visit in March, 2024 revealed that there was no access for vehicles to the pillar but a narrow walk way. Further, the sea wall had collapsed a sign of poor workmanship making the place not safe for visitors. In addition, there seem to be no ownership documents for the area which has signs of encroachment. In the Circumstances, the regularity and value for money may not be realized from the expenditure incurred on the Project.</p> | <p>The is no provision for the motor vehicles accesses to the pillar, except narrow walkway in between private property. The management will assess the corrective measures to be undertaken to enhance safety for the visitors. The NMK has letter of allotment and in the process of acquiring the title deed.</p> | <p>Not yet resolved</p> | <p>30th June 2025</p> |
| | <p>4.4 Delay in Completion of Njuri Ncheke Shrine. Management awarded a contract for the construction of Njuri Ncheke Shrine in Meru town (Tender No. NMK/T/NNS/19/2020 of 05 June 2020) at a contract sum of 58,976,00 on 05 June, 2020 for a period of 48 weeks ending on 04 June, 2021. During the year under review, an amount of Kshs. 39,560,475 or 67% of the contract sum had been paid to the contractor. However, physical verification in the month of March, 2024 revealed that the project has stalled and the site abandoned. No explanation was given for the delay in the completion of the Project. In the circumstances, value for money may not be realized form the expenditure of Kshs. 39,560,475 incurred on the project.</p> | <p>The management would like to clarify that the observation referred for Njuri Ncheke Shrine is for the Meru Cultural Centre. The works done up to the lintel level, change of roof design led the contractor to request for approval of variation of contract sum which was not granted by NMK. The contractor left the site. The certificates for work done and paid are as attached.</p> | <p>Not yet resolved</p> | <p>30th June 2025</p> |
| <p>Effectiveness of internal controls, risk management and governance</p> | <p>As required by Section 7 (1) (a) of the Republic Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.</p> | | | |
| | <p>Lack of Staff Tokens Policy. A memo dated 22 November, 2022 to the Acting Director General from the Coordinator, Natural Product Industry NPI Flagship Project; State, a token of appreciation for contributing for the successful implementation of</p> | <p>Staff tokens are paid to staff who provide support to the project implementation</p> | <p>Not yet resolved</p> | <p>30th June 2025</p> |

NATIONAL MUSEUMS OF KENYA
Annual Report and Financial Statements
for the year ended June 30, 2024.

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| | <p>various project activities of the (NPI) Programme during the 2022-2023 financial year. However, payments of Kshs. 1,279,000 were made to eighty-two (82) staff (ranging from Kshs. 5,000 and Kshs. 100,000 during the year under review without the existence of approved staff token policy. Further, the amounts paid were not included in the approve budget and Management did not indicate the procedure applied or followed in payment of the staff tokens to staff members. In the circumstances, the effectiveness of internal controls on Natural Product Industry Project procedures could not be confirmed.</p> | <p>during the year. The management is working to have a clause on staff token in the research policy.</p> | | |
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.....
Director General

Date: 26th September, 2024

NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2024

Appendix II: Projects implemented by National Museums of Kenya

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Status of Projects completion

| SN | Project | Total Project Cost | Total Expended To date | Completion % to date | Budget | Actual | Sources of Funds |
|----|--|--------------------|------------------------|----------------------|---------------|-------------|------------------------|
| 1. | NMK Renovation of Vasco Da Gama Pillar Phase I | 64,133,600 | 61,456,434 | 95.8 | 64,133,600 | 61,456,434 | Sports Fund |
| 2. | Backfilling of Fort Jesus Sea wall | 246,000,000 | 222,044,574 | 90 | 246,000,000 | 222,044,574 | Sports Fund |
| 3. | Rehabilitation of Gede Complex Building in Kilifi County | 33,309,622.72 | 8,367,567 | 25 | 33,309,622.72 | 8,367,567 | Sports Fund |
| 4. | Rehabilitation of Vasco Da Gama Pillar Phase II in Kilifi County | 20,885,325 | 20,885,325 | 26.7 | 20,885,325 | 20,885,325 | Sports Fund |
| 5. | Renovation and rehabilitation of Maktau in Taita Taveta County. | 68,497,974 | 66,914,916 | 97.7 | 68,497,974 | 66,914,916 | Tourism Promotion Fund |
| 6. | Digitization of the collections, sites and monuments. | 56,291,440 | 56,291,440 | 100 | 56,291,440. | 56,291,440 | Tourism Promotion Fund |


NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2024

Appendix 1: INTER-ENTITY TRANSFERS

| ENTITY NAME: NATIONAL MUSEUMS OF KENYA | | | |
|---|----------------------------|----------------------|--|
| Break down of Transfers from the State Department of Culture and Heritage FY 2023/2024 | | | |
| a. Recurrent Grants | | | |
| | Bank Statement Date | Amount (Kshs) | Indicate the FY to Which the Amounts Relate |
| Ministry of Gender, The Arts and Heritage | 11.08.2023 | 104,000,833.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 12.09.2023 | 104,000,833.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 18.10.2022 | 104,000,833.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 31.10.2023 | 104,000,833.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 06.12.2023 | 104,000,833.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 28.12.2023 | 104,000,833.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 05.02.2024 | 104,000,833.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 12.03.2024 | 104,000,833.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 09.04.2024 | 104,000,833.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 17.05.2024 | 77,334,168.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 11.06.2024 | 77,334,168.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 01.07.2024 | 27,334,167.00 | 2023/2024 |

NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2024

| | | | |
|---|------------|-----------------------|-----------|
| Total | | 1,118,010,000 | |
| b. Other Recurrent Grants | | | |
| Natural Product Industry | | | |
| Ministry of Gender, The Arts and Heritage | 11.08.2023 | 13,350,000.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 12.09.2023 | 13,350,000.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 18.10.2023 | 13,350,000.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 01.02.2024 | 13,350,000.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 06.03.2024 | 13,350,000.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 28.03.2024 | 13,350,000.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 11.04.2024 | 13,350,000.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 08.07.2024 | 13,350,000.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 08.07.2024 | 13,350,000.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 08.07.2024 | 13,350,000.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 08.07.2024 | 13,350,000.00 | 2023/2024 |
| Ministry of Gender, The Arts and Heritage | 08.07.2024 | 13,350,000.00 | 2023/2024 |
| Total | | 160,200,000.00 | |

 26/7/2024

NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2024

NOTES:

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

Financial Controller
National Museums of Kenya

Sign 
CPA Geoffrey Namachanja

Date: 26th September, 2024

Head of Accounting Unit
State Department of Culture and Heritage

Sign 
CPA Joseph Koech

Date: 26th September, 2024


NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2024

Appendix 2: INTER- ENTITY TRANSFERS

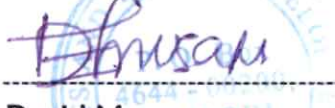
| ENTITY NAME: NATIONAL MUSEUMS OF KENYA | | | |
|---|---------------------|----------------------|---|
| Break down of Transfers from the State Department for Sports. | | | |
| FY 23/24 | | | |
| Development Grants | Bank Statement Date | Amount (Kshs) | Indicate the FY to Which the Amounts Relate |
| Sports Arts and Social Development Fund | 07.07.2023 | 6,428,609.00 | 2023/2024 |
| Sports Arts and Social Development Fund | 29.10.2023 | 1,635,878.00 | 2023/2024 |
| Sports Arts and Social Development Fund | 29.02.2024 | 24,575,659.00 | 2023/2024 |
| Sports Arts and Social Development Fund | 05.04.2024 | 4,999,700.00 | 2023/2024 |
| Sports Arts and Social Development Fund | 24.04.2024 | 5,077,259.00 | 2023/2024 |
| Total | | 42,717,105.00 | |

The above amounts have been communicated to and reconciled with the Sports Arts and Social Development Fund

Financial Controller
National Museums of Kenya

Sign 
CPA Geoffrey Namachanja
Date: 26th September, 2024

Head of Accounting Unit
Sports Arts and Social Development Fund

Sign 
CPA David Musau
Date: 26th September, 2024




NATIONAL MUSEUMS OF KENYA
Annual Reports and Financial Statements
For the Year Ended June 30, 2024

Appendix 2: INTER- ENTITY TRANSFERS

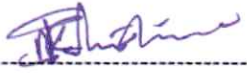
| ENTITY NAME: NATIONAL MUSEUMS OF KENYA | | | |
|---|----------------------------|----------------------|--|
| Break down of Transfers from Tourism Promotion Fund. | | | |
| FY 23/24 | | | |
| Development Grants | | | |
| | Bank Statement Date | Amount (Kshs) | Indicate the FY to Which the Amounts Relate |
| Tourism Promotion Fund | 01.09.2024 | 49,299,181 | 2023/2024 |
| Tourism Promotion Fund | 04.09.2024 | 38,985,130 | 2023/2024 |
| Tourism Promotion Fund | 14.02.2024 | 40,000,000 | 2023/2024 |
| Tourism Promotion Fund | 22.03.2024 | 5,000,000 | 2023/2024 |
| Tourism Promotion Fund | 22.03.2024 | 50,000,000 | 2023/2024 |
| Total | | 183,284,311 | |

The above amounts have been communicated to and reconciled with the Sports Arts and Social Development Fund

Financial Controller
National Museums of Kenya

Sign 
CPA Geoffrey Namachanja
Date: 26th September, 2024

Head of Accounting Unit
Tourism Promotion Fund

Sign 
CPA John Makona
Date: 26th September, 2024

