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*Enhancing Accountability*



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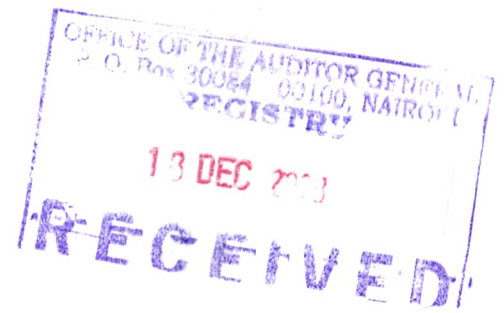
**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR CULTURE  
AND HERITAGE**

**FOR THE YEAR ENDED  
30 JUNE, 2023**





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**STATE DEPARTMENT FOR CULTURE AND HERITAGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

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

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

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<b>Table of Contents</b>	<b>Page</b>
1. Acronyms and Glossary of Terms.....	ii
2. Key State Department for Culture and Heritage Information and Management.....	iii
Human Resources Management Advisory Committee Activities.....	viii
3. Statement of Governance .....	x
4. Statement by the Cabinet Secretary.....	xv
5. Statement by the Principal Secretary / Accounting Officer .....	xx
1.1 Budget Allocation .....	xxi
6. Statement of Performance against Predetermined Objectives for the FY 2022/23 .....	xxxvi
7. Management Discussion and Analysis.....	xxxiii
8. Environmental and Sustainability Reporting.....	xxxvi
9. Statement of Management Responsibilities .....	xxxvi
10. Report of the Independent Auditors of the Financial Statements for the 2023 State Department for Culture and Heritage .....	xxxviii
11. Statement of Receipts and Payments for the Year ended 30 <sup>th</sup> June 2023.....	1
12. Statement of Financial Assets and Financial Liabilities as At 30 <sup>th</sup> June 2023 .....	2
13. Statement of Cash Flows for The Year Ended 30 <sup>th</sup> June 2023 .....	3
14 (a) Statement of Comparison of Budget and Actual Amounts for FY2022/2023 .....	5
15. Notes to the Financial Statements .....	11
16. Annexes.....	40

**1. Acronyms and Glossary of Terms**

AIE	Authority to Incur Expenditure
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management

## **2. Key State Department for Culture and Heritage Information and Management**

### **(a) Background information**

The State Department for Culture and Heritage was formed through Executive Order No.1 of January, 2023 in the Ministry of Tourism, Wildlife and Heritage under the Cabinet Secretary for Tourism, Wildlife and Heritage Hon. Peninnah Malonza, OGW who is responsible for the general policy and strategic direction of the Ministry. Before its existence, the Ministry was created from the restructuring of the Ministry of National Heritage and Culture and Ministry of Youth Affairs and Sports to form the Ministry of Sports Culture and the Arts following the Executive Order No. 2 of May 2013. Further, the Ministry was restructured and renamed Ministry of Sports, Culture and Heritage vide Executive Order No. 1 of June 2018 (revised) titled “Organization of the Government of the Republic of Kenya”.

In the current dispensation, the State Department continues to support the country’s economic and social development agenda through the promotion and exploitation of Kenya’s diverse cultures, access to public records & archives; promotion of natural products industry; natural and cultural research, conservation & preservation of Kenya’s heritage for national pride and harmony; promotion of cultural tourism; promotion of creative talent/economy industry, strengthen capacity of production skills for women doing beadwork in pastoralist communities and provision for identification, recognition of heroes & maintenance, preservation, education, and development of Kenya’s niche diverse cultures.

The State Department for Culture and Heritage is headed by the Principal Secretary Ummi Bashir Mohamed (Ms.) who is the Accounting Officer.

#### **1.1 Vision:**

A global leader in the provision and promotion of Cultural and Heritage Services.

#### **1.2 Mission:**

To develop and promote culture and creative arts; manage and preserve heritage, public records and archives and improve livelihoods of Kenyans for sustainable development.

### **1.3 Mandate**

In accordance to the Executive Order No. 1 of January, 2023, the State Department for Culture and Heritage is mandated with the following;

1. National Heritage Policy and Management.
2. Management of Culture Policy.
3. Policy on Kenya's Heroes and Heroines.
4. Language Management Policy.
5. National Archives/Public Records Management.
6. Management of National Museums and Monuments.
7. Historical Sites Management.

### **1.4 Core Values**

The Core Values for the State Department are Appreciation of diversity, Customer focus, Integrity, Teamwork, Creativity and Innovation, Professionalism, Participatory Approach.

The State Department is committed to upholding the following Core Values as the guiding principles in the medium and long-terms:

- i. **Appreciation of diversity:** We recognize and value the diversity of our cultural and national heritage.
- ii. **Customer focus:** We are committed to upholding the highest standards in our service delivery to all customers.
- iii. **Integrity:** We are committed to acting in an honest, impartial, fair, accountable and transparent manner.
- iv. **Teamwork:** Employees' involvement and contribution at all levels shall be the hallmark of the State Department.
- v. **Creativity and Innovation:** We are a State Department that encourages and facilitates creativity, innovative performance, and embraces change.
- vi. **Professionalism:** We shall be patriotic to the course of the State Department and be guided by professional ethics in all our undertakings.
- vii. **Participatory Approach:** We undertake to seek the views of and involve stakeholders in all our programs and activities.

**(b) Key Management**

The State Department for Culture and Heritage Day-to-day management is under the following key organs: -

**Departments**

1. Depart of Culture
2. Permanent Presidential Music Commission of Kenya (PPMC)
3. Kenya National Archives and Documentation Service
4. Department for Library Services
5. Public Records & Information Management
6. Ushanga Kenya Initiative and General Administration & Support Services

**SAGAs**

1. The National Heroes Council
2. National Museums of Kenya
3. Kenya Cultural Centre
4. Kenya National Library Services
5. Bomas of Kenya

**State Department for Culture and Heritage**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Cabinet Secretary	Hon. Peninnah Malonza, OGW
2.	Principal Secretary	Ms. Ummi Bashir
3.	Secretary Administration	Mr. Herman Shambi 'ndc' (K)
4.	CEO Ushanga Initiative	Ms. Dorothy Mashipei
5.	Director National Archives	Mr. Francis Mwangi
6.	Director Human Resource Management	Ms Beatrice A. Ndalo
7.	Director Culture	Dr. Ivan Kiprop Lagat
8.	Director Library Services	Mr. Stephen G. Mau
9.	Director PPMC	Dr. Donald Otoyó
10.	Director ICT	Mr. Joseph Maina
11.	Chief Finance Officer	Ms. Belding A. Omolo
12.	Director Planning	Mr. Joseph Mwangi
13.	Deputy Accountant General	Mr. Henry K. Mayabi
14.	Head of Supply Chain Mangement	Mr. George Madanji
15.	Director Records Management	Dr. Naftal O. Chweya

**(d) Fiduciary Oversight Arrangements**

**Composition of the Committee Members**

The various committee members within the State Department have wide range of skills and experience and each contributes independent judgement and knowledge of the committee discussions.

**Audit Committee**

The committee's key responsibilities is to strengthen the effectiveness of the Internal Audit Function including regular review of it capacity, review and approval of Internal Audit Charter and Internal Audit Annual Work Plan

This committee is composed of the following members:

1. Flora M. Maghanga Mtuweta - Chairman
2. Martin Ntabathia Linyiru - Member
3. Abdirahman Maow Salat - Member
4. Salah Luttah - Member
5. Timothy Kerunge - Secretary

- (a) Budget Implementation Committee – The Committee key responsibility is to oversee budget implementation process.

This committee is composed of the following members:

1. Beldine Omolo (Chairperson)
2. Henry Mayabi
3. George Madanji
4. Herman Shambi
5. Nancy Wanjiru
6. Dr. Naftali Chweya
7. Mayaner Njoroge
8. Francis Mwangi
9. Dr. Kiprop Lagat

### **Budget Implementation Committee Activities**

This is the committee charged with the responsibility of implementation of the State Department's budget and its prudent management. The duties of the committee include:

- To review and consider the cash flow plans
- To review the utilization of the cash limits and consider any changes as may be required;
- To review the utilization of the donor funds voted for the State Department.
- To advise the accounting officer on the challenges related to the budget implementation
- To review and recommend the reallocation of payments
- To review and approve the submission of the payment returns, payroll IPPDs, pending bills and A-I-A returns for the State Department and recommend actions to be taken
- To participate in sector working groups
- To review budgets, supplementary estimates and performance of budget against actual for the State Department in consultation with the Heads of Department

### **Human Resources Management Advisory Committee Activities**

This committee is composed of the following members: -

1. Ummi Bashir (Chairperson)
2. Herman Shambi 'ndc' (K)
3. Francis Mwangi
4. Dr. Kiprop Lagat
5. Stephen Mau
6. Dr. Donald Otoyoy
7. Beatrice Ndalo

### **Human Resources Management Advisory Committee Activities**

The duties of the committee include:

- Review of promotions of officers in Job Group A-P
- Review of confirmations in appointment
- Review of disciplinary matters
- Review of re-designation of officers from one cadre to another and
- Confirmation of surcharge of officers found to have misused government resources.

#### **iv. Training Committee**

This committee is composed of the following members:

1. Herman Shambi 'ndc' (K) (Chairman)
2. Francis Mwangi
3. Dr. Kiprop Langat
4. Dr. Donald Otoyoy
5. Stephen Mau
6. Beatrice Ndalo

This is the committee charged with the responsibilities of human resource development needs. Their duties include:

- Overall coordination of the training functions in the State Department.
- Review and implementation of the State Department training plan;
- Review of induction of newly appointed officers and activities around long term training.

#### **(e) State Department for Culture and Heritage Headquarters**

Kenya National Library Services  
P.O. Box 30221-00100  
Upper Hill  
**NAIROBI, KENYA**

#### **(f) State Department for Culture and Heritage Contacts**

Telephone:(254) 020-2217508  
E-mail: [pscultureheritage@tourism.go.ke](mailto:pscultureheritage@tourism.go.ke)  
Website: [www.go.ke](http://www.go.ke)

#### **(g) State Department for Culture and Heritage Banker**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI, KENYA**

**(h) Independent Auditors**

Auditor - General  
Office of The Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
NAIROBI, KENYA

**(i) Principal Legal Adviser**

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

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**3. Statement of Governance**

**State Department for Culture and Heritage Senior Management Organogram**





**Hon. Peninah Malonza, OGW  
Cabinet Secretary, Ministry of  
Tourism, Wildlife and Heritage**

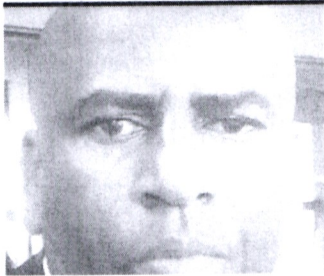
Hon. Peninah Malonza, OGW, was born in Kitui South Subcounty, Kitui County in Southeastern Kenya. Peninah desires to touch the lives of ordinary Kenyans by uplifting their livelihoods. She is passionate about teamwork, networking and building strong relationships with key stakeholders in an effort to positively impact people’s lives. Peninah served as the Deputy Governor of Kitui County, 2013-2017 where as a member of the County Executive Management Team, she managed and coordinated the implementation of both County and National Government legislation. Prior to her entry in the public service, Peninah worked in Development organisations including Compassion International – Kenya Office 2006- 2013 where she rose to the position of Partner in Training and Support Director. Peninah is a graduate of the University of Nairobi in Anthropology. She also holds two masters’ degrees from the same institution in Public Health and in Project Planning and Management.





**Ms Ummi Bashir  
Principal Secretary, State  
Department for Culture and**

Born in Wajir County, in the Republic of Kenya, MS. Ummi Bashir is a strategic leader and cultural ambassador passionate about preserving, promoting, and celebrating our rich cultural heritage, #MakingKultureKoolAgain. She believes our cultural heritage is a source of pride and unity for our country. It is what sets us apart and makes us who we are. As such, State Department of Culture works together to preserve and promote our rich cultural heritage for future generations. Ms. Ummi is an advocate of the high court of Kenya with 11 years of post-admission experience in the field of Law. She holds a Master’s Degree in armed conflict & peace from the University of Nairobi, a post-graduate diploma in Law from Kenya School of Law and a Bachelor of Law (LLB) from Zanzibar University. She is pursuing her PhD in International Relations, Foreign Policy and Diplomacy at the United States International University. She has worked with UNDP-Kenya, UNHCR, in the office of the Special Envoy for the Horn of Africa, served as the County Chief Officer in the Department of Public Service and Labour in Wajir County Government and also served as the Head of Legal and advisor to the Governor in Mombasa County Government. The State Department for Culture and Heritage is poised to significantly contribute to developing Kenya's culture and heritage, honoring our heroes who contribute considerably to the development and growth of Kenya's past, present, and future, embarking on various initiatives to promote Kenya's cultural identity and ensure that Kenya's cultural heritage remains relevant in digital age through innovation and technology.

**State Department for Culture and Heritage**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**




 <p><b>Mr. Herman Shambi 'ndc' (K)</b>  <b>Secretary Administration</b></p>	<p>Mr. Herman Shambi 'ndc' joined the State Department on 7<sup>th</sup> May 2023 as Secretary Administration.</p> <p>He is a holder of MA (International Studies) from University of Nairobi, BA (History and Governemnt ) from University of Nairobi.</p> <p>He has held various positions in field Administration rising to County Commissioner. He has attended various courses including Security Studies and Strategy of the National Defense College, Karen and Stategic Leadership Development at KSG Kabete</p>
 <p><b>Ms Beatrice Atieno Ndalo</b>  <b>Ag. Director Human Resource</b></p>	<p>Ms Beatrice Ndalo is the Ag. Director in charge of Human Resource Management and Development. Her main duties include co-ordinating provision of human resource services, training, attachment, and internship for the youth.</p> <p>She is a holder of BBM (Human Resource Option) from Moi University. Hihger Diploma in Human Resource Management from Kenya Polytechnique Eldoret and a Diploma in Human Resource from Rift Valley Institute of Technology Eldoret (RVVTI). Senior Management Course (KSG Mombasa). She is also a member of International Human Resource Management.</p>
 <p><b>Mr. Stephen Mau</b>  <b>Director. Librarv</b></p>	<p>Mr Stephen G. Mau Kimani joined the State Department for Culture and Heritage in July, 2008 and is the current Director, Library Services responsible for formulation and implementation of library service policies, programmes, guidelines and standards. He holds a Master's Degree in Library and Information Science from Kenyatta University, 2011, Postgraduate Diploma in Librarianship, Makerere University, Kampala, 1998, Bachelor of Arts (Hons), University of Nairobi, 1990.</p>
 <p><b>Mr. Francis Mwangi,</b>  <b>Director, Kenya National Archives &amp; Documentation</b></p>	<p>Mr Francis Githua Mwangi joined Kenya National Archives and Documentation Department in 1994 raising the ranks to become the current Director in 2014. He oversees the formulation and implementation of records and archives policies, strategies and programmes, overall administration and co-ordination of the Department. He holds a Master's degree in Information Science (Archives and Records Management) from Kenyatta University, Bachelor of Arts from Egerton University, postgraduate in Preservation of film material.</p>

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

 <p><b>Dr Naftal Chweya</b> <b>Director Records Management</b></p>	<p>Dr Chweya is currently the Acting Director Records Management Department in the State Department of Culture and Heritage. He is highly experienced in Records and Archives Management Profession with experience spanning for more than 20 years. He holds Bachelor of Arts Degree, Kenyatta University; Master of Records and Archives Management, Kenyatta University; PhD Records and Archives Management, Moi University. Dr Chweya has also acquired training at various levels including; Digital Preservation - International Council on Archives (ICA); Strategic Leadership Development Programme - Kenya school of Government; Senior Management course, Kenya Institute of Administration; Performance Appraisal Training, Government Training Institute, Matuga; Electronic Records Management, Kenya Institute of Administration; Digital Libraries and Information Management, Egerton University.</p>
 <p><b>Ms Dorothy Mashipei, MBS</b> <b>National Coordinator ,</b> <b>Ushanga Kenya Initiative</b></p>	<p>Ms. Dorothy Mashipei is the National Coordinator/C.E.O Ushanga Kenya Initiative, a women empowerment program that is meant to empower women in the seven pastoralist counties. Previously she served as an advisor to the Office of the Deputy President on social economic, women and youth empowerment She is a holder of Bachelor of Arts in Communication and Tourism from University of Nairobi and a Diploma in Information and Technology from Kenya Polytechnic currently known as The Technical University of Kenya.</p>
 <p><b>CPA Henry K. Mayabi</b> <b>Deputy Accountant General</b></p>	<p>Mr Henry K. Mayabi joined the State Department on 9<sup>th</sup> June 2023. He is a Deputy Accountant General and is in charge of the Accounting Unit.</p> <p>He is a holder of MBA (Finance option) from Kenyatta University, BCOM degree from Catholic University and is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p>
 <p><b>Beldine Achieng Omolo</b> <b>Chief Finance Officer</b></p>	<p>Beldine Achieng Omolo is the Chief Finance Officer in the State Department for Culture and Heritage. She has served in the Civil Service for over 30 years in various Government Ministries and Departments.</p> <p>She holds MA (Economics) from The University of Nairobi, BCOM Business Administration Option from the University of Nairobi. She has attended various courses on Public Finance Management and Management Leadership Programmes.</p>

*State Department for Culture and Heritage*

*Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

 <p><b>Dr. Donald O. Ondieki</b> Director PPMC</p>	<p>Dr. Donald Otoy Ondieki holds a PHD in Music Performance and Education, a Master of Music in Performance and a Bachelor of Education in Music from Kenyatta University, Nairobi, Kenya. Donald enjoys a wide experience as a performer, educator, researcher and music industry consultant. Currently, Donald is the Director of the Permanent Presidential Music Commission, the Vice-Chair of the Kenya Music Festival and on behalf of the Principal Secretary, sits as a Board Director of the Kenya Copyright Board. Prior to that, he was Senior Lecturer and Chairman of the Department of Music and Performing Arts at the Technical University of Kenya, a Vice-President of the Pan African Society of Musical Arts Education (PASMAE), and, the Coordinator of the Kenyan Creative Arts National Working Group. His research and publications have focused on the music industry, popular music and contemporary, socio-cultural and technological issues in music education.</p>
 <p><b>Dr. Kiprop Lagat</b> Director Culture</p>	<p>Dr Kiprop Lagat is the Director of Culture in the Ministry of Sports, Culture and Heritage. Dr. Lagat 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.</p>
 <p><b>George Madanji</b> Head of Supply Chain Management</p>	<p>Mr George Madanji is the Head of Supply Chain Management in the State Department. He holds BCOM (Business Administration) from Poona University of India.</p> <p>He also holds a Diploma in Supply Chain Management from Kenya School of Government .</p>

### **3.2 Management Committees Established and their roles**

During the financial year 2022/2023 the State Department of Culture and Heritage top management constituted various committees to oversee implementation of key functions and activities. The roles of the various committees constituted are as follows: -

#### **(a) Human Resources Management Advisory Committee roles**

The State Department for Culture and Heritage maintains operational Human Resource Advisory Committees in each of its three broad departments to oversee and advise on the execution of the human resource functions

The functions of the departmental human resource management committees are as follows:

-

- Recruitment, selection and appointment
- Promotions
- Confirmation in appointments
- Training and development
- Training Impact Assessment
- Management of Skills inventory
- Establishment and compliments control
- Payroll management
- Deployment
- Promotions of values and principles of Public Service
- Recommendations of waiver of requirement of scheme of service
- Recommendation for retirement under 50 years rule
- Recommendation for secondment and unpaid leave
- Recommendation for retirement on medical grounds
- Recommendation of redesignation
- Recommendation for renewal of contract
- discipline

#### **(b) Performance Management Committee**

The role of performance management committee include undertaking quarterly review and implementation of strategic plans and performance contract; ensure linkage between institutional performance contract and performance appraisal system; ensure that overall assessment of employee performance is within the context of institutional performance as evaluated through staff performance appraisal system; old quarterly performance review.

#### **(c) Tender Opening Committee**

The role of this committee was undertake tender opening exercise during the financial year 2022/2023. The committee was established pursuant to section 78(i) of the Public Procurement and Asset Disposal Act, 2015.

**(d) Tender Evaluation Committee**

This committee role was to undertake Tender Evaluation exercises during the financial year 2022/2023. This is an ad-hoc committee which was established pursuant to section 46 of the Public Procurement and Asset Disposal Act, 2015.

**(e) Inspection and Acceptance Committees**

The role of this committee was to accept or reject, on behalf of the procuring entity, the delivered goods, works or services during the financial year 2022/2023. These are ad-hoc committees which were established pursuant to section 48 (i) of the Public Procurement and Asset Disposal Act, 2015.

**(f) Human Resource and Development Committee**

The committee reviews the human resource policies and procedures and ensures that they support the strategic of the Department. It ensures that the Department maintains a policy of lobbying for remuneration package that fairly reward staff for their contributions to the Department.

**3.3 The Audit Committee**

Section 73 (5) of the Public Finance Management Act, 2012 provides that every National Government Public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations. In compliance with the Public Financial Management Act, 2012 section 73 (5) and Regulations 174 (i) of Public Financial Management Regulations 2015.

The following are the members of the Audit committee:

1. Flora M. Maghanga Mtuweta
2. Martin Ntabathia Linyiru
3. Abdirahman Maow Salat
4. Salah Luttah
5. Timothy Kerunge

**3.4 Risk Management, Compliance, Conflict of Interest**

The Department continues undertaking a risk assessment of its operations to strengthen the controls and prevent disruptions.

**3.5 Report on Recent Training and Development in Governance for those in Key Leadership**

During the year under review there were no trainings and governance for key leaders due lack of funds.

**3.6 Public Participation Activities**

The State Department engages various stakeholders on cultural events before formulation of relevant policies

**3.7 Compliance with Laws and Regulations**

The State Department for Culture and Heritage complied with all statutory and regulatory requirements. This includes and not limited to: The Constitution of Kenya, 2010, Executive Order No.1 of 202-, Executive Order No.1 of 2023, the Public Procurement and Asset Disposal Act, 2015, and its attendant Regulations, 2020, the Public Finance Management Act, 2012 and its attendant Regulations, 2015, various Circulars from the National Treasury and PSC, Human Resource Manual, 2014, Leadership and Integrity Act, 2012 and Public Audit, Act, 2015.

The state Department for Culture and Heritage, also complied with applicable environmental laws and regulations in the public sector. The State Department has allocated in its budget funds for contracted cleaning service, supplies of cleaning materials and services to facilitate general cleanliness in all its offices at the County and Headquarters. The office has embraced climate-smart technologies to mitigate climate change impacts and other emerging issues. Currently there are no ongoing court cases or default which may amount to contingent liabilities.

#### **4. Statement by the Cabinet Secretary**



Hon. Peninnah Malonza, OGW  
Cabinet Secretary, Ministry of  
Tourism, Wildlife and Heritage

##### **Introduction**

The Ministry is mandated to enhance conservation and management of wildlife and biodiversity resources for sustainable development, to facilitate engagement by all Kenyans in wildlife conservation, advance evidence-based decision making in tourism and wildlife management, fast-track development of relevant policies in the Ministry, promote and preserve cultural & national heritage, ensure census to collect data on, Culture and Heritage is undertaken and market Kenya as a premier tourist destination globally.

In carrying out my duties, I intend to put all my efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030 MTP IV, keeping in mind the specific priorities of the Ministry of Tourism, Wildlife and Heritage.

Culture and Heritage Sector plays a crucial role in overall development of the Kenyan economy and well-being of its people through;

- Promotion and exploitation of Kenya's diverse culture for National Id State Department for Culture and Heritage
- Conservation and preservation of Kenya's heritage for national pride and harmony.
- Access to public records and archives promotion of natural products industry
- Natural and bio-medical research; promotion of cultural tourism
- Promotion of creative talent/economy industry
- Strengthen capacity of production skills for women doing beadwork in pastoralist communities and,
- Provision for identification and recognition of heroes.
- Promotion of the languages of Kenya

*State Department for Culture and Heritage*  
*Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

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In pursuit of this mandate the State Department will ensure prudent financial management in accordance with the Public Finance Management Act 2012 and Public Procurement Asset Disposal Act 2015.

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**Hon. Peninnah Malonza, OGW**  
**Cabinet Secretary, Ministry of Tourism, Wildlife and Heritage**

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**5. Statement by the Principal Secretary / Accounting Officer**

**1. Budget Performance against actual amounts based on Economic Classification and Programmes.**

The following is the budget performance against actual amounts for the current year based on economic classification and programmes.

Program	Description	Approved Budget	Actual Payments	Variance
0000000000	<b>Default-Non Programmatic</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	2210000 Goods and Services	00.00	00.00	0.00
0902000000	<b>Culture</b>	<b>2,469,359,038.00</b>	<b>2,124,614,083.00</b>	<b>344,744,955.00</b>
	2110000 Wages and Salary Contributions	134,271,957.00	132,495,381.00	1,776,576.00
	2210000 Goods and Services	154,897,670.00	131,337,499.00	23,560,171.00
	2220000 Routine Maintenance	6,807,591.00	5,189,003.00	1,618,588.00
	2630000 Grants & Transfer to Other Government Units	2,161,624,820.00	1,843,967,820.00	317,657,000.00
	2640000 Other Transfer and Emergency Relief	0.00	0.00	0.00
	3110000 Acquisition of Fixed Capital Assets	11,757,000.00	11,624,380.00	132,620.00
0903000000	<b>The Art</b>	<b>97,702,553.00</b>	<b>96,408,414.00</b>	<b>1,294,139.00</b>
	2110000 Wages and Salary Contributions	20,692,948.00	20,534,641.05	158,307.00
	2210000 Goods and Services	23,162,944.00	22,143,305.80	1,019,638.00
	2220000 Routine Maintenance	346,661.00	230,467.00	116,194.00
	2360000 Grants & Transfer to Other Government Units	53,500,000.00	53,500,000.00	0.00
	3110000 Acquisition of Fixed Capital Assets	0.00	0.00	0.00
0904000000	<b>Library Services</b>	<b>572,353,305.00</b>	<b>568,997,028.00</b>	<b>3,356,277.00</b>
	2110000 Wages and Salary Contributions	8,678,560.00	8,678,560.00	0.00
	2210000 Goods and Services	11,976,743.00	8,678,333.00	3,298,410.00
	2220000 Routine Maintenance	57,867.00	0.00	57,867.00
	2630000 Grants and Transfer to other Govt Units	551,640,135.00	551,640,135.00	0.00
	3110000 Acquisition of Fixed Capital Assets	0.00	0.00	0.00
0905000000	<b>General Administration, Planning and Support Services</b>	<b>158,647,268.00</b>	<b>158,959,420.00</b>	<b>(312,152.00)</b>
	2110000 Wages and Salary Contributions	77,516,535.00	77,933,935.00	(417,400.00)
	2210000 Goods and Services	57,699,992.00	62,463,601.00	(4,763,609.00)
	2220000 Routine Maintenance	1,429,426.00	1,151,714.00	277,713.00
	2710000 Social Security Benefits	13,776,315.00	12,847,070.00	929,245.00
	3110000 Acquisition of Fixed Capital Assets	8,225,000.00	4,563,100.00	3,661,900.00
	<b>Grand Total</b>	<b>3,298,062,164.00</b>	<b>2,948,978,945.00</b>	<b>349,083,219.00</b>

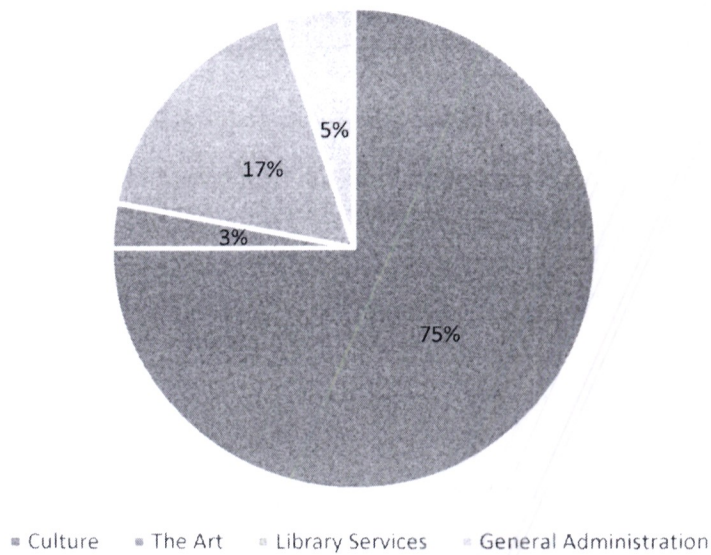
### **1.1 Budget Allocation**

In the financial year 2022/2023 the State Department for Culture and Heritage had a gross budget of **Kshs.3,298,062,164** made up of **Kshs.2,970,562,164** and **Kshs.327,500,000** for Recurrent and Development Vote respectively.

The State Department was to expend the gross budget of **Kshs.3,298,062,164** under the following four programmes:

#### **Budget Allocation as per Programmes**

BUDGET ALLOCATION BY PROGRAMMES



*for Culture and Heritage  
and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**1: Culture**

Objective of this programme is to promote revitalization and development of all aspects of culture. This programme was allocated **Kshs. 2,469,359,038** representing 75% of the total of **Kshs. 2,124,614,083** was spent under the following sub programmes: Conservation of Heritage, Public Records and Archives Management, Development and promotion of culture, promotion of Kenyan music and Dance.

**2: The Arts**

Objective of this programme is provision of arts policies in the country. This programme was allocated **Kshs. 97,702,553** representing 3% of the budget. A total of **Kshs. 98,414** was spent under Sub-programme 2.1: The Arts.

**3: Library Services**

Objective of this programme is to enhance access to information through provision of library services. This programme was allocated **Kshs. 572,353,305** representing 17% of the budget. A total of **Kshs. 568,997,028** was spent under Sub-programme 3.1: Library Services.

**4: General Administration, Planning and Support Services**

Objective of this programme is to ensure provision of support services to other departments. This programme was allocated **Kshs. 158,647,268** representing 5% of the total of **Kshs. 158,959,420** was spent under general Administration headquarters.

**Performance Highlights**

For an overview of the financial performance for the year ended 30<sup>th</sup> June 2023 as shown in the detailed financial statements together with the commentary and comparative

Balance	Printed Estimates	Actual	Variance	%
	Kshs	Kshs	Kshs	Utilization Variance
Receipts	3,298,062,164	2,949,584,632	348,477,532	105%
Payments	3,298,062,164	2,948,978,945	349,083,219	105%
Deficit for the year		605,687	(605,687)	

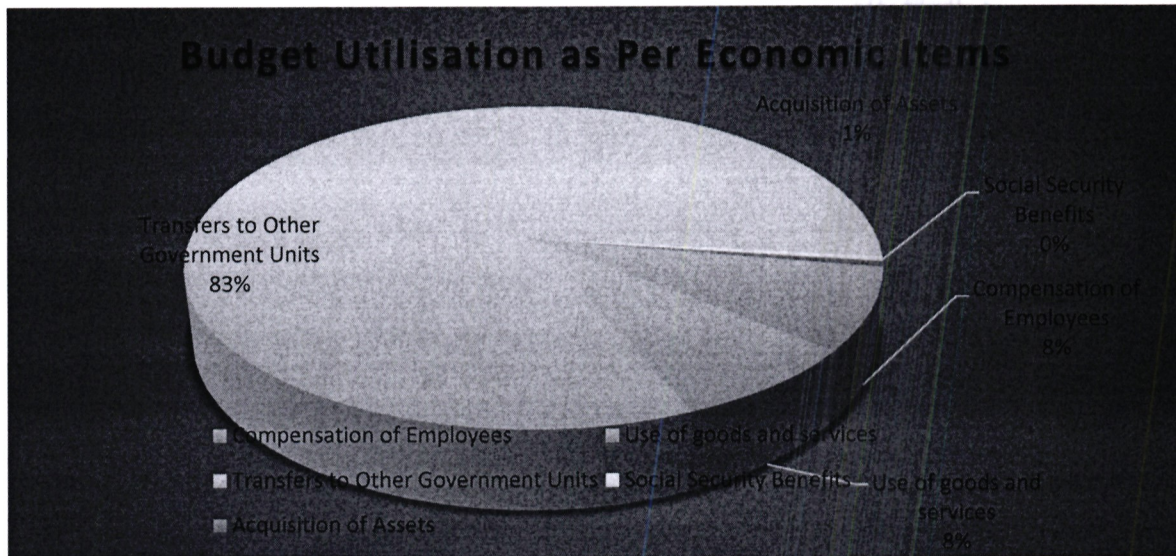
*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**Budget Utilisation**

The State Department spent **Kshs. 2,948,978,946** against an approved budget of **Kshs. 3,298,062,164** representing absorption of **89%**. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the chart below: -

Expenses Item	Approved Budget Allocation	Actual Payments	Variance	% of Utilization to Final Budget
Compensation of Employees	241,160,000	240,871,877	1,517,482	99
Use of goods and services	256,378,894	229,964,563	25,184,971	90
Transfers to Other Government Units	2,766,764,955	2,449,107,955	317,657,000	72
Social Security Benefits	13,776,315	12,847,070	929,245	93
Acquisition of Assets	19,982,000	16,187,480	3,794,520	81
<b>Total Payments</b>	<b>3,298,062,164</b>	<b>2,948,978,946</b>	<b>349,083,218</b>	<b>76</b>

**Budget Utilisation as per Economic Items**



**State Department for Culture and Heritage**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

It is noted that 83 % of the State Department's budget was used in Transfers to Other Government entities i.e. Semi-Autonomous Government Agencies (SAGAs) 8% of the budget was utilised on employee compensation while 1% was utilised in Acquisition of assets, 8% on use of goods and services.

**Current Year Performance against Prior Year**

RECEIPTS	2022/2023 Kshs.	2021/2022 Kshs	Change	Percentage change
Total Revenues	2,949,584,632	3,173,399,375	(223,814,743)	7.5%
Total Payments	2,948,978,945	3,144,989,474	(196,010,529)	6.6%
<b>SURPLUS/DEFICIT</b>	<b>605,687</b>	<b>28,409,901</b>	<b>(27,804,214)</b>	

**Receipts**

The State Department's receipts comprise of exchequer releases from the National Treasury, various administrative fees and charges.

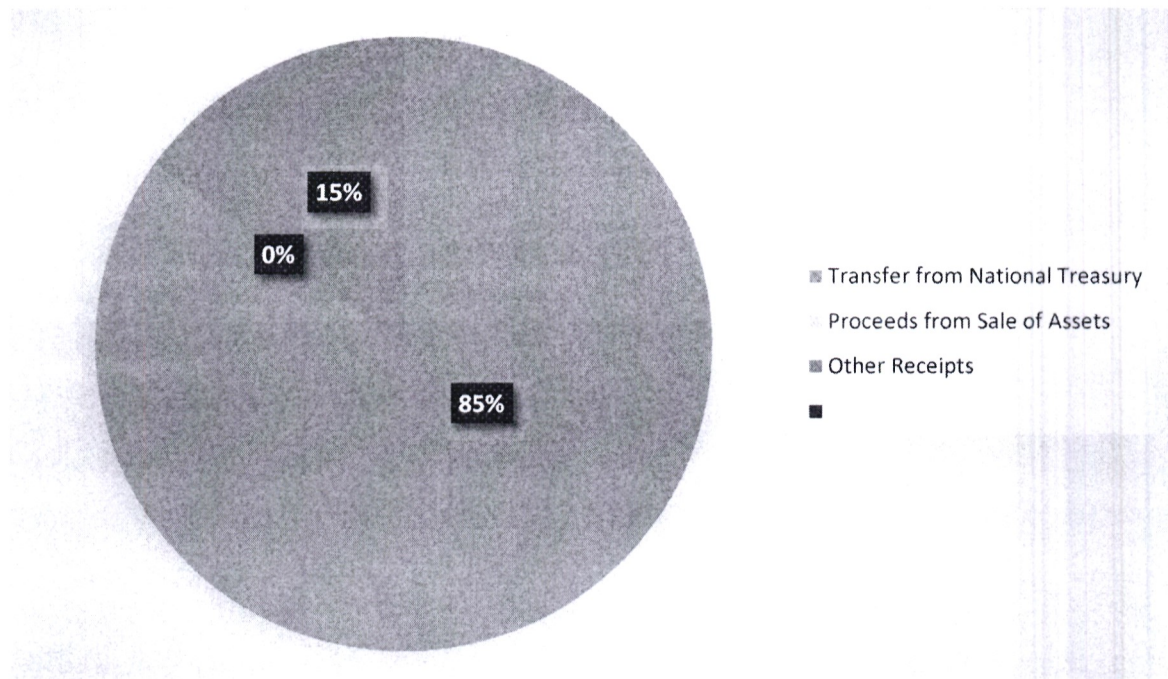
**Total Receipts Breakdown**

The State Department's receipts mainly comprise of exchequer releases from the National Treasury. Other receipts are gate collections for the gallery and research fees from Kenya National Archives and Documentation Services (KNADS); National Museum of Kenya gate collections; Kenya Cultural Centre parking fees, rent and hire of theatre and Kenya National Library Services access fees and rent.

	Year to 30 <sup>th</sup> June 2023	Year to 30 <sup>th</sup> June 2022	Change	%
Receipts	Kshs.	Kshs.	Kshs.	Change
Transfers from National Treasury	2,494,216,163	2,822,722,244	(328,506,081)	13
Proceeds from Sale of Assets	-	186,000	(186,000)	0
Other Receipts	455,368,469	344,491,131	110,877,338	24
<b>Total Receipts</b>	<b>2,949,584,632</b>	<b>3,173,399,375</b>	<b>(223,814,743)</b>	<b>7.5</b>

The total receipts for FY 2022/2023 stood at **Kshs. 2,949,584,632** representing a 7.5% decrease from **Kshs. 3,173,399,375** for FY 2021/2022.

**Total Receipts**



The diagram above depicts the share of major categories of receipts for the fiscal year ended 30th June 2023. The major source of funding for the State Department for Culture and Heritage is exchequer releases that account for 85% of the total receipts.

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**Payments**

The State Department's payments mainly comprise of Transfers to Other Government entities, compensation of employees, use of goods and services and acquisition of assets.

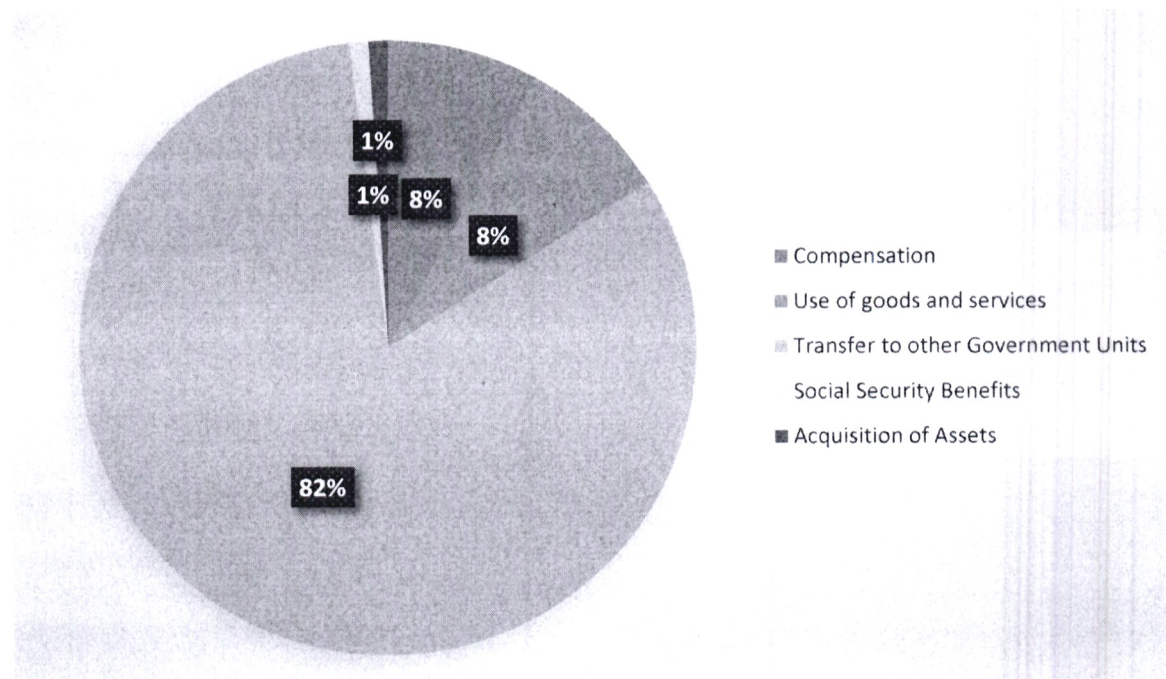
The total payments for **FY 2022/2023** stood at **Kshs. 2,948,978,945** representing a 7% decrease from **Kshs. 3,144,989,474** for **FY 2021/2021**.

	Year to 30 <sup>th</sup> June 2023	Year to 30 <sup>th</sup> June 2022	Change	%
Payment	Kshs	Kshs	Kshs	Change
Compensation of Employees	240,871,877	250,561,068	(10,918,551)	5
Use of goods and services	229,964,563	247,701,558	(16,507,635)	7
Transfers to Other Government Units	2,449,107,955	2,614,779,427	(165,671,472)	7
Social Security Benefits	12,847,070	4,243,533	8,603,537	67
Acquisition of Assets	16,187,480	27,703,888	(11,516,408)	71
<b>Total Payments</b>	<b>2,948,978,945</b>	<b>3,144,989,474</b>	<b>(196,010,529)</b>	<b>7</b>

The decrease in payments is attributable to budget cut during the supplementary for the financial year 2022/2023.

### **Actual Payments**

The diagram below depicts the share of major categories of payments for the fiscal year ended 30th June 2023.



## **2. Key Achievements**

The State Department had the following **key achievements** in the FY 2022/23 as shown below:

### **a) Culture Development**

#### **i. Conservation of Heritage**

- 2 new heritage sites and monuments submitted for Gazettement.
- 103 scientific research papers were published.
- 67,609 Heritage collections were standardized and digitized for user needs.
- Establishment of Indigenous Knowledge Digital Registers in 5 counties in line with the Protection of Traditional Knowledge and Cultural Expressions Act 2016 (TK&CE Act 2016).
- 488 youths were empowered through training to champion IK as a tool for national development.
- Training of 12,600 farmers who were issued with African Indigenous Vegetables (AIVs) certified seed.



*Monitoring and Evaluation officers from the State Department for Culture and Heritage pose for a photo with farmers at a farm in Bahati Ward to determine the impact of AIV-NPI programme.*



*A picture of African Indigenous Vegetables farming through drip irrigation at Bahati Ward. The farmers embracing AIV farming which has improved their livelihoods. This has improved their income and benefited from nutritional value from selling and consuming the AIVs+*

- The UNESCO 2005 Convention on Protection and Promotion of the Diversity of Cultural Expressions and the UNESCO 2003 Convention on Safeguarding 2 Intangible Cultural Heritage (ICH) and 3 quadrennial were implemented
- ii. Development, Promotion of Culture and Heritage**
  - 1,730 women and girls were capacity build on Ushanga bead productions and designs.

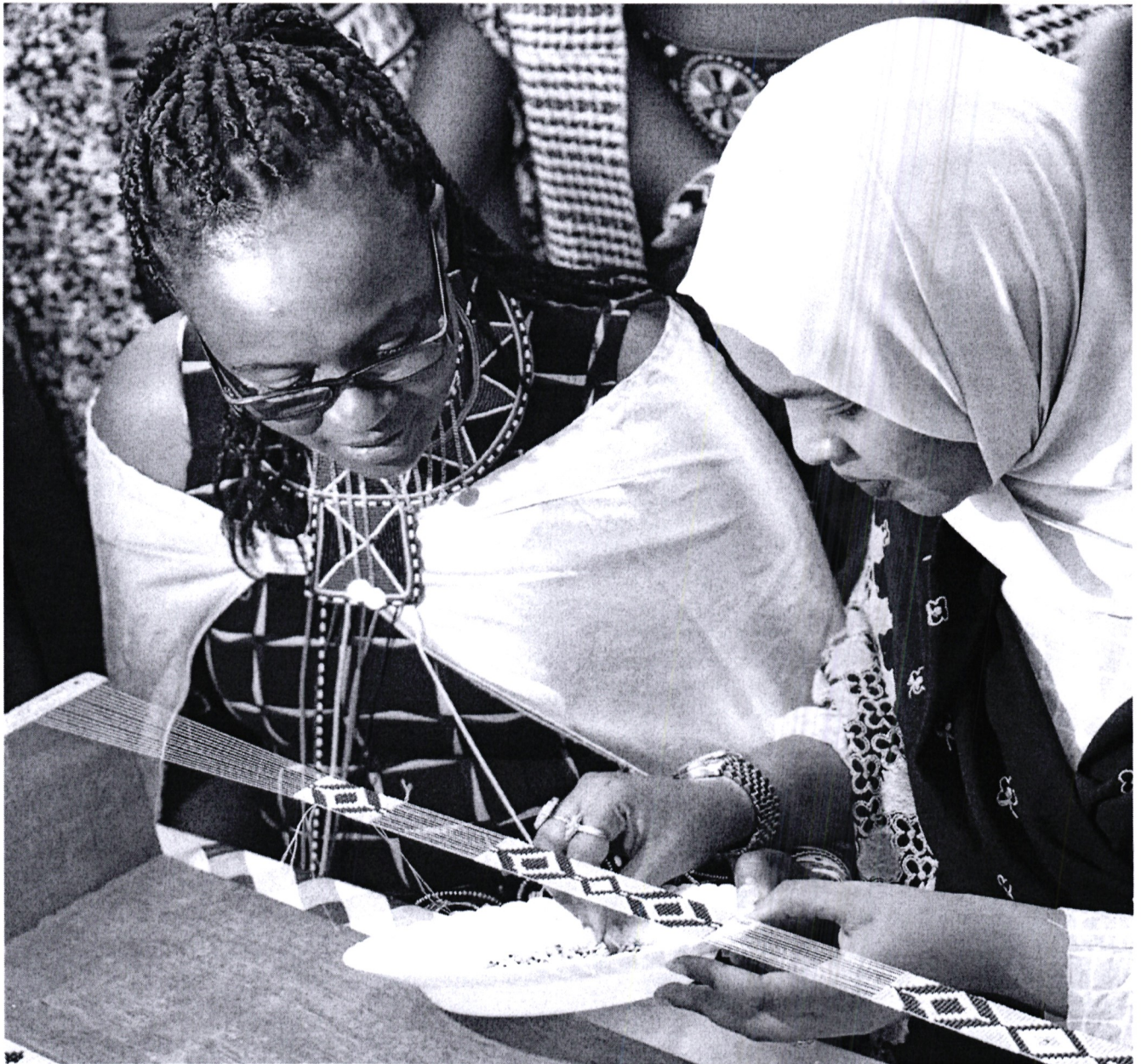
*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*



*Women and girls at the training session in Kajiado County*



*Women and girls having a light moment in Marsabit County after the training session.*



*Attending to beaders at Ngong, Kajiado County*

- **410** cultural practitioners were sensitized on The Protection of Traditional Knowledge and Cultural Expressions Act 2016.



*Sensitization of Cultural Practitioners on the Protection of Traditional Knowledge and Cultural Expressions Act 2016*

- 2 intangible cultural heritage elements were safeguarded.
- 8,500 participants attended the Annual National Kenya Music and Cultural festival in Kitui County.



*Annual Music Festival preparations in Kitui County*

- 250 heroes were honoured during Mashujaa day celebrations.
- 12 traditional homesteads were rehabilitated.

**iii. Public Records and Archives Management**

- 32,984 archival materials were acquired.
- 178,580 records were digitized.
- 102,424 records were restored, microfilmed and digitized.
- 520,000 records were digitized in the Records Management Unit (RMU).

### **3. Emerging Issues**

- i. Enhanced consciousness with raised demand on the need to add value to our culture and heritage resources for national development as exemplified by Natural Products Industry Initiative, Ushanga Initiative and the potentially vibrant Creative Economy.
- ii. Technological advancement which has necessitated to digitization of government services. On boarding of all government services onto the E-citizen platform.
- iii. Opportunities arising from indigenous knowledge innovation bank in fulfilment of Protection of Traditional Knowledge and Cultural expressions Act 2016.
- iv. Relocation of Kenya National Archives to Uhuru Gardens

### **4. Challenges**

- i. **Inadequate funding** has affected implementation of programmes and projects in the State Department resulting in:
  - Failure to fully implement planned programs and flagship projects.
  - Pending and outstanding bills.
  - Inadequate infrastructural capacity.
  - Inadequate resources for digitization of data in research, public records and archives to keep up with the rapid advancement in technology.

The State Department has asserted efforts in Resource Mobilization at the National Treasury and Funds agencies to fund their programmes and projects in order to realise their objectives and set targets.

- ii. **Staffing:** The State Department experiences under staffing and aging workforce which has impeded succession planning and sustainability of effective service delivery.

The State Department has sourced for funding and approvals from relevant bodies and currently is in the process of recruiting staffs and promoting staffs to fill the gaps.

- iii. **Negative perception** of the significant role and contribution that the State Department makes in national development agenda which has led to the subsector's underfunding.

The State Department has been contributing to the socio-economic development of the country in various ways. Currently, Kenya was discovered to be the cradle of humankind. The sector should be well recognised and be funded thus promoting cultural tourism.

- iv. **Encroachment and vandalism** of ancient historical sites, cultural and heritage facilities for instance Kitale Museum.

The State Department has been sourcing funds to raise perimeter fence to protect museums from vandalism. Protection of ancient sites by fencing, security guards, acquisition of titles, repossession of grabbed properties and land.

- v. **Climate change:** Global warming and subsequent rise in sea water levels and flooding are a key threat to heritage sites and monuments such as Fort Jesus.

This challenge has been addressed by constructing a perimeter wall at the Sea to protect Fort Jesus. Safeguarding and preservation of heritage sites planting of indigenous Trees Utilizing weather forecast reports in planning for activities



.....  
Ummi Bashir (Ms.)  
Principal Secretary  
State Department for Culture and Heritage

**6. Statement of Performance against Predetermined Objectives for the FY 2022/23**

**Introduction**

The State Department for Culture and Heritage under the Ministry of Tourism, Wildlife and Heritage is in the process of preparing the Strategic Plan 2023-2027 as the Strategic Plan 2018-2022 came to an end in June 2023. The State Department has been implementing the following strategic objectives and goals

**Strategic Goals/Objectives of the State Department for Culture and Heritage**

- To promote, preserve and maintain positive and diverse cultures for national identity.

**Progress on the attainment of Strategic Objectives through Performance Contracting**

For purposes of implementing and cascading the above development objectives to specific sectors, all the **development objectives** were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into **development** outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Program	Strategic Objective	Outcome	Indicator	Performance	Comments
Culture Development	To promote, preserve and maintain positive and diverse cultures for national identity	Promote cultural heritage, nurturing creative industries and artistic talents of young people in Taita	% completion of cultural centre constructed and operationalized	In FY 2022/23 we targeted to construct the Cultural Centre to 24.8%	This was not achieved as the project was affected by budget cuts
	Refurbish archives building offices in Nairobi including lift installation	Refurbished national archives building	% completion of refurbishment of Archives Building	In FY 2022/23 we targeted to install lift, paint the building and install shelves	This project was 100% done

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

**7. Management Discussion and Analysis**

The management discussions and analysis of key projects or investments decision implemented or ongoing and future developments is as shown in the table below: -

SNo.	Project Code & Title	Estimated Project Cost	Financing		Timeline		Actual Cumulative Costs to 30th June 2023	Outstanding Project Costs as at 30th June, 2023	%Project Completion (physical) as at 30th June, 2023	Approved Budget FY 2023/2024		Requirements FY 2024/2025		Allocation for FY 2024/25		Allocation FY 2026/2027		Remarks
			GoK	Foreign	Start Date	End Date				GoK	Foreign	GoK	Foreign	GoK	Foreign	GoK	Foreign	
1	1134100101 Construction of a Heritage Collection Centre	2,000	2,000	-	8/17/17	6/30/2025	16.5	1,983.5	0.83%	-	-	168	-	-	200	-	200	The feasibility studies for the project have been undertaken. However, the project has not received funding for the last 3 FY
2	1134101601 Rehabilitation and Upgrade of Kapenguria 6 Facility/ Museum	50	50	-	12/7/2017	3/31/2023	10.7	39.3	21.40%	-	-	39.3	-	-	-	-	-	The project is yet to be completed. However, it has not been funded in the last 5 FY
3	1134102001 Natural Product Industries Museum	688	688	-	1/7/2014	6/30/30	10	678	1.45%	-	-	43.7	-	60	-	100	-	The project is ongoing and only one cold storage facility installed in Vihiga County
4	1134102301 Fencing of Kapenguria Museum	50	50	-	1/1/2023	2/12/2024	-	50	0%	-	-	25	-	25	-	-	-	-
5	1134100501 Establishment of an Integrated Records Management System (IRMS)	550	550	-	7/7/2009	6/8/2025	70	480	12.72%	-	-	200	-	280	-	-	-	Inadequate funding has adversely affected the effective completion of the Project

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

SNo.	Project Code & Title	Estimated Project Cost	Financing		Timeline		Actual Cumulative Costs to 30th June 2023	Outstanding Project Costs as at 30th June, 2023	%Project Completion (physical) as at 30th June, 2023	Approved Budget FY 2023/2024	Requirements FY 2024/2025		Allocation for FY 2024/25	Allocation FY 2025/2026	Allocation FY 2026/2027		Remarks
			GoK	Foreign	Start Date	End Date					GoK	Foreign			GoK	Foreign	
6	1134100601 Refurbishment of Archives offices	43.6	43.6	-	7/4/2023	6/4/2026	30.45	13.15	100%	13	-	-	-	-	-	-	The Project is expected to be completed in FY 2023/24
7	1134100701 Installation of mobile shelves	50	50	-	10/7/2018	4/25/24	10	40	20%	-	20	-	20	-	-	-	The project has no been funded in the last 2 FY
8	1134103101 Wundanyi Youth Resource (Culture & Talent) Center	141	141	-	7/3/2023	3/5/2025	35	106	10.60%	-	60	-	46	-	-	-	The project is ongoing though it experienced budget cuts during Revised Estimate 2 of FY 2022/23
9	1134103201 Rehabilitation of Basic Facilities at Bomas	235	235	-	6/3/2022	6/4/2026	68	167	58.60%	697	97.3	-	-	-	-	-	Phase I on roofing and flooring of the main auditorium hall and VIP lounges done, phase II for the other facilities commenced
10	1134103301 Professional & Scientific Training for Development of Culture Tourism	10	-	10	7/1/2023	6/30/2024	-	10	-	10	-	-	-	-	-	-	
11	Sample Bar Project	22.8	-	22.8	1/4/2023	30/06/2023	15.8	7	-	-	7	-	-	-	-	-	
12	Regional Archives installed with bulk mobile shelves	81	81	-	30/06/2024	30/06/2024	-	81	-	-	81	-	-	-	-	-	

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

SNo.	Project Code & Title	Estimated Project Cost	Financing		Timeline		Actual Cumulative Costs to 30th June 2023	Outstanding Project Costs as at 30th June, 2023	%Project Completion (physical) as at 30th June, 2023	Approved Budget FY 2023/2024		Requirements FY 2024/2025		Allocation for FY 2024/25		Allocation FY 2026/2027		Remarks	
			GoK	Foreign	Start Date	End Date				GoK	Foreign	GoK	Foreign	GoK	Foreign	GoK	Foreign		GoK
113	(Mombasa, Nakuru & Kakamega) Regional Archives in Mombasa installed with floor tiles	6	6	-	30/10/2024	31/03/2025	-	6	-	6	-	6	-	-	-	-	-	-	
14	Construction of National archives headquarters at Uhuru Gardens (relocation)	2,000	2,000	-	31/07/2024	30/06/2026	-	2,000	-	1,000	-	1,000	-	500	-	500	-	500	
15	Establishment of 3 county archives in Embu, Kitui and Uasin Gishu	300	300	-	31/07/2024	30/06/2026	-	300	-	300	-	300	-	-	-	-	-	-	
<b>TOTAL FOR VOTE D1134 State Department for Culture and Heritage</b>		<b>6,227.4</b>	<b>6,194.4</b>	<b>32.8</b>	<b>438</b>		<b>266.45</b>	<b>5,960.95</b>		<b>2,040.30</b>	<b>9285</b>	<b>2,040.30</b>	<b>0</b>	<b>1,106</b>	<b>700</b>	<b>1,106</b>	<b>700</b>		

## **8. Environmental and Sustainability Reporting**

The State Department for Culture and Heritage promotes youth to earn their living by nurturing the upcoming artists and tapping of talents created. The Ushanga Kenya initiative also empower women in pastoralist communities by training them in beadworks and market their products by supporting them to showcase their products in international and regional shows and exhibitions.

## **9. Statement of Management Responsibilities**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government State Department for Culture and Heritage shall prepare financial statements in respect of that State Department for Culture and Heritage. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department for Culture and Heritage is responsible for the preparation and presentation of the State Department for Culture and Heritage's financial statements, which give a true and fair view of the state of affairs of the State Department for Culture and Heritage for and as at the end of the financial year(period) ended on June 30, 2023. 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 State Department for Culture and Heritage, (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 State Department for Culture and Heritage; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the *State Department for Culture and Heritage* accepts responsibility for the State Department for Culture and Heritage's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *State Department for Culture and Heritage's* financial statements give a true and fair view of the state of State Department for Culture and Heritage's transactions during the financial year ended June 30, 2023, and of the State Department for Culture and Heritage's financial position as at that date. The Accounting Officer in charge of the *State Department for Culture and Heritage* further confirms the completeness of the accounting records maintained for the *State Department for Culture and Heritage*, which have been relied upon in the preparation of the State Department for Culture

*State Department for Culture and Heritage*  
*Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

and Heritage's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the *State Department for Culture and Heritage* confirms that the State Department for Culture and Heritage has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the State Department for Culture and Heritage's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the State Department for Culture and Heritage's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

The *State Department for Culture and Heritage*'s financial statements were approved and signed by the Accounting Officer on 27/11/2023 2023.



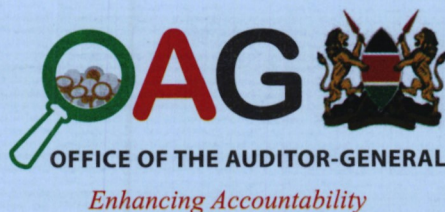
.....  
Ummi Bashir (Ms.)  
Principal Secretary



.....  
Henry K. Mayabi  
Head of Accounting Unit  
ICPAK  
M/No7570.....

# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR CULTURE AND HERITAGE FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on the 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.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of State Department for Culture and Heritage set out on pages 1 to 39, which comprise of the statement of assets and liabilities as at 30 June, 2023, and the statement of receipts and payments, 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

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*Report of the Auditor-General on State Department for Culture and Heritage for the year ended 30 June, 2023*

information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of State Department for Culture and Heritage as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Other Revenues**

The statement of receipts and payments reflects other revenues amount of Kshs.455,368,469 being appropriations in aid collected during the year by Kenya Cultural Centre, Kenya National Library Service, Bomas of Kenya and National Museums of Kenya. However, the actual reported collections by the SAGAs was Kshs.840,605,366 against the reported amount of Kshs.455,368,469 resulting in an unreconciled and unexplained variance of Kshs.385,236,897.

In the circumstances, the accuracy and completeness of other revenues amount of Kshs.455,368,469 for the year ended 30 June, 2023 could not be confirmed.

#### **2. Pending Accounts Payable**

As previously reported, Annex 1 to the financial statements reflects pending accounts payable balance of Kshs.48,170,705 as at 30 June, 2023. The balance includes Kshs.14,596,148 for supply of various services which has been outstanding since 2019/2020 financial year. There was no explanation provided for the delay in settling the amounts. In addition, included in the amount of pending accounts payables is Kshs.10,650,723 committed after 31 May contrary to Regulation 51(1) of the Public Finance Management (National Government) Regulations, 2015 which states that all commitments for supply of goods or services shall be done not later than 31 May each year except with the express approval of the Accounting Officer in writing. No written approval from the Accounting Officer was provided for review.

In the circumstances, the completeness and accuracy of the balance of Kshs.48,170,705 as at 30 June, 2023 could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Matters**

In the audit of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources, Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or provided reasons for the delay in resolving the prior year audit issues as required by the Public Sector Accounting Standards Board template and The National Treasury's Circular Ref.AG.3/88 Vol.VII(28) of 9 May, 2023.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Unregistered National Social Security Fund (NSSF) Office Lease**

Note 5 to the financial statements reflects rental of produced assets expenditure of Kshs.50,928,660 for the year ended 30 June, 2023, which includes, Kshs.10,600,000 paid to NSSF being rent for leased office space by the State Department. However, the lease had not been registered with the Lands Registrar contrary to Section 54(5) of the Land Registration Act, 2012.

In the circumstances, Management was in breach of the law.

#### **2. Irregular Procurement of Goods from Non-Prequalified Suppliers**

The statement of receipts and payments reflects an amount of Kshs.229,964,563 which includes Kshs.43,199,236 in respect to hospitality, supplies and services as disclosed in Note 5 to the financial statements, out of which an expenditure of Kshs.2,709,580 was incurred on procurement of attires and medals for heroes from non-prequalified suppliers. Further, no evidence was provided indicating that the State Department sought in writing to use another State Organs' registration list of all registered persons in the category as required by Section 56(1) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, Management was in breach of the law.

### **3. Irregular Direct Procurement of Services**

The statement of receipts and payments reflects use of goods and services amount of Kshs.229,964,563 which includes Kshs.43,199,236 in respect to hospitality, supplies and services. Review of hospitality, supplies and services records revealed that Kshs.3,238,000 was incurred on accommodation services through direct procurement method without justification. However, the procurements did not meet the conditions set out under Section 103(2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 90(1)(c) of the Public Procurement and Asset Disposal Regulations, 2020 which stipulates that procurement method shall not be used to avoid competition.

In the circumstances, the regularity and value for money on the expenditure of Kshs.3,238,000 could not be confirmed and Management was in breach of the law.

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

#### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

##### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters 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 governance were not effective.

##### **Basis for Conclusion**

###### **1. Internal Audit Function and Audit Committee**

Review of the overall internal control environment of the State Department revealed that the internal audit charter detailing the scope, responsibilities and purpose of the internal audit function dated 30 August, 2022 was yet to be approved by the Ministerial Audit Committee. Further, the Annual Work Plan for the financial year 2022/2023 was for the fourth quarter only ending 30 June, 2023 and had not been approved by the Ministerial Audit Committee.

In the circumstances, the effectiveness of the internal controls and risk management put in place by the Management could not be confirmed.

###### **2. Weak Controls in ICT Department**

Review of the Department's information technology systems revealed that the server could easily be accessed and the ICT function did not maintain the server's access logs. This is contrary to Regulation 110(1) of the Public Finance Management (National Government) Regulations, 2015 which states that the accounting officer for a national

government entity shall institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity.

In the circumstances, data confidentiality could easily be compromised.

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 (Cash Basis) for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the State Department's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the State Department or to cease operations.

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the State Department's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my

opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the State Department to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the State Department to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

03 January, 2024

*State Department for Culture and Heritage*  
*Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

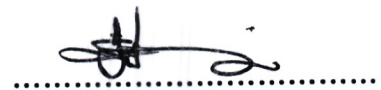
**11. Statement of Receipts and Payments for the Year ended 30<sup>th</sup> June 2023**

<b>RECEIPTS</b>			
Transfers from National Treasury	<b>1</b>	2,494,216,163	2,828,722,244
Proceeds from Sale of Assets	<b>2</b>	-	186,000
Other Revenues	<b>3</b>	455,368,469	344,491,131
<b>TOTAL REVENUES</b>		<b>2,949,584,632</b>	<b>3,173,399,375</b>
<b>PAYMENTS</b>			
Compensation of Employees	<b>4</b>	240,871,877	250,561,068
Use of goods and services	<b>5</b>	229,964,563	247,701,558
Transfers to Other Government Units	<b>6</b>	2,449,107,955	2,614,779,427
Social Security Benefits	<b>7</b>	12,847,070	4,243,533
Acquisition of Assets	<b>8</b>	16,187,480	27,703,888
<b>TOTAL PAYMENTS</b>		<b>2,948,978,945</b>	<b>3,144,989,474</b>
<b>SURPLUS/DEFICIT</b>		<b>605,687</b>	<b>28,409,901</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 20/11/2023 and signed by:



Ummi Bashir (Ms.)  
Principal Secretary




Henry K. Mayabi  
Head of Accounting Unit  
ICPAK M/No.7570


*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**12. Statement of Financial Assets and Financial Liabilities as At 30<sup>th</sup> June 2023**

		2022/2023	2021/2022
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	9	89,485,232	331,578,996
<b>Total Cash And Cash Equivalents</b>		<b>89,485,232</b>	<b>331,578,996</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>89,485,232</b>	<b>331,578,996</b>
<b>LESS: FINANCIAL LIABILITIES</b>			
Accounts Payables - Deposits	10	88,879,545	303,169,095
<b>NET FINANCIAL ASSETS</b>		<b>605,687</b>	<b>28,409,901</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	11	28,409,901	271,265
Surplus/deficit		605,687	28,409,901
Prior year adjustments	12	(28,409,901)	(271,265)
<b>NET FINANCIAL POSITION</b>		<b>605,687</b>	<b>28,409,901</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28/11 2023 and signed by:

  
.....  
Ummi Bashir (Ms.)  
Principal Secretary

  
.....  
Henry Mayabi  
Head of Accounting Unit  
ICPAK M/No7570

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**13. Statement of Cash Flows for The Year Ended 30<sup>th</sup> June 2023**

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts for operating income</b>			
Transfers from National Treasury	1	2,494,216,163	2,828,722,244
Other Revenues	3	455,368,469	344,491,131
		<b>2,949,584,632</b>	<b>3,173,213,375</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	240,871,877	250,561,068
Use of goods and services	5	229,964,563	247,701,558
Transfers to Other Government Units	6	2,449,107,955	2,614,779,427
Social Security Benefits	7	12,847,070	4,243,533
		<b>2,932,791,465</b>	<b>3,117,285,586</b>
<b>Adjusted for:</b>			
Changes in receivables	13		86,684
Changes in payables	14	(214,289,550)	272,038,827
Adjustments during the year	12	(28,409,901)	(271,265)
<b>Net cashflow from operating activities</b>		<b>225,906,284</b>	<b>327,782,035</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	186,000
Acquisition of Assets	8	(16,187,480)	(27,703,888)
<b>Net cash flows from Investing Activities</b>		<b>(16,187,480)</b>	<b>(27,517,888)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
<b>Net cash flow from financing activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(242,093,764)</b>	<b>300,264,147</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>331,578,996</b>	<b>31,314,849</b>
<b>Cash and cash equivalent at END of the year</b>		<b>89,485,232</b>	<b>331,578,996</b>

*State Department for Culture and Heritage*  
*Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on \_\_\_\_\_ 2023 and signed by:



.....  
**Ummi Bashir (Ms.)**  
**Principal Secretary**



.....  
**Henry Mayabi**  
**Head of Accounting Unit**  
**ICPAK M/No.7570**

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

**14 Statement of Comparison of Budget and Actual Amounts for FY2022/2023**

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
<b>RECEIPTS</b>						
Exchequer releases	2,805,724,547	(281,508,383)	2,524,216,164	2,494,216,164	30,000,000	99%
Transfers from Other Government Entities	0	300,000,000	300,000,000	0	300,000,000	0%
Proceeds from Sale of Assets	500,000	(454,000)	46,000	0	46,000	0%
Other Receipts	425,689,820	48,110,180	473,800,000	455,368,469	18,431,532	96%
<b>Total Receipts</b>	<b>3,231,914,367</b>	<b>66,147,797</b>	<b>3,298,062,164</b>	<b>2,949,584,633</b>	<b>348,477,532</b>	<b>89%</b>
<b>Payments</b>						
Compensation of Employees	244,260,000	(3,100,000)	241,160,000	240,871,877	288,123	100%
Use of goods and services	275,821,145	(19,442,251)	256,378,894	229,964,563	26,414,331	90%
Transfers to Other Government Units	2,638,101,220	128,663,735	2,766,764,955	2,449,107,955	317,657,000	89%
Social Security Benefits	21,676,315	(7,900,000)	13,776,315	12,847,070	929,245	93%
Acquisition of Assets	52,055,687	(32,073,687)	19,982,000	16,187,480	3,794,520	81%
<b>Grand Total</b>	<b>3,231,914,367</b>	<b>66,147,797</b>	<b>3,298,062,164</b>	<b>2,948,978,946</b>	<b>349,083,218</b>	<b>89%</b>
<b>Surplus/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>605,687</b>	<b>(605,687)</b>	

**Transfer from Other Government**

The amount was budgeted under Development for relocation of Bomas of Kenya to pave way for construction Bomas international conference Centre. However due to unavailability of funding the project was not implemented during the year under review.

**Proceeds from Sale of Asset**

The amount was budgeted under PPMC, however the same was not realized

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**Acquisition of Assets**

The under expenditure was due to the development budgetary cuts of about 35% during the year under review.

The entity financial statements were approved on 24/11 2023 and signed by:

.....  


**Ummi Bashir (Ms.)  
Principal Secretary**

.....  


**Henry K. Mayabi  
Head of Accounting Unit  
ICPAK M/No.7570**

State Department for Culture and Heritage  
 Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023

14 (a) Statement Of Comparison of Budget and Actual Amounts: Recurrent for FY2022/2023

	Original Budget	Adjustments	Final Budget	Actual or Comparable Basis	Budget Difference	Final Budget Difference	% Difference
<b>RECEIPTS</b>							
Exchequer releases	2,728,224,547	(231,508,383)	2,496,716,164	2,466,716,164.00	30,000,000		99%
Proceeds from Sale of Assets	500,000	(454,000)	46,000		46,000		0%
Other Receipts	425,689,820	48,110,180	473,800,000	455,368,469.00	18,431,531		96%
<b>Total Receipts</b>	<b>3,154,414,367</b>	<b>(183,852,203)</b>	<b>2,970,562,164</b>	<b>2,922,084,633</b>	<b>48,477,532</b>		<b>98%</b>
<b>PAYMENTS</b>							
Compensation of Employees	244,260,000	(3,100,000)	241,160,000	240,871,877	288,123		100%
Use of goods and services	275,821,145	(19,442,251)	256,378,894	229,964,563	26,414,331		90%
Transfers to Other Government Units	2,603,101,220	(154,859,865)	2,448,241,355	2,430,584,355	17,657,000		99%
Social Security Benefits	21,676,315	(7,900,000)	13,776,315	12,847,070	929,245		93%
Acquisition of Assets	9,555,687	1,449,913	11,005,600	7,211,080	3,794,520		66%
<b>Grand Total</b>	<b>3,154,414,367</b>	<b>(183,852,203)</b>	<b>2,970,562,164</b>	<b>2,921,478,946</b>	<b>49,083,218</b>		<b>98%</b>
<b>Surplus/Deficit</b>				<b>605,687</b>	<b>(605,687)</b>		


Note:


**Proceeds from Sale of Asset**  
 The amount was budgeted under PPMC, however the same was not realized

**Acquisition of Assets**  
 The under expenditure was due to the development budgetary cuts of about 35% during the year under review

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

The entity financial statements were approved on 28/11/23 2023 and signed by:

  
.....  
Ummi Bashir (Ms.)  
Principal Secretary

  
.....  
Henry K. Mayabi  
Head of Accounting Unit  
ICPAK M/N<sup>o</sup>.7570

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

**14 (b) Statement of Comparison of Budget and Actual Amounts: Development for FY2022/2023**

Revenue Account	Original Budget	Adjustments	Final Budget	Actuals Compared to Budget	Budget Difference	%
<b>RECEIPTS</b>						
Exchequer releases	77,500,000	(50,000,000)	27,500,000	27,500,000	-	100%
Transfers from Other Government Entities	-	300,000,000	300,000,000	-	300,000,000	0%
<b>Total Receipts</b>	<b>77,500,000</b>	<b>250,000,000</b>	<b>327,500,000</b>	<b>27,500,000</b>	<b>300,000,000</b>	<b>8%</b>
<b>Payments</b>						
Transfers to Other Government Units	35,000,000	283,523,600	318,523,600	18,523,600	300,000,000	-33%
Acquisition of Assets	42,500,000	(33,523,600)	8,976,400	8,976,400	-	100%
<b>Grand Total</b>	<b>77,500,000</b>	<b>250,000,000</b>	<b>327,500,000</b>	<b>27,500,000</b>	<b>300,000,000</b>	<b>8%</b>
<b>Surplus/Deficit</b>	-	-	-	-	-	-

**Note:**


**Transfer from Other Government**

The amount was budgeted under Development for relocation of Bomas of Kenya to pave way for construction of Bomas International conference Centre. However due to unavailability of funding the project was not implemented during the year under review

**Acquisition of Assets**

The under expenditure was due to the development budgetary cuts of about 35% during the year under review

The entity financial statements were approved on 28/11 2023 and signed by:

.....  
  
 Ummi Basnir (Ms.)  
 Principal Secretary

.....  
  
 Henry K. Mayabi  
 Head of Accounting Unit  
 ICPAK M/No.7570

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

**14 (c) Budget Execution by Programmes and Sub-Programmes for FY2023**

<b>CULTURE</b>	<b>2,269,359,038</b>	<b>No of new heritage sites, monuments submitted for gazettelement</b>	<b>Enhanced heritage and Culture knowledge appreciation and conservation</b>	<b>2,124,614,083</b>	<b>144,744,955</b>
Conservation of Heritage	1,726,733,600	No of Heritage sites and Monuments monitored and restored	National id state Department for culture and Heritage promoted	1,609,076,600	117,657,000
Public records and Archives Management	127,405,745	No.of Archival records acquired for permanent preservation	Archival materials preserved and conserved	120,850,389	6,555,356
Development and promotion of Culture	415,219,693	No.of cultural practitioners imparted with skills	National id state Department for Culture and Heritage promoted	394,687,094	20,532,599
<b>THE ARTS</b>	<b>97,702,553</b>	<b>No.of theatre drama concerts and poetry performed</b>	<b>A vibrant Arts industry</b>	<b>96,408,414</b>	<b>1,294,139</b>
Arts	57,796,006	No.of performing and visual artist trained	Performing and visual arts promoted	56,808,420	987,586
Culture	39,906,547	No.of cultural festivals coordinated		39,599,994	306,553
<b>LIBRARY SERVICES</b>	<b>572,353,305</b>	<b>No.of people participating in reading</b>	<b>Knowledgeable Society</b>	<b>568,997,028</b>	<b>3,356,277</b>
Library Services	572,353,305	No.of Government Libraries Networked	Reading improved culture	568,997,028	3,356,277
<b>GENERAL ADMINISTRATION, PLANNING AND SUPPORT SERVICES</b>	<b>358,647,268</b>	<b>No.of policies reviewed and Developed</b>	<b>Effective and efficient delivery</b>	<b>158,959,420</b>	<b>199,687,848</b>
Administration and planning	358,647,268	No.of M & E reports	Quality and efficient	158,959,420	199,687,848
<b>Grand Total</b>	<b>3,298,062,164</b>			<b>2,948,978,945</b>	<b>349,083,219</b>

## **15. Notes to the Financial Statements**

### **1. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

### **2. Reporting Entity**

The financial statements are for the *State Department for Culture and Heritage*. The financial statements encompass the reporting entity as specified under Section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity: There was no project implemented by the entity during the year under review.

### **3. Reporting Currency**

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

### **Significant Accounting Policies**

The accounting policies set out in this section have been consistently applied by State Department of Culture and Heritage for all the years presented.

#### **a) Recognition of Receipts**

The State Department for Culture and Heritage recognises all receipts from the various sources when the event occurs, and the related cash has been received.

#### **(i) Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving *entity*.

**(ii) External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criterion is applied for loans received in the form of a direct payment. During the year ended 30<sup>th</sup> June 2023, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**(iii) miscellaneous receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

**b) Recognition of payments**

The Entity recognises all payments when the event occurs, and the related cash has been paid out by the *Entity*.

**i) Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

**ii) Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

**iii) Interest on Borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they are paid for.

**iv) Principal on borrowing**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

**v) Acquisition of Fixed Assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained and a summary provided for purposes of consolidation. *This summary is disclosed as an annexure 4 to the financial statements.*

**vi) In-kind contributions**

In-kind contributions are donations that are made to the Entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *Entity* includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**vii) Third Party Payments**

Included in the receipts and payments, are payments made on the entity's behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings or grants.

**c) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. A bank account register is maintained, and a summary provided for purposes of consolidation. *This summary is disclosed as an annexure 6 to the financial statements.*

**Restriction on Cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits and retentions. As of 30th June 2023, this amounted to Kshs 24,974,742 compared to Kshs 18,753,019 in prior period as indicated on note 8A. There were no other restrictions on cash during the year.

**d) Imprests and advances**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or Authority to Incur Expenditure (AIE) holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**e) Third party deposits and retention**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted for National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

**f) Pending Bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

**g) Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits and retentions, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament in *June 2022 for the period 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023* as

required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements. Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

**h) Comparative Figures**

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

**i) Subsequent Events**

There have been no events after the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2023.

**j) Prior Period Adjustment**

During the year, errors that have been corrected are disclosed *under note 13* explaining the nature and amounts.

**k) Related Party Transactions**

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

**l) Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

*State Department for Culture and Heritage*  
*Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

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- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The State Department of Culture and Heritage does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. During the year under review there were no contingent liabilities.

**Notes to the Financial Statements**

**1 Exchequer releases**

Description	2022-2023	2021-2022
	Kshs	Kshs
Total Exchequer Releases for quarter 1	641,524,403	634,444,807
Total Exchequer Releases for quarter 2	736,121,668	727,373,453
Total Exchequer Releases for quarter 3	376,977,602	412,992,642
Total Exchequer Releases for quarter 4	739,592,490	1,053,911,342
<b>TOTAL</b>	<b>2,494,216,163</b>	<b>2,828,722,244</b>

*(Provide an explanatory narrative on this note)*

**2 Proceeds from Sale of Assets**

Description	F/Y2022/2023	F/Y2021/2022
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	186,000
<b>TOTAL</b>	<b>-</b>	<b>186,000</b>

*(Cost of disposed fixed assets should be included in the fixed assets schedule which is an annex to these financial statements. Explain significant changes from prior period)*

**3 Other Receipts**

Description	2022/2023	2021/2022
	Kshs	Kshs
Receipts from Administrative Fees and Charges	351,143,000	343,366,231
Receipts from Administrative Fees and Charges - Collected as AIA	104,225,469	1,124,900
<b>TOTAL</b>	<b>455,368,469</b>	<b>344,491,131</b>

The figure of ksh455, 368,469 consist of ksh454, 143,000 collected by SAGA'S and ksh1, 225,469 collected by the Department of National.

*State Department for Culture and Heritage*  
*Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**4 Compensation to Employees**

Description	2022-2023	2021-2022
	Kshs	Kshs
Basic Salaries - Permanent Employees	153,132,484	157,944,796
Basic Wages - Temporary Employees	11,284,900	9,979,871
Personal Allowances paid as part of Salary	76,454,493	82,636,401
<b>TOTAL</b>	<b>240,871,877</b>	<b>250,561,068</b>

**5 Use of Goods and Services**

Description	2022-2023	2022-2023 Y
	Kshs	Kshs
Utilities, Supplies and Services	4,268,989	4,597,320
Communication, Supplies and Services	4,590,225	3,765,338
Domestic Travel and Subsistence, and Other Transportation Costs	45,405,974	40,586,853
Foreign Travel and Subsistence, and other transportation costs	2,262,133	6,520,818
Printing , Advertising and Information Supplies and Services	9,492,708	9,629,700
Rentals of Produced Assets	50,928,660	86,598,217
Training Expenses	21,996,360	5,357,430
Hospitality Supplies and Servi	43,199,236	39,644,192
Specialized Materials and Supp	24,060,535	18,474,662
Office and General Supplies and Services	2,227,621	5,570,144
Fuel Oil and Lubricants	4,114,666	6,054,889
Other Operating Expenses	10,846,272	12,234,704
Routine Maintenance - Vehicles	1,174,774	3,385,995
Routine Maintenance - Other Assets	5,396,410	5,281,296
<b>TOTAL</b>	<b>229,964,563</b>	<b>247,701,558</b>

**6 Grants and Transfers to other Government Entities**

Description	2022-2023	2021-2022
	FY	FY
	Kshs	Kshs
Current grants to government agencies and other level of govt	2,430,584,355	2,285,679,427
Capital grants to government agencies and other level of govt	18,523,600	29,100,000
Other Current transfers grants and subsidies		300,000,000
<b>TOTAL</b>	<b>2,449,107,955</b>	<b>2,614,779,427</b>

Please note that the amount of kshs.2,449,107,955 includes an amount of ksh.454,143,000 collected as A.I.A by Kenya National Library Services, Kenya Cultural Centre, National Museums of Kenya and Bommas of Kenya.

**6b: Transfers to self – reporting entities in the year**

The above transfers were made to the following self-reporting entities in the year:

Description	Recurrent	Developme	Total for the	2021-2022
	Kshs	nt	year	Kshs
	Kshs	Kshs	Kshs	Kshs
<b>Transfers to SAGAs and SCs</b>				
Kenya National Library Services	501,640,135		501,640,135	646,810,000
Kenya Cultural Centre	34,700,000		34,700,000	87,800,000
Institute of Primate Research	57,420,000	18,523,600	57,420,000	82,900,000
National Museum of Kenya	1,106,790,000		1,106,790,000	1,344,010,000
Natural Product	144,000,000		144,000,000	100,200,000
Heroes Council	72,081,220		72,081,220	9,693,196
Bomas of Kenya	59,810,000		59,810,000	
<b>TOTAL</b>	<b>1,976,441,355</b>	<b>18,523,600</b>	<b>1,994,964,955</b>	<b>2,271,413,196</b>

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**6(c) Appropriation in Aid Breakdown**

Description	2022-2023	2021-2022
	Ksh.	Ksh.
Kenya National Library Services	50,000,000	118,799,893
Kenya Cultural Centre	18,800,000	32,695,926
National Museums of Kenya	282,343,000	191,870,412
Bomas of Kenya	103,000,000	0
<b>Total</b>	<b>454,143,000</b>	<b>343,366,231</b>

Please note that Kenya National Library collected A.I.A of kshs105,394,752 against the budgeted figure of kshs50,000,000. Bomas of Kenya collected A.I.A of kshs416,415,890 against a budget of ksh103,000,000 and Kenya cultural centre collected A.I.A of ksh37,266,604.45 against the budget of ksh18,800,000

**7. Social Security Benefits**

	2022-2023	2021-2022
	Kshs	Kshs
Government pension and retirement benefits	12,847,070	4,243,533
<b>TOTAL</b>	<b>12,847,070</b>	<b>4,243,533</b>

The above benefits relate to payment of gratuity to the officers whose contract expired. There was increase due the payment of the Permanent secretary's gratuity and other officers on contract.

**8. Acquisition of Assets**

Non -Financial Assets	2023-2023	2021-2022
	FY	FY
	Kshs	Kshs
Refurbishment of Buildings	8,976,400	14,812,388
Purchase of Office Furniture and General Equipment	5,311,100	3,906,000
Purchase of Specialized Plant, Equipment and Machinery	1,899,980	8,985,500
<b>TOTAL</b>	<b>16,187,480</b>	<b>27,703,888</b>

There was a decrease in acquisition of Assets of Assets due to budgets cuts of about 35% during the year under review.

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**9 Bank Accounts**

Name of Bank, Account No. & currency	Currency	Nature of Account	2022-2023 FY	2021-2022 FY
	Kshs		Kshs	Kshs
Central Bank of Kenya, 1000386207	Kshs	Recurrent	605,687	15,411,229
Central Bank of Kenya, 1000386215	Kshs	Development	-	12,998,672
Central Bank of Kenya, 1000386223	Kshs	Deposit	24,974,742	18,753,019
Central Bank of Kenya, 1000442239	Kshs	Deposit (Sports Fund)	63,904,803	284,416,076
<b>Total</b>			<b>89,485,232</b>	<b>331,578,996</b>

**9B: Cash on hand**

Description	2022-2023 FY	2021-2022 FY
	Kshs	Kshs
Cash in hand – Held in domestic currency	0.00	0.00
Cash in hand – Held in foreign currency	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**10. Accounts Payable - Deposit**

Description	2022-2023	2021-2022
	Kshs	Kshs
Deposits	20,430,074	14,208,351
Retention	4,544,668	4,544,668
Deposits	63,904,803	284,416,076
<b>TOTAL</b>	<b>88,879,545</b>	<b>303,169,095</b>

*Note:*

The above amount relates to retention monies for contractors and general deposits from other entities as per attached appendices (Appendix 4)

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**11. Fund Balance Brought Forward**

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank accounts	89,485,232	331,578,996
Payables - Deposits	(88,879,545)	(303,169,095)
<b>TOTAL</b>	<b>605,687</b>	<b>28,409,901</b>

**12. Prior Year Adjustments**

	Balance b/f F/Y2021/2022 2 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f F/Y2022/2023
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	331,578,996	-	331,578,996
Cash in hand	-	-	-
Accounts Payables-Deposits	(303,169,095)	0	(303,169,095)
Receivables	-	-	-
District Suspense	-	-	-
	<b>28,409,901</b>	<b>-</b>	<b>28,409,901</b>

*Note:*

The amount of ksh28, 409,901 relates to unspent balances for the financial year 2021/2022 comprising of kshs15, 411,229 for Recurrent and kshs12,998,672 for Development. The amount was recovered by the National Treasury as required by section 45(1) of the PFM Act, 2012

**13. (Increase)/ Decrease in Advances and Imprests**

Description	2022-2023	2021-2022
	Kshs	Kshs
Receivables as at 1 <sup>st</sup> July (a)	-	86,684
Receivables as at 30 <sup>th</sup> June (b)	-	-
Increase)/ Decrease in Receivables (c=(b-a))	-	<b>86,684</b>

**14. Increase/ (Decrease) in Retention and Third-Party Deposits**

Description	2022-2023 FY	2021-2022 FY
	Kshs	Kshs
Payables as at 1 <sup>st</sup> July	303,169,095	31,130,268
Payables as at 30 <sup>th</sup> June	88,879,545	303,169,095
Increase/ (Decrease) in payables	<b>214,289,550</b>	<b>272,038,827</b>

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**15. Related party transactions:**

Description	<i>Insert Current FY</i>	<i>Insert Comparative FY</i>
	<b>Kshs</b>	<b>Kshs</b>
Key Management Compensation	19,355,696	19,355,696
<b>Transfers to Related Parties</b>		
Transfers to SCs and SAGAs	1,994,964,955	2,271,413,196
<b>Total Transfers to Related Parties</b>	<b>1,994,964,955</b>	<b>2,271,413,196</b>
<b>Purchase of Goods and Services</b>		
Purchase of Electricity from KPLC	2,634,794	3,536,980
Purchase of Water from Govt Service Providers	958,474	1,060,340
Rent paid to Govt. Agencies	50,082,920	86,598,217
<b>Transfers from Related Parties</b>		
Transfers from the Exchequer	2,494,216,163	2,828,722,244
<b>Total Transfers from Related Parties</b>	<b>4,562,213,002</b>	<b>5,210,686,673</b>

**16. Pending Accounts Payable (See Annex 1)**

	<b>Balance b/f 2022-2023</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f 2022-2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
			-	-
Supply of goods	11,793,250	6,425,568	-	18,218,818
Supply of services	36,377,705	4,239,374	8,976,400	31,640,679
<b>TOTAL</b>	<b>48,170,955</b>	<b>10,664,942</b>	<b>8,976,400</b>	<b>49,859,497</b>

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

**17. Progress on follow up of Prior Years Auditor-General's recommendations**

The following is the summary of issues raised by the Auditor-General during the prior year and management comments that were provided.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1.	<p><b>Use of Goods and Services</b></p> <p>The statement of receipts and payments reflects use of goods and services amount of Kshs.215,294,652. However, the respective Note 5 to the financial statements cast to Kshs.216,227,801 resulting in an un-explained difference of Kshs.933,149. Under the circumstances, the accuracy of use of goods and services amount of Kshs.215,294,652 could not be confirmed.</p>	<p>We wish to state that the amount stated of Kshs. 215,294,652 as the total under use of goods is the correct amount. However when the breakdown of the specific items were being recorded there was a casting error which resulted to the difference of Kshs.933,149. The amount has since been corrected in the financial statements.</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June, 2023</p>

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
2.	<p>Unsupported Accounts payable- Retention</p> <p>The statement of assets and liabilities and note 11 to the financial statements, reflects accounts payables balance of Kshs.31,130,268 as at 30 June, 2021. The balance includes an amounts of Kshs.4,544,668 in respect of retention money out of which deposit bank balance of Kshs.4,098,684 was transferred to the state department for culture and arts after split of Ministry of Sports Culture and Arts into two state departments.</p> <p>The State Department vide letter Ref SDCH/Ac/1 vol.1(153) dated 13<sup>th</sup> November, 2019 wrote to the State Department for Sports requesting them to provide details of the retentions to determine what the projects related to for purposes of payment. However, as at the time of the audit, details of the retentions had not been provided and therefore their ownership could not be confirmed.</p>	<p>We wish to state that, with regard to <b>Kshs.4,098,684</b> the Department has not yet received any response from the State Department for Sports concerning the same despite various requests, while the balance of <b>Kshs.445,984</b> which relates to refurbishment services provided by Patience Services Limited is still awaiting project completion documents to enable payment.</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June, 2023</p>

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: ( <i>Resolved</i> / <i>Not</i> <i>Resolved</i> )	Timeframe:
	<p>In addition, the retention balance of Kshs. 4,544,668 includes a balance of Kshs.445,984 in respect of refurbishment services provided by a contractor for which project completion documents had not been availed to the Department to facilitate. Consequently, the accuracy and validity of the accounts payable-retention balance of Kshs.4,544,668 as at 30 June, 2021 could not be confirmed.</p>			

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: ( <i>Resolved</i> / <i>Not Resolved</i> )	Timeframe:
3.	<p><b>Unsupported prior year adjustment on cash in hand</b></p> <p>Note 13 to financial statements reflects a prior year adjustment of <b>Kshs. 1,155,347</b> which includes adjustment on cash in hand of <b>Kshs.54,810</b>. The total amount under adjustments of <b>Kshs. 1,155,347</b> relates to unspent balances for the financial year 2019/2020 recovered by the National Treasury and the State Department. Analysis of management response and support documents however revealed that total recoveries supported was <b>Kshs.1,100,535</b> leaving a balance of <b>Kshs.54,810</b> relating to cash in hand whose support documents authenticity could not be confirmed. Consequently, it was not possible to ascertain the validity of the prior year adjustment of <b>Kshs.54,810</b> on cash in hand as at 30 June, 2021.</p>	<p>We wish to state that Kshs.54,810 relate to unspent cash in hand at the end of the financial year 2020/2021. The amount was surrendered at the beginning of the financial year 2021/20211 to treasury as evidenced by the attached extracts of bank and cash books copy.</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June, 2023</p>

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: ( <i>Resolved</i> / <i>Not Resolved</i> )	Timeframe:
1.	<p><b>Other Matter</b></p> <p><b>Pending bills</b></p> <p>Annex 1 to the financial statements reflects pending bills totaling to <b>Kshs. 74,437,396</b> as at 30 June, 2021. Out of this amount <b>Kshs. 59,915,834</b> relate to financial year 2019/2020 resulting to an increase of <b>Kshs. 14,579,685</b>(20%). It was not clear why the prior year pending bills of <b>Kshs.59,857,711</b> were not paid when they became due or why they did not form first charge in the year 2020/2021.</p> <p>In addition, out of the total pending bills balance of <b>Kshs. 74,437,396</b>, an amount of <b>Kshs.31,507,892</b> equivalent to 42% represents rent arrears owed to Kenya National Library Service Board (KNLSB) that remained outstanding as at 30 June,2021.</p> <p>Failure to settle bills in the year to which they relate adversely affect the implementation of the subsequently years budgeted programs as the pending bills form a first charge.</p>	<p>We wish to state that out of totaling to <b>Kshs., 74,437,396</b> as at 30 June 2021 arose as follows; <b>Kshs.16,000,000</b> relate to historical bills which are not payable due to lack of supporting documents. Total amount the pending bills had not been cleared due to inadequate budget allocation.</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June,2023</p>

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
2.	<p><b>Failure to conduct training needs assessment, prepare staff training and development policy and training master plan.</b></p> <p>Note 5 to the financial statements on use of goods and services reflects training expense of <b>Kshs.4, 016,290.</b> However, there was no evidence that the State Department prepared and operationalized a staff training and development policy, training master plan and training needs assessment. Therefore, the trainings were not based on identified needs and could not be confirmed to be beneficial to the employees of state department. This violates Regulation 43(1)(b) of</p>	<p><b>We wish to state that</b> during the financial year 2020/2021 the State Department was unable to conduct training needs assessment due to COVID 19 pandemic which affected most of the department activities including training processes.</p>	<p>Not Resolved</p>	

***State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023***

	<p>Public Finance management (National Government) Regulation, 2015 which provides that an accounting officer should ensure that funds entrusted to their care are properly safeguarded and applied for the purposes for only which they were intended and appropriated by the National assembly.</p>			
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*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1.0	<p><b>Asset Management</b></p>			
1.1	<p><b>Untagged and Un-allocated Assets</b></p> <p>An inspection of the State Department's assets revealed that the assets were not tagged for ease of identification and as a measure to safeguard against loss. In addition, review of the assets register revealed that serial numbers for some office equipment were not recorded for ease of identification. In addition, iPad issued to the records management office valued at <b>Kshs. 593,750</b> were not allocated to any particular officer for safety and accountability. Failure to tag and allocate assets is an indication of weak internal control over assets.</p>	<p><b>We wish to state that</b> the State Department has embarked on the exercise of identifying the assets and tagging them for ease of identification and ownership. <b>With regard to IPADs</b>, these were procured for Integrated Public Records Information Management System (IPRIMIS). The same were issued to the Head of Records Management Ms Angeline Owino, who was also in charge of the project as evidenced by the attached copy of Counter Requisition and Issue Voucher (S11). (See Appendix 7)</p> <p>The IPADS were to be used as follows;</p> <p>i) 1 No. for IPRIMS System Demos for senior management.</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June, 2023</p>

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

		<p>This was installed with the system for the purpose of showing the use of other devices.</p> <p>ii) No. for baseline survey reports including photos and videos of public registries status.</p> <p>iii) 2 No. were installed with training modules and digitization programmes. These was for the purposes of business processes recorded.</p> <p>iv) 1. No. was used to capture changes made to system and new mandate codes created as per the departments.</p>		
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**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:															
1.2	<p><b>Disposal of Motor Vehicles</b></p> <p>Review of Documents and inspection of motor vehicles revealed that five motor vehicles listed below have been grounded at various garages for long periods.</p> <table border="1" data-bbox="783 1444 1220 1818"> <thead> <tr> <th>Reg. No</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>GK A106 U</td> <td>VW Passat</td> <td>Grounded at CMC Ltd. Earmarked for Disposal but not disposed due to high reserve price</td> </tr> <tr> <td>GK A 170U</td> <td>VW Passat</td> <td>Grounded at CMC Ltd Earmarked for Disposal but not disposed due to high reserve price</td> </tr> <tr> <td>GK A 208A</td> <td>Peugeot 504 Saloon</td> <td>Grounded at NSSF but not disposed due to high reserve price</td> </tr> <tr> <td>GK A 422L</td> <td>Peugeot 406</td> <td>Grounded at Urysia but not disposed due to high reserve price</td> </tr> </tbody> </table> <p>In the circumstances, the vehicles are exposed to the risk</p>	Reg. No			GK A106 U	VW Passat	Grounded at CMC Ltd. Earmarked for Disposal but not disposed due to high reserve price	GK A 170U	VW Passat	Grounded at CMC Ltd Earmarked for Disposal but not disposed due to high reserve price	GK A 208A	Peugeot 504 Saloon	Grounded at NSSF but not disposed due to high reserve price	GK A 422L	Peugeot 406	Grounded at Urysia but not disposed due to high reserve price	<p><b>We wish to state that</b> GK A106 U, GK A 170 U, GK A208A, and GK A 422 L vehicles had been earmarked for disposal. Unfortunately, they were not disposed due to high reserve price. The department has since written vide letter REF SDAC/PRO/PW/50 dated 30th July, 2021 to the State Department for Public works requesting them to value the motor vehicles at their location and declare appropriate reserve prices to enable us to start the process of disposal of the vehicles.</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June, 2023</p>
Reg. No																			
GK A106 U	VW Passat	Grounded at CMC Ltd. Earmarked for Disposal but not disposed due to high reserve price																	
GK A 170U	VW Passat	Grounded at CMC Ltd Earmarked for Disposal but not disposed due to high reserve price																	
GK A 208A	Peugeot 504 Saloon	Grounded at NSSF but not disposed due to high reserve price																	
GK A 422L	Peugeot 406	Grounded at Urysia but not disposed due to high reserve price																	

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

	of further deterioration and loss of value.			
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**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:																												
1.3	<p><b>Ownership of Motor Vehicle and Register</b></p> <p>Twenty-three (23) motor vehicles of various models were registered under more than one Government agency as detailed below:-</p> <table border="1" data-bbox="742 1366 1375 1814"> <thead> <tr> <th>No</th> <th>Reg No</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>1</td> <td>GKB 436S</td> <td>Peugeot 508</td> <td>O.V.P&amp; Ministry of State for National Heritage</td> </tr> <tr> <td>2</td> <td>GKB 587 S</td> <td>Toyota Prado</td> <td>O.V.P&amp; Ministry of State for National Heritage</td> </tr> <tr> <td>3</td> <td>GKB 133 V</td> <td>Toyota Prado</td> <td>O.V.P&amp; Ministry of State for National Heritage</td> </tr> <tr> <td>4</td> <td>GKB 846 S</td> <td>Mitsubishi Pajero</td> <td>O.V.P&amp; Ministry of State for National Heritage</td> </tr> <tr> <td>5</td> <td>GKA 724N</td> <td>Mitsubishi Pajero</td> <td>O.V.P&amp; Ministry of State for National Heritage</td> </tr> <tr> <td>6</td> <td>GKB 145B</td> <td>Isuzu D/IMAX</td> <td>O.V.P&amp; Ministry of State for</td> </tr> </tbody> </table>	No	Reg No			1	GKB 436S	Peugeot 508	O.V.P& Ministry of State for National Heritage	2	GKB 587 S	Toyota Prado	O.V.P& Ministry of State for National Heritage	3	GKB 133 V	Toyota Prado	O.V.P& Ministry of State for National Heritage	4	GKB 846 S	Mitsubishi Pajero	O.V.P& Ministry of State for National Heritage	5	GKA 724N	Mitsubishi Pajero	O.V.P& Ministry of State for National Heritage	6	GKB 145B	Isuzu D/IMAX	O.V.P& Ministry of State for	<p>We wish to state that with regard to the twenty-three (23) vehicles of various models which are registered under more than one government agency, the State Department has requested already transferred the names to the State Department.</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June, 2023</p>
No	Reg No																															
1	GKB 436S	Peugeot 508	O.V.P& Ministry of State for National Heritage																													
2	GKB 587 S	Toyota Prado	O.V.P& Ministry of State for National Heritage																													
3	GKB 133 V	Toyota Prado	O.V.P& Ministry of State for National Heritage																													
4	GKB 846 S	Mitsubishi Pajero	O.V.P& Ministry of State for National Heritage																													
5	GKA 724N	Mitsubishi Pajero	O.V.P& Ministry of State for National Heritage																													
6	GKB 145B	Isuzu D/IMAX	O.V.P& Ministry of State for																													

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

7	GKA 450N	Nissan E24	Nissan E24	National Heritage
8	GKA 106U	Passat	Passat	O.V.P& Ministry of State for National Heritage
9	GKA17 0U	Passat	Passat	Ministry of Finance and Planning
10	GKA53 1G	Nissan E24	Nissan E24	Ministry of Finance and planning
11	GKA83 5X	Toyota Corolla	Toyota Corolla	O.V.P Ministry of Home Affairs
12	GKA20 8A	Peugeot 406	Peugeot 406	O.V.P& Ministry of State for National Heritage
13	GKA83 2X	Toyota corolla	Toyota corolla	O.V.P& Ministry of State for National Heritage
14	GKA42 2L	Peugeot 406	Peugeot 406	O.V.P Ministry of Home Affairs
15	GKA32 7S	Toyota D/cabin	Toyota D/cabin	O.V.P& Ministry of State for National Heritage
16	GKA 350 S	Toyota Avanza	Toyota Avanza	O.V.P Ministry of Home Affairs
17	GKA31 7P	Mitsubishi i pickup	Mitsubishi i pickup	O.V.P& Ministry of State for National Heritage
18	GKA07 1Y	Mitsubishi i pickup	Mitsubishi i pickup	O.V.P Ministry of Home Affairs
19	GKA07 2Y	Nissan pickup	Nissan pickup	O.V.P& Ministry of State for National Heritage
20	GKA13 1L	Nissan pickup	Nissan pickup	O.V.P Ministry of Home Affairs
21	GKB57 3C	Nissan xTrail	Nissan xTrail	O.V.P& Ministry of State for National Heritage

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

22	GKB52 9S	Ford Ranger/D cab	O.V.P Ministry of Home Affairs
23	GKA31 5Y	Land Rover	O.V.P & Ministry of State for National Heritage
<p>Although management explained that the logbooks for the twenty-three (23) vehicles were submitted to the National Transport Safety Authority for transfer on 27<sup>th</sup> September, 2021, the transfer had not been effected as at the time of the audit.</p>			

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

Reference No. of the external audit Report	Management Comments	Status (Resolved / Not Resolved)	Final Date
2.0	<p><b>Understaffing</b></p> <p>A review of Human Resource records indicated that the State Department had an authorized establishment of 1,531 as at 30 June, 2021 against actual in post of 195 resulting in a staff deficit of 1336 personnel. Understaffed by 1336 personnel. The staff shortage noted, if not addressed could impact negatively on the operations of the State Department.</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June, 2023</p>



Ummi Bashir (Ms.)  
Principal Secretary



Henry K. Mayabi  
Head of Accounting Unit  
ICPAK Member No.7570

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022-2023	Outstanding Balance 2021-2022	Comments
Pending Bills with support document but not paid due to lack of Funds	A	B	C	d=a-c		
<b>Supply of goods</b>						
M/S Beanic General Supplies	46,000	16/06/2023		46,000	-	
Total Kenya Limited	89,910	23/06/2023		89,910	-	
M/S Yatho Company Limited	2,963,500	26/05/2023		2,963,500	-	
M/S Terryland General Supplies	503,800	26/05/2023		503,800	-	
M/S Rijem Investment Company	530,057	24/05/2023		530,057	-	
M/S Dakebri Enterprises	296,200	24/05/2023		296,200	-	
M/S Dupleap African Limited	358,000	21/06/2023		358,000	-	
Bellatrix Services	130,000	29/05/2023		130,000	-	
M/S World Bomoh Investment	14,000	16/06/2023		14,000	-	
M/S Raytech Technologies LTD	580,000	16/06/2023		580,000	-	
M/S Pancy Pan Enterprises Limited	354,400	16/06/2024		354,400	-	
M/S Shell Services Station	89,925	26/05/2023		89,925	-	
M/S Total Kenya Limited	400,850	27/06/2023		400,850	-	
Kenya National Library Services	1,937,581	30/06/2023		1,937,581	-	
<b>Sub-Total</b>	<b>8,294,223</b>			<b>8,294,223</b>		

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

<b>Supply of services</b>										
M/S Loita plains Hotel Limited	1,695,000	16/05/2023	-	1,695,000	-					
Powerware Systems Ltd	8,976,400		8,976,400	-					8,976,400	
Kenya Power and Lighting	237,874	16/03/2023		237,874	-					
M/S Safaricom Limited	50,000	23/06/2023		50,000	-					
M/S Probation Girls Hostel	106,500	23/06/2023		106,500	-					
M/s Nairobi City County	2,200,000	23/06/2023		2,200,000	-					
<b>Sub-Total</b>	<b>19,622,416</b>			<b>10,646,016</b>	<b>8,976,400</b>					
<b>Partially Processed Vouchers from HSCM without requisite Support Document</b>										
Caryvete Company	525,000	15/10/2019		525,000					525,000	
Government Printers	41,040	15/10/2020		41,040					41,040	
Jubilily Tours	97,350	13/08/2019		97,350					97,350	
Martinis Auto & General Supplies	150,000	19/03/2021		150,000					150,000	
Presbyterian Guest House & Conference Facilities	270,000	25/05/2020		270,000					270,000	
Computer Ways Limited	251,800	26/05/2020		251,800					251,800	
Bedvest Merchants	147,050	26/05/2022		147,050					147,050	
Kenma Homecare Services	116,028	24/05/2021		116,028					116,028	
<b>Sub-Total</b>	<b>1,598,268</b>			<b>1,598,268</b>	<b>1,598,268</b>					
<b>Unprocessed Historical Pending Claims from HSCM</b>										
Ice Clean Care group Company Limited	150,839	17/01/2019		150,839					150,839	
African Touch Safaris	22,470	17/02/2019		22,470					22,470	
Art & Finance	88,000	17/02/2019		88,000					88,000	

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

Semmco Limited	240,000	18/06/2019	240,000	240,000
National Museum of Kenya	250,000	18/07/2019	250,000	250,000
Eagle Haven Hotel	360,000	22/07/2019	360,000	360,000
Intercontinental Nairobi	58,500	16/08/2019	58,500	58,500
Eagle Palce Hotel	188,000	19/08/2019	188,000	188,000
Kisumu Hotel	437,000	20/08/2019	437,000	437,000
Kenya Institute of Curriculum Development(KICD)	150,000	13/09/2019	150,000	150,000
National Council of the Kenya Young Mens (NMCA)	420,000	13/10/2019	420,000	420,000
Panaroma Park Hotel Limited	87,000	30/11/2019	87,000	87,000
Courier International Limited	91,052	30/12/2019	91,052	91,052
IBIS Nyeri limited	200,000	18/02/2020	200,000	200,000
Coast Development Authority	194,000	27/02/2022	194,000	194,000
Government Quest House Garissa	99,500	27/07/2020	99,500	99,500
Intellihub Technology system Ltd	121,980	27/08/2020	121,980	121,980
National Youth Service	196,650	27/10/2020	196,650	196,650
KBC	888,206	14/11/2020	888,206	888,206
Telkom Kenya	953,644	14/03/2021	953,644	953,644
Jubilly Tours and Travel	99,360	24/05/2021	99,360	99,360
Jubilly Tours and Travel	75,100	24/05/2021	75,100	75,100
Jubilly Tours and Travel	25,890	25/05/2021	25,890	25,890
Jubilly Tours and Travel	58,600	26/05/2021	58,600	58,600
Bigman Travel and Holiday Limited	33,000	28/05/2021	33,000	33,000

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

Bigman Travel and Holiday Limited	32,500	28/05/2021	32,500	32,500
Kenma Homecare Services	116,027	28/05/2021	116,027	116,027
Jubililly Tours and Travel	26,665	17/06/2021	26,665	26,665
Jubililly Tours and Travel	22,890	17/06/2021	22,890	22,890
Decrip East Africa Limited	267,936	30/06/2021	267,936	267,936
Zipjoe Agencies	89,690	30/06/2021	89,690	89,690
Salewa Lodges	124,000	30/07/2021	124,000	124,000
Lake Naivasha Resort Limited	162,000	30/08/2021	162,000	162,000
Naivasha County Hotel	1,027,200	16/08/2021	1,027,200	1,027,200
Bigman Travel and Holiday Limited	52,400	16/09/2021	52,400	52,400
Jubililly Tours and Travel	50,215	16/09/2021	50,215	50,215
The Luke Hotel	350,000	23/11/2021	350,000	350,000
Pago Airways Travel Service Ltd	978,785	23/11/2021	978,785	978,785
Zipjoe Agencies	26,750	30/11/2021	26,750	26,750
Dar-UJ-Shifa Medical	360,000	22/12/2021	360,000	360,000
Hylise Hotel	277,200	21/01/2022	277,200	277,200
Ellabell Agencies	280,000	24/01/2022	280,000	280,000
Flashcom Security Limited	448,000	24/01/2022	448,000	448,000
Ellabell Agencies	37,930	24/03/2022	37,930	37,930
Ellabell Agencies	65,760	2021/2022	65,760	65,760
Ellabell Agencies	37,600	2021/2022	37,600	37,600
Ellabell Agencies	54,750	2021/2022	54,750	54,750

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

Ellabell Agencies	39,050	2021/2022	39,050	39,050
Ellabell Agencies	82,840	2021/2022	82,840	82,840
Flashcom Security Limited	32,000	2021/2022	32,000	32,000
Nairobi City Council	817,336	2021/2022	817,336	817,336
Bakili Enterprises Limited	115,500	2021/2022	115,500	115,500
Cooperative House	1,156,334	2021/2022	1,156,334	1,156,334
Peponi General Merchants	669,946	2021/2022	669,946	669,946
Bigman Travel and Holiday Limited	33,000	2021/2022	33,000	33,000
Bigman Travel and Holiday Limited	32,500	2021/2022	32,500	32,500
Snowflake Travel Limited	1,111,800	2021/2022	1,111,800	1,111,800
African Mash Safaris & Travel ltd	581,000	2019/2020	581,000	581,000
Kenya School of Government	237,500	2019/2020	237,500	237,500
Bukaki Investment	360,000	2019/2020	360,000	360,000
Total Kenya Limited	76,840	2019/2020	76,840	76,840
The Standard Group Limited	14,596,147	2019/2020	14,596,147	14,596,147
Lake Naivasha Panaroma Hotel	432,000	2019/2020	432,000	432,000
Micro Intel System	459,400	2019/2020	459,400	459,400
Micro Film Equipment	660,000	2019/2020	660,000	660,000
GroupWorth Autoworld Ltd	280,000	2019/2020	280,000	280,000
Marki Investments	51,889	2019/2020	51,889	51,889
Image Track Techonogy Ltd	294,000	29/03/2022	294,000	294,000
Trawell Company Limited	65,681	14/04/2022	65,681	65,681

**State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

Pixel General Merchants	1,893,000	13/06/20225		1,893,000	1,893,000
Peponi General Merchants	669,946	27/06/2022		669,946	669,946
Nestek Agencies	466,200	28/06/2022		466,200	466,200
First Kit Auto Care Limited	508,080	29/06/2022		508,080	508,080
Decrip East Africa Limited	124,879	30/06/2022		124,879	124,879
Zipjoe Agencies	373,180	30/06/2022		373,180	373,180
Exxon Frontier (K) Ltd	998,900	28/06/2022		998,900	998,900
<b>Sub-Total</b>	<b>37,596,037</b>			<b>37,596,037</b>	<b>37,596,037</b>
<b>Sub-Total</b>			8,976,400		
<b>Grand Total</b>	<b>40,136,617</b>	-	<b>8,976,400</b>	<b>49,840,321</b>	<b>48,170,705</b>

*State Department for Culture and Heritage*  
*Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

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**ANNEX 2 – SUMMARY OF FIXED ASSETS**

Asset class	Historical Cost b/f 2021/2022	Additions during the year	Disposals during the year	Historical Cost c/f 2022/2023
	(Kshs)	(Kshs)	(Kshs)	(Kshs)
Land			0	0
Buildings and structures	109,274,928	8,976,400	0	118,251,328
Transport equipment	61,509,294			61,509,294
Office equipment, furniture and fittings	44,068,683	5,311,100	0	49,379,783
Purchase of specialised Plant	26,035,918	1,899,980	0	27,935,898
Other Machinery and Equipment	59,963,462	0	0	59,963,462
Total	300,852,285	16,187,480	0	317,039,765

*State Department for Culture and Heritage*  
*Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**ANNEX 3 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE ENTITY CULTURE AND HERITAGE**

<b>Ref</b>	<b>SC, SAGA or Public Fund's name</b>	<b>Principal activity of entity</b>	<b>Accounting Officer</b>	<b>Amount transferred during the year</b>	<b>Inter- entity reconciliations done?(yes/no)</b>
1	Kenya National Library Services	Promote,establish,equip, manage,Maintain and develop Libraries in Kenya	Ms.Ummi Bashir	501,640,135	yes
2	Institute of Primate Research	To undertake biomedical research for improved human health and conservation	Ms.Ummi Bashir	75,943,600	yes
3	Heroes Council	To honour heroes	Ms.Ummi Bashir	72,081,220	yes
4	Bomas of Kenya	To offer and promote cultural hospitality	Ms.Ummi Bashir	59,810,000	yes
5	Kenya Cultural Centre	To provide for the performance of Music drama and dance	Ms.Ummi Bashir	34,700,000	yes
6	Natural products	Value addition of locally developed natural productsand business expertise.	Ms.Ummi Bashir	144,000,000	yes
7	National Mesuem of Kenya	Collect,preserve,study, document and present Kenya's past and present cultural and natural heritage	Ms.Ummi Bashir	1,106,790,000	yes
	<b>TOTAL</b>			<b>1,994,964,955.00</b>	

*State Department for Culture and Heritage*  
*Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

**ANNEX 4 - DEPOSIT AND FUND SCHEDULES**

<b>STATE DEPARTMENT FOR CULTURE AND HERITAGE</b>				
<b>SCHEDULE FOR RETENTIONS AND DEPOSITS AS AT 30TH JUNE 2023</b>				
<b>DEPOSITS ACCOUNT 4-1134-0000-7310101</b>				
<b>RETENTION</b>				
<b>S/NO</b>	<b>FROM WHOM</b>	<b>TOTAL RECEIPT</b>	<b>TOTAL PAYME</b>	<b>BAL. (Kshs)</b>
1	GIBB AFRICA	147,941.80	-	147,941.80
2	CELL ARC SYSTEM	485,000.00	-	485,000.00
3	ROMCON AGENCIES	450,000.00	-	450,000.00
4	SAVOY CONTRACTORS	1,600,000.00	-	1,600,000.00
5	CITROLAM CONSTRUCTION	752,022.70	-	752,022.70
6	JOLEMAC FIRE	10.05	-	10.05
7	SOIN GENERAL MERCHANTS	376,410.00	-	376,410.00
8	KOKOMO INVESTMENTS	56,700.70	-	56,700.70
9	WESTLIFE CONTRACTORS	99,999.95	-	99,999.95
10	WONDER WORKS	128,998.45	-	128,998.45
11	NINJAH ENTERPRISES	1,600.00	-	1,600.00
12	PATIENCE SERVICES LTD	445,984.05	-	445,984.05
13	LUGONO CONSTRUCTION	-	-	-
<b>TOTAL OF RETENTION</b>				<b>4,544,667.70</b>

*State Department for Culture and Heritage*

*Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

	DEPOSITS			
1	AGRI. SECTOR DEV, PROG.	362,000.00	352,000.00	10,000.00
2	COMMUNICATION AUTHORITY	60,000.00	-	60,000.00
3	KENYA RAILWAYS	10,464,251.70	10,254,315.00	209,936.70
4	NAIROBI CITY WATER & SEWERAGE	820.00	-	820.00
5	ETHICS & ANTI-CORRUPTION COMMI	3,011,500.00	2,900,000.00	111,500.00
6	FLOOD MITIGATION PROJECT	104,000.00	-	104,000.00
7	CONTRIBUTION TO ICH	40,074.90	-	40,074.90
8	JIRANI WOMEN GROUP	55,000.00	-	55,000.00
9	PUBLIC WORKS	100,000.00	-	100,000.00
10	CABINET OFFICE	1,102,101.00	1,083,000.00	19,101.00
11	GRANTS TO CULTURAL GROUPS	10,000.00	-	10,000.00
12	K.C.B	303,658.50	279,394.15	24,264.35
13	MEMBERSHIP FEE- I.C.A & A.C.A.R.M	110,668.00	-	110,668.00
14	PS MINISTRY OF MINING	10,034,494.00	9,368,715.75	665,778.25
15	STANDARD GAUGE RAILWAYS	3,052,350.00	3,048,000.00	4,350.00
16	KENYA URBAN ROADS AUTHORITY	6,213,680.00	6,191,200.00	22,480.00
17	KENYA BUREAU OF STANDARDS	1,320,948.00	1,320,940.00	8.00
18	KENYA FILM CLASSIFICATION BOARD	15,350,000.00	15,101,056.00	248,944.00
19	KENYA RAILWAYS	19,614,301.70	19,404,365.00	209,936.70
20	U.N.E.S.C.O	15,035,640.20	14,694,055.00	341,585.20
21	KENYATTA NAT. HOSPITAL	431,180.95	431,360.00	(179.05)
22	KENYA NATIONAL LIB. SERVICES	1,500,000.00	1,283,600.00	216,400.00
23	KENYA RURAL ROADS AUTHORITY	3,361,638.00	3,360,981.00	657.00
24	MINISTRY OF SPORTS	12,769,228.00	12,769,214.00	14.00
25	NATIONAL GOV,T AFF. ACTION	6,288,420.00	6,287,620.00	800.00
26	KENYA FILMS SCHOOL	2,584,460.00	2,446,460.00	138,000.00
27	PS STATE DEPT OF SPORTS	182,884,167.00	182,094,170.05	789,996.95
28	URYSIA LIMITED	4,199,000.00	3,800,000.00	399,000.00
29	KENYA HOUSE	40,365,000.00	33,791,200.00	6,573,800.00
30	FEPACI	29,304,533.40	22,320,636.70	6,983,896.70
31	ACCOUNT TRANSFER	2,979,241.85		2,979,241.85
			<b>TOTAL OF DEPOSITS</b>	<b>20,430,074.55</b>
			<b>GRAND TOTA</b>	<b>24,974,742.25</b>

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

<b>SUMMARY OF SPORTS ARTS AND SOCIAL DEV FUNDS EXP AS AT 30TH JUNE 2023</b>					
<b>No</b>	<b>DESCRIPTION</b>	<b>ALLOCATION</b>	<b>RECEIPTS</b>	<b>EXPENDITURE</b>	<b>BALANCE</b>
1	GOVERNMENT INTERVENTION FOR ARTISTS				
	AIE'S ISSUED				
a	NATIONAL MUSEUMS OF KENYA	21,600,000		21,600,000.00	-
b	KENYA CULTURAL CENTRE	18,120,000.00		18,120,000.00	-
c	KENYA FILM COMMISSION	8,500,000.00		8,500,000.00	-
					-
2	ARTIST STIMULUS PAYMENT				
a	DEPT OF CULTURE	18,780,000.00		18,780,000.00	-
b	DEPT OF PPMC	33,000,000.00		32,950,000.00	50,000.00
3	ADMINISTRATION MONITORING AND EVALUATION	10,000,000.00		9,999,820.00	180.00
4	PRESIDENTIAL ARCHIVES PROGRAM	16,681,969.00		16,681,579.00	390.00
5	NATIONAL ARTS RESIDENCY AND EXHIBITION	9,050,000.00		8,985,730.00	64,270.00
	COVID		SUB-TOTAL		114,840.00

**State Department for Culture and Heritage**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

6	PROTECTION OF TRADITION KNOWLEDGE AND CULTURAL EXPRESSION ACT 2016	27,643,225.00		20,844,865.00	6,798,360.00
7	DEVELOPMENT OF NATIONAL POLICY ON LIBRARIES AND LIBRARY BILLS	25,381,000.00		21,411,050.30	3,969,949.70
8	EXPO DUBAI 2020	33,279,118.00		32,618,738.85	660,379.15
9	NATIONAL YOUTH TALENT DEVELOPMENT PROGRAMME IN MUSIC AND DANCE	88,211,240.00		81,649,820.00	6,561,420.00
10	EQUIPMENT FOR THE NATIONAL YOUTH TALENT DEVELOPMENT PROGRAMME IN MUSIC AND DANCE	21,000,000.00		-	21,000,000.00
11	BIENNALE OF LUANDA 2021 PAN AFRICAN FORUM FOR THE CULTURE OF PEACE	15,232,479.00		15,212,975.00	19,504.00
12	59TH BIENNALE DI VENEZIA IN ITALY	56,935,000.00		(7,753,285.40)	7,753,285.40
			SUB-TOTAL		46,762,898.25
13	SPONSORSHIP FOR MISS SHARON OBARA IN 70TH MISS WORLD PAGEANT IN PUERTO RICO	3,151,500.00		3,151,500.00	-
14	INSTALLATION OF HIGH DENSITY BULK MOBILE SHELVES AT KNADS	52,800,000.00		52,668,000.00	132,000.00

*State Department for Culture and Heritage  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023*

15	CREATIVE CULTURAL INDUSTRY CAPACITY BUILDING PROGRAME	13,494,200.00		1,043,100.00	12,451,100.00
16	LAUNCH OF JOHARI BEAD BRACELET AS A SOCIAL COMMERCIAL ENTERPRISE	50,000,000.00		49,304,883.60	695,116.40
			<b>SUB-TOTAL</b>		<b>13,278,216.40</b>
17	THE INTERNATIONAL DOUGGA FESTIVALS IN TUNISIA-2022	26,439,787.00		22,699,788.00	3,739,999.00
18	5TH EDITION OF JAMAFEST IN BUJUMBURA - BURUNDI	19,000,000.00		18,991,150.00	8,850.00
	<b>TOTAL SPORT FUNDS BANK BALANCE</b>				<b>63,904,803.65</b>

**ANNEX 5**

The following financial reports generated from IFMIS should be attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes
- xi. GOK IFMIS Budget Execution by Programmes and Sub-programmes

